

Chapter 6

**Working Together in the
Federal Government**

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Working Together in the Federal Government

Main Points

6.1 Canada's unique approach to achieving sustainable development demands that federal departments work well with one another. They can use a variety of mechanisms, ranging from the creation of new organizations to cost-sharing agreements to voluntary networks for information exchange. Through six case studies, we examined the key factors affecting the success of such mechanisms.

6.2 We found that departments need to define clearly "who does what". Key problem areas include unclear objectives, poorly defined responsibilities, unclear accountability and weak dispute resolution. Critical success factors include managing the effects of participant turnover, ensuring that departments have the incentives to collaborate, and paying sufficient attention to the results of monitoring and evaluation to learn from past experience.

6.3 Good interdepartmental co-ordination is limited by departments' inability to compel other departments to act, except through persuasion and negotiation. The primary central agencies, the Privy Council Office and the Treasury Board Secretariat, may have a crucial role to play in achieving a "Government of Canada" perspective.

Background and other observations

6.4 The first case study we considered, the recently renewed Canadian Biotechnology Strategy, involves over 20 departments and agencies and the creation of a new secretariat. It was built on a successful consultation effort, but now faces issues of unclear roles and responsibilities, increased bureaucracy and administrative weaknesses. Concrete action plans and an evaluation plan have not yet been made public.

6.5 Natural Resources Canada and Indian and Northern Affairs Canada are promoting forestry-based economic opportunities for First Nations communities. Clear objectives and a flexible management structure have supported the program's success. For example, other organizations contributed \$21 million beyond initially planned levels. We identified the need for improved co-ordination with other departments and for better monitoring of results.

6.6 The federal government has committed to taking environmental concerns into account in its purchases of over \$14 billion annually in goods and services. A centrally co-ordinated approach is needed to ensure that this objective can be achieved at the best value for taxpayers. Despite repeated attempts to co-ordinate over the last decade, departmental policies are missing or inconsistent, efforts are being duplicated, and roles and responsibilities are not clear. We believe the Treasury Board Secretariat needs to play a central role in co-ordination.

6.7 Canada has played a key role in international negotiations to regulate the transboundary movement of living genetically modified organisms. An interdepartmental working group successfully prepared a negotiating position in the face of very high stakes, uncertain impacts, and conflicting perspectives. The departments went through a long and difficult process in which disputes were not always effectively resolved. In our view, the federal government needs to take a strategic approach to managing the tension between the trade and environmental agendas.

6.8 Led by Environment Canada, departments worked together and with other stakeholders to assess the aquatic effects of effluent from metal mines. Solid planning, a neutral secretariat, good dispute resolution and adequate resources helped ensure a successful outcome. This success was built on past experience with pulp and paper regulations.

6.9 In our last case study, we examined co-ordination among departments with respect to their sustainable development strategies. In the first round of strategies, departments did not adequately co-ordinate their content, shared commitments and consultation processes. The Interdepartmental Network on Sustainable Development Strategies is facilitating improved information exchange and co-ordination among departments for the second round. The effectiveness of the Network is limited, however, by its voluntary nature, unclear reporting relationships and high turnover of participants.

The departments' and agencies' responses to our recommendations are included in the chapter. They agree with the recommendations and describe actions to deal with some of them.

Introduction

Sustainable development requires departments to work together

6.10 At the federal level, Canada has adopted a unique model for advancing sustainable development. Several other countries (for example, the United Kingdom, Australia and Sweden) have established a single overall sustainable development strategy that provides a framework for individual agencies. In Canada, each federal department is responsible for preparing and implementing its own strategy. Each department must now identify how it can contribute to ensuring that development is sustainable over the long term — and then work to make it happen.

6.11 This individual approach makes it easier to identify who is responsible for particular results, reinforcing the accountability of ministers for their departments' activities. At the same time, this approach demands effective co-ordination among departments — no one department can achieve sustainable development in isolation. Each department has its own legislated mandate to work on one part of sustainable development. The challenge is to ensure that all involved in the effort have a common set of “blueprints” and a shared understanding of one another's roles.

6.12 As noted in Chapter 5, effective co-ordination among departments remains a central challenge for parliamentary democracies. Several areas, such as information technology, human resources and financial management, require that departments work in a common framework, share information and co-operate on joint action. Such co-ordination efforts are crucial to good governance and they present continuing challenges given the trend to decentralizing public administration.

6.13 Sustainable development accentuates the need for departments to work together. As we have highlighted in our reports, many of the tough sustainable development issues cut across departmental lines (for example, climate change, loss of biodiversity, smog, management of toxic substances). Many of the solutions demand an integrated approach to decision making. Perspectives from several different departments may need to be identified, balanced and synthesized to bring together the three aspects of sustainable development (environmental, social and economic).

This audit is part of a larger project

6.14 This audit is one of three closely related projects — each examining one way in which federal departments work with other organizations to achieve their sustainable development goals. This audit addresses interdepartmental co-ordination. Chapter 7 reviews the experience with co-operation between the federal government and provincial and territorial governments. Chapter 8 considers co-operation between the federal government and the private sector. Chapter 5 provides an overview and summarizes the key conclusions that cut across the three different types of arrangements.

Focus of the audit

6.15 The primary purpose of this audit was to demonstrate to Parliament and to federal departments that effective partnerships can be created and managed among federal departments. To do this, the overall objective was to identify the key success factors for departments working with other departments to address sustainable development issues. We approached the audit by using case studies — to bring the lessons to life.

6.16 The secondary purpose of our audit was to determine whether departments are doing what they said they would do in their sustainable development

Sustainable development accentuates the need for departments to work together.

In the context of sustainable development, departments have made extensive commitments to co-ordination and partnerships.

strategies. Departments made commitments in their 1997 sustainable development strategies to work with other departments. The case studies were selected primarily from these commitments.

6.17 We selected six case studies:

- the development of the Canadian Biotechnology Strategy;
- the implementation of the First Nation Forestry Program;
- the promotion of “environmentally friendly” purchasing decisions;
- the preparation of a negotiating position for a protocol under the Biodiversity Convention;
- the assessment of the aquatic effects of effluent from metal mines; and
- the work of the Interdepartmental Network on Sustainable Development Strategies.

Our approach was not a detailed audit of all aspects of these case studies; the focus was on interdepartmental co-ordination and the impact it has on achieving results.

6.18 Further details on the audit are included at the end of the chapter in **About the Audit**.

Observations and Recommendations

Committing to Co-ordination

Departments have made extensive commitments to work with others

6.19 In the context of sustainable development, departments have made extensive commitments to co-ordination and partnerships. We examined references in the first sustainable development strategies to various forms of working together. The partnerships were described in quite general terms (for example, the

need to work with the private sector) in 60 percent of the almost 650 references. Where departments actually named their potential collaborators, they were most specific about the other government departments with which they were planning to work.

6.20 The weight that departments attached to working with others varied greatly in the strength, number and specificity of commitments. For example, Environment Canada alone accounted for 15 percent of the total references — four times as many as expected if all departments had placed an equal emphasis on this mode of operation. In contrast, the strategy for Solicitor General Canada contained two references to working with others.

6.21 Departments tended not to reinforce one another’s commitments. Of the 91 cases where departments named other departments involved in a specific commitment, only four were acknowledged by the other departments. In its sustainable development strategy, Environment Canada identified five cross-cutting issues: climate change and variability, the North, science and technology, the federal freshwater strategy, and biodiversity. It then went on to comment, “Because government coherence is essential to the SDS [sustainable development strategy] process, these kinds of issues will be addressed in all departmental strategies.” Most other departments did not declare the need to work jointly on these issues in their own strategies. This lack of mutual acknowledgement poses a risk that departments may not have the interdepartmental support necessary to deliver on their commitments.

Departments have several key reasons to work together

6.22 We observed that departments chose to work with other departments for a variety of reasons. At the departmental level, co-ordination is necessary to resolve

issues that cut across departmental mandates, to present a united front to outside organizations, to obtain support for departmental positions, and to ensure effective use of resources. This leads to the question, “Is the particular initiative well co-ordinated?”

6.23 Government departments in other countries have used a broad array of mechanisms to manage horizontally. In the United Kingdom, for example, the Cabinet Office’s Performance and Innovation Unit addresses strategic issues that cut across public sector institutional boundaries. The Unit reports directly to the Prime Minister and “reviews policy to improve co-ordination and practical delivery of services involving more than one public body.” In Australia, the Greenhouse Office has co-ordinated electricity procurement among different agencies. The national audit offices in these countries have reported on the success of such co-ordination efforts.

6.24 At the government-wide level, co-ordination is necessary to avoid duplication or gaps among programs, policies and processes (including internal and external consultation). This raises the question, “Are there gaps, overlaps or conflicts in how departments are working together?”

6.25 In the United States, the *Government Performance and Results Act* emphasizes good co-ordination. A recent report by the General Accounting Office commented, “Virtually all of the results that the government strives to achieve require the concerted and co-ordinated efforts of two or more agencies. However, mission fragmentation and program overlap are widespread and programs are not always well co-ordinated. This wastes scarce funds, frustrates taxpayers, and limits overall program effectiveness.” The General Accounting Office pointed to the need for strategic plans to address co-ordination requirements, and the value of setting intermediate goals to clarify

agency-specific contributions to the final results.

6.26 Alternative mechanisms. We observed that departments applied a wide range of approaches to working together, including bilateral information exchange, negotiating a common position, and the creation of interdepartmental secretariats to manage controversial issues (see Exhibit 6.1). At the extreme extent of co-ordination, departments may be merged. For example, in the United Kingdom the environment and transport ministries were combined to improve policy integration. The case studies in this chapter cover the range of approaches, from the creation of a secretariat (the Canadian Biotechnology Strategy Secretariat) to a network facilitating information exchange (the Interdepartmental Network on Sustainable Development Strategies).

There are common elements of good practice

6.27 Chapter 5 outlines the elements of a good working relationship involving federal departments — whether with the provinces and territories, the private sector or other departments. The necessary ingredients of interdepartmental co-ordination have also been examined in a variety of studies and audits. In 1995, the Task Force on Managing Horizontal Policy Issues described how departments and central agencies could improve the management of cross-cutting issues. The Office of the Auditor General has repeatedly emphasized the need for good co-ordination, highlighting well-defined roles and responsibilities, clear work plans, meaningful performance expectations, effective monitoring, and leadership that transcends departmental mandates.

6.28 In the Auditor General’s 1999 Report, Chapter 23, we summarized the essential elements of a governing framework for arrangements between the federal government and other

At the government-wide level, co-ordination is necessary to avoid duplication or gaps among programs, policies and processes.

Departments applied a wide range of approaches to working together.

Exhibit 6.1

Some Types of Interdepartmental Co-ordination

Type	Creation of new entity	Memorandum of understanding	Central agency lead	Shared policy negotiation	Interdepartmental consultation	Information exchange
Diagram						
Description	Departments contribute resources (and responsibilities) to a new entity to address a shared policy issue	Departments formally agree to work together, sometimes involving shared resources	Central agency provides direction to line departments to ensure a co-ordinated approach	Departments negotiate a shared policy, sometimes with central agency support	Departments provide input to one lead department	Departments share information about an issue of common concern, sometimes chaired by one department
Action	Action taken by the new entity, as well as by individual departments	Action taken by individual departments, according to terms of agreement	Action taken by line departments, guided and monitored by central agency	Action may be taken by line departments according to negotiated position	Action taken by the lead department	No action necessarily taken
Example	Canadian Biotechnology Strategy	First Nation Forestry Program	“Green” procurement	Biosafety Protocol	Metal Mining Liquid Effluent Regulations	Interdepartmental Network on Sustainable Development Strategies
Trends						

- Ⓛ Line department
- ⓐ Central agency
- Resource flow
- - → Information flow
- - ➤ Possible information flow

Source: Office of the Auditor General

organizations, whether they be other levels of government or the private sector. These elements fall into four categories: credible reporting, effective accountability mechanisms, adequate transparency, and protection of the public interest. We believe these elements are also required for successful co-ordination among federal departments, although the emphasis will differ from arrangements with organizations outside the federal government.

6.29 No one approach is ideal under every circumstance, and the appropriate expectations will vary depending on the situation. Co-ordination is a means to an end. For some ends, co-ordination is crucial; for others, co-ordination is advantageous but not essential. As we noted in our 1998 review of progress on the federal Science and Technology Strategy:

More co-ordination does not necessarily lead to better management of horizontal issues. In our view, effective management of any horizontal issue needs to include an

action plan that orchestrates the relevant activities of departments and other players involved to achieve agreed-upon objectives; an accountability framework that transcends departmental jurisdictions; and a joint reporting mechanism to track results in relation to objectives.

6.30 We will describe each of the cases and highlight the key practices.

Renewing a Federal Strategy for Biotechnology

New demands were being placed on an old strategy

6.31 In 1983, the federal government announced the National Biotechnology Strategy, an initiative to promote biotechnology research and development. By 1996, this strategy was facing new stresses. The biotechnology industry had grown rapidly in size and maturity, and new commercial products were appearing on the market (see Exhibit 6.2). The House of Commons Standing Committee on Environment and Sustainable Development had called for a new federal

What is biotechnology?

Biotechnology is defined as the application of science and engineering in the direct or indirect use of living organisms or parts or products of organisms in their natural or modified forms. Examples include vaccines and health diagnostic kits, herbicide-tolerant crops, and microbes used to clean up contaminated sites.

How much does the federal government spend on biotechnology?

The federal government spent \$314 million on biotechnology in 1997–98. Roughly two thirds of that was on research in higher education institutions. Most of the rest was spent on internal research, primarily through the National Research Council Canada and Agriculture and Agri-Food Canada.

How big is the biotechnology industry?

There were 282 firms working on biotechnology in Canada in 1997, with total sales from biotechnology of \$1 billion. Human health biotechnology led, carried out by 46 percent of firms, followed by agricultural biotechnology in 22 percent of firms.

How fast is it growing?

One estimate suggests that the global market for biotechnology products and services could more than double from \$20 billion in 1995 to \$50 billion in 2005. There were 9,800 people employed in biotechnology in Canada in March 1998. This is estimated to grow to 15,800 by 2001.

Exhibit 6.2

Biotechnology: Facts and Figures

Source: Statistics Canada, Canadian Biotechnology Statistics, 1999

Biotechnology cuts across the mandates and interests of over 20 departments and agencies.

approach to regulating the technology. As well, the public debate on biotechnology was heating up, fuelled by issues such as animal cloning, the labelling of genetically modified food and the approval of bovine growth hormone.

6.32 As a technology and as a set of issues, biotechnology cuts across the mandates and interests of over 20 departments and agencies. Industry Canada led the National Biotechnology Strategy, but other departments, such as Health Canada and Agriculture and Agri-Food Canada, are heavily involved in biotechnology issues. For example, the responsibility for regulating biotechnology is shared among four organizations (Environment Canada, Health Canada, Fisheries and Oceans, and the Canadian Food Inspection Agency). In the face of biotechnology's new profile, outside observers, the Privy Council Office and the departments themselves had raised concerns about the ability of the biotechnology "community" to respond effectively.

6.33 In March 1997, Cabinet decided to revitalize the National Biotechnology Strategy. The renewal process was to include a new policy framework and improved mechanisms for interdepartmental co-ordination. The process was also to set out new approaches to address the emerging social, ethical and other concerns, including setting up a broad-based advisory committee. Following consultations during the spring of 1998, the new Canadian Biotechnology Strategy was announced on 6 August 1998. At this point, the government recognized that the Strategy was incomplete and committed to taking several further steps, including developing concrete action plans.

6.34 Our case study of the Strategy focusses on two main aspects of the renewal process: consultations leading up to the announcement, and the new mechanisms for interdepartmental

co-ordination established shortly after the announcement. Our audit work considered the new secretariat that was created through the Strategy, as well as the seven core biotechnology departments (Industry Canada, Health Canada, Agriculture and Agri-Food Canada, Natural Resources Canada, Environment Canada, Fisheries and Oceans, and the Department of Foreign Affairs and International Trade). The Canadian Food Inspection Agency has also played a role as part of the Agriculture and Agri-Food Canada portfolio.

6.35 We have not considered events after January 1999 in any detail; however, we recognize that there have been several significant accomplishments since then. These include developing shared policy statements, preparing memoranda to Cabinet, and increasing the available funds. For example, the Canadian Biotechnology Strategy Fund supports departmental research (see Exhibit 6.3). A further \$55 million was allocated in the 1999 Budget for federal research on genomics. Then the 2000 Budget committed a further \$160 million to genomic research and \$90 million to enhance the federal government's regulatory capacity. A full evaluation of these programs would be premature and was beyond the scope of this audit.

Consultation laid a base for the new strategy

6.36 When the decision was made to renew the Strategy, the Canadian Biotechnology Strategy Task Force was charged with co-ordinating the process. Industry Canada contributed the largest portion of the financial resources (29 percent), provided staff, and housed the Task Force offices. Other departments contributed financially and provided some staff time through secondments.

6.37 **Rushed consultation.** An ambitious schedule, laid out in August 1997, was intended to produce a renewed strategy for Cabinet by June 1998.

Departments had difficulty reaching agreement on the approach and the wording of the overall consultation document. Ultimately, several different modes of public consultation were combined, including round-table sessions run by the Task Force, low-key sectoral consultations run by the departments, focus groups, and discussions with provincial officials. The early difficulties resulted in short lead times for the consultations. This in turn affected who could participate and to what extent they could review documents before the consultation sessions. Some participants were concerned that the consultation was “being done more for form than substance.”

6.38 The round tables contributed to achieving one of the primary objectives: validating the approach outlined in the

consultation document. Participants were selected to reflect a range of interests, and discussion was focussed on three topics (the overall policy framework, the reporting relationships for the new advisory committee, and how the public was to be consulted). Most round-table participants were satisfied with their workshops; however, some key stakeholders were dissatisfied with the overall approach and the consultation summary. Many participants had high expectations that further, more extensive consultation would follow.

6.39 The new strategy was prepared for Cabinet as intended. The key factors contributing to its timely completion were clear direction from senior management, limited (and realistic) objectives, a division of responsibilities between the Task Force and the departments, and

Many participants in the consultations on the new Canadian Biotechnology Strategy had high expectations that further, more extensive consultation would follow.

The Fund provides for \$9.5 million per year over three years from 1999–2000 to 2001–2002. Thirty-two items are funded, including a \$3 million yearly allocation to the Canadian Biotechnology Secretariat and funds for corporate communications and emerging issues, under the control of the Secretariat. Much of the allocation to the Secretariat is to support the new Canadian Biotechnology Advisory Committee. The research projects include the following:

- Transgenic herbicide-resistant crops: environmental risk and the potential for new weed problems in Canada
- Effects of insecticidal proteins in transgenic plants on non-target organisms
- Labelling, engaging the public and meeting product information needs in the area of food biotechnology
- Development of national standards for transgenic animal health and safety assessments
- Championing the development, application and public acceptance of plant-based remediation and restoration technologies for contaminated site clean-up in Canada
- Environmental risk of transgenic insect resistance under Canadian field conditions
- Addressing international trade policy challenges and enhancing market access for Canadian agricultural biotechnology products
- International stewardship: capacity building in developing countries
- Assessment of transgenic fish for environmental risk and food safety
- Risk/benefit assessment versus risk/benefit perception of biotechnology products
- Three-year work plan for interdepartmental working group on ethics and public confidence in biotechnology
- Biotechnology for cleaner industrial production/climate change
- Proposal for a biotechnology statistics program
- Development of Canada’s capacity to assess environmental safety of biotechnology-derived forest products

Exhibit 6.3

Projects Supported by the Canadian Biotechnology Strategy Fund

Source: Canadian Biotechnology Secretariat

Some officials said they were unaware of all of the committees and working groups under the Canadian Biotechnology Strategy.

strong co-ordination by the Task Force and an interdepartmental management group.

New mechanisms were developed to manage horizontal issues

6.40 One of the goals of the renewal process was to develop improved interdepartmental mechanisms. These were intended to oversee implementation of the Canadian Biotechnology Strategy and to ensure rapid, responsive and co-ordinated management across government of horizontal issues related to biotechnology. We examined the mechanisms established shortly after the announcement of the Strategy to see whether they were consistent with effective interdepartmental co-ordination and whether a solid foundation had been laid for implementation.

6.41 New management structures. The Task Force evolved into a new focal point for activity, the Canadian Biotechnology Strategy Secretariat. There is a new team of ministers (co-ordinated by the Minister of Industry), a committee of deputy ministers, a committee of assistant deputy ministers, and a series of working groups. Another key part of the Strategy was the creation of an independent advisory committee, the Canadian Biotechnology Advisory Committee. Members of the Committee were announced in September 1999 — later than initially planned. This committee is intended to engage in a “conversation with Canadians” over the larger social, health and ethical issues and to advise the ministers involved with the Strategy.

6.42 Increased bureaucracy. We have several concerns about these new structures. In contrast to the intention of streamlining the committee structure, the number of committees and working groups increased from 15 to 30 with the new Strategy. (Additional new committees have subsequently been created to address

issues such as the potential labelling of genetically modified food.) Some officials said they were unaware of all of the committees and working groups. The Secretariat itself could not provide us with a complete list of committee members or meeting times. While some core committees meet regularly and advance their agendas, we were also told that communication for some officials and organizations is hampered by the structure of the new strategy.

6.43 Unclear roles and responsibilities. The roles of the new team of ministers are not clear. (The team met for the first time only in February 2000.) There is uncertainty about the distinction between this team’s responsibilities and those of line departments. Officials also told us that the boundaries between the responsibilities of the Secretariat and line departments are not well defined.

6.44 Administrative weaknesses. The new Secretariat serves several masters and faces many demands. As a focal point for biotechnology policy, we expected that it would be tracking the information flow among departments and maintaining accurate, up-to-date records. During our audit work, the Secretariat was unable to provide us with basic documentation such as a complete set of minutes of the deputy ministerial committee meetings, an organizational chart illustrating reporting relationships, and information about the financial contributions of different departments to the renewal process. We are concerned about the Secretariat’s ability to provide accurate and timely information to departments and to administer the Canadian Biotechnology Strategy Fund properly.

6.45 The Canadian Biotechnology Secretariat should move immediately to address the gaps in its basic administrative procedures and records management.

Joint response: The Canadian Biotechnology Secretariat (CBSec) and

the interdepartmental community have a number of initiatives under way as part of their ongoing efforts to strengthen practices and address the identified concerns, including:

- *an assessment of the Canadian Biotechnology Strategy (CBS) Working Group structure;*
- *a review of the organizational structure of the CBSec and its resource levels;*
- *implementation of an enhanced records management system; and*
- *implementation of a financial reporting system that is supporting managerial decision-making and reporting with regard to the CBS Fund.*

6.46 When the new Strategy was announced in August 1998, it contained 10 themes with possible actions. These themes ranged from building public confidence and awareness to regulating for health and environmental protection and to developing human resources. In the round-table consultations, participants called for a strategic approach to the development of biotechnology in Canada. This included the formulation of an action plan with specific measurable objectives and the evaluation and monitoring of progress toward these objectives. When the Strategy was announced, the federal government committed to developing concrete action plans for each of the 10 themes. We believe that Parliament and other Canadians need to know what the government plans to do with respect to biotechnology, and what progress it has made.

6.47 **Departments participating in the Canadian Biotechnology Strategy should develop the promised concrete action plans for the strategic goals, including specific measurable**

objectives. They should also describe their plan for monitoring and reporting progress toward these objectives and their plans for evaluating the Strategy as a whole.

***Joint response:** A two-year progress report of the Canadian Biotechnology Strategy (CBS) accomplishments to date and plans for the future will be developed and published later this year. The first phase of implementing the CBS focusses on two of the themes for concerted action that were identified through public consultations: strengthening the regulatory system and enhancing research capacity. The federal budgets of February 1999 and 2000 set aside funds in the fiscal framework for initiatives in these areas, and evaluation frameworks for these initiatives will be developed accordingly. In addition, the Canadian Biotechnology Advisory Committee (CBAC) has published its multi-year work plan, and an expert scientific panel under the Royal Society has been struck to assess the future science needs of the regulatory system.*

An evaluation framework that identifies key elements of an evaluation plan has been developed for the CBS as a whole. A resource plan and schedule is being developed for consideration by the Biotechnology Assistant Deputy Minister Committee by December 2000.

Transparency and accountability to the public are key components of the CBS. The Canadian Biotechnology Secretariat and the biotechnology departments maintain active Web sites and utilize other means of communication to disseminate information about their activities. However, these efforts will continue to be enhanced. Also, the CBAC will soon be engaging Canadians in a dialogue on biotechnology as part of its process for formulating advice to the government.

Parliament and other Canadians need to know what the government plans to do with respect to biotechnology, and what progress it has made.

Supporting First Nations Forestry Activities

New working relationships were needed

6.48 Many First Nations communities face daunting challenges. With high unemployment rates, rapidly growing populations and social stresses, creating economic opportunities is essential. Further, with half of the population under 25 years old, many young people have not yet entered the job market.

6.49 One of the key assets that First Nations can use to create new opportunities is their forested land. Reserves contain approximately 1.4 million hectares in productive forest land. About 240 First Nations have more than 1,000 hectares of land on their reserves that have the potential for forestry development. With future land claim settlements, the amount of forest land under the control of First Nations will expand further.

6.50 The federal government initially supported First Nations forestry development through the 1984 Federal-Provincial Regional Development Agreements. The Indian Lands Forestry Program, administered by the Canadian Forest Service, focussed primarily on rehabilitation and developing management plans for on-reserve forests. The decision to terminate this program was announced in 1993 and reaffirmed in the 1995 Budget.

6.51 Following pressure from First Nations and a program evaluation by Indian and Northern Affairs Canada, the Ministers of Natural Resources and Indian and Northern Affairs decided to jointly fund a new forestry program for First Nations with an emphasis on capacity building. The Canadian Forest Service was not in a position to fund the program by itself; Program Review had resulted in a cut to the Forest Service budget from \$220.9 million in 1994–95 to \$95.6 million in 1997–98. The Forest

Service could supply the technical skills and the regional delivery; Indian and Northern Affairs would provide the majority of the funds. The agreement between the two departments was formalized in a memorandum of understanding in 1996 that established clear and complementary roles for the two departments.

6.52 This case study examines how well interdepartmental co-ordination works between Natural Resources Canada and Indian and Northern Affairs Canada and whether it is achieving the intended results. While several departments have crucial roles to play in enhancing opportunities for Aboriginal people (for example, Industry Canada and Human Resources Development Canada), we focussed on the two signatories to the memorandum of understanding.

Departments established clear objectives and roles

6.53 Clear objectives. The purpose of the First Nation Forestry Program is to “improve economic conditions in status Indian communities with full consideration of the principles of sustainable forest management.” The program’s objectives were specified in the memorandum of understanding and focussed on enhancing the capacity of First Nations to operate and participate in forest-based businesses, increasing First Nations co-operation and partnerships, investigating the feasibility of mechanisms for financing First Nations forestry development, and enhancing the capacity of First Nations to manage reserve forests in a sustainable way.

6.54 Flexible management structure. The program’s management structure is organized to facilitate flexible program delivery. The National Management Committee includes one representative from each of Indian and Northern Affairs Canada, the Canadian Forest Service and First Nations. (The latter representative was chosen by First Nations representatives from the Provincial-

One of the key assets that First Nations can use to create new opportunities is their forested land.

The management structure of the First Nation Forestry Program is organized to facilitate flexible program delivery.

Territorial Management Committees.) The National Management Committee is responsible for the overall direction of the program and for providing guidance to the Provincial-Territorial Management Committees.

6.55 The Provincial-Territorial Management Committees, in turn, are responsible for administering, managing and implementing the program. The composition of the committees varies from province to province. For example, provincial or territorial representatives sit on seven of the committees. First Nations initially declined direct representation on the Quebec management committee.

6.56 The third part of the management structure, the Provincial-Territorial Management Committee Advisory Group, was added after the memorandum of understanding was signed. It has since evolved into an annual workshop for the Provincial-Territorial Committee members to share program experiences and best practices, as well as to interact with colleagues from across the country. This forum also provides First Nations with the opportunity to discuss the program and make recommendations to the National Management Committee on changes and improvements to the program.

6.57 The details of the roles and responsibilities of the two signatory departments, at both the national and provincial/territorial levels, are specified in a manual of standards and procedures. This flexible structure and the involvement of both the Canadian Forest Service and First Nations means that decisions are made openly and are supported by key players.

6.58 Initial co-ordination was achieved quickly because the program goals had strong support from senior management. Departments co-operated well on management committees at both

the national and provincial/territorial levels.



The Blood Tribe Reserve in southwest Alberta is the largest reserve in Canada, with a total area of approximately 145,000 hectares. Funding led to the development of a reserve forestry management strategy, including a study of traditional land use and the hiring of Aboriginal summer students to assist with preparing an inventory of archaeological sites. Another project in Alberta combined a wildfire-fighting course with industry training intended to increase stable employment opportunities on the reserve (see paragraph 6.49).



Funding has been applied to forestry operations throughout Canada. The program has increased First Nations' technical capacity to carry out activities such as silviculture, tree planting, log building construction, and tree nursery operations. It has also supported business feasibility studies and geographic information system technician courses (see paragraph 6.53).

Source: Photos courtesy of First Nation Forestry Program

The First Nation Forestry Program has been very successful in obtaining additional complementary funds.

6.59 The program was also intended to be a partnership venture with First Nations, including them as both delivery agents and program beneficiaries. The value of First Nations identifying their own priorities and needs has been emphasized repeatedly by First Nations (and by the Auditor General in previous reports). Their involvement, along with that of other stakeholders, was essential to credible implementation. First Nations were expected to contribute financially to project costs and to obtain additional funding from the private sector where possible.

Support from other organizations exceeded expectations

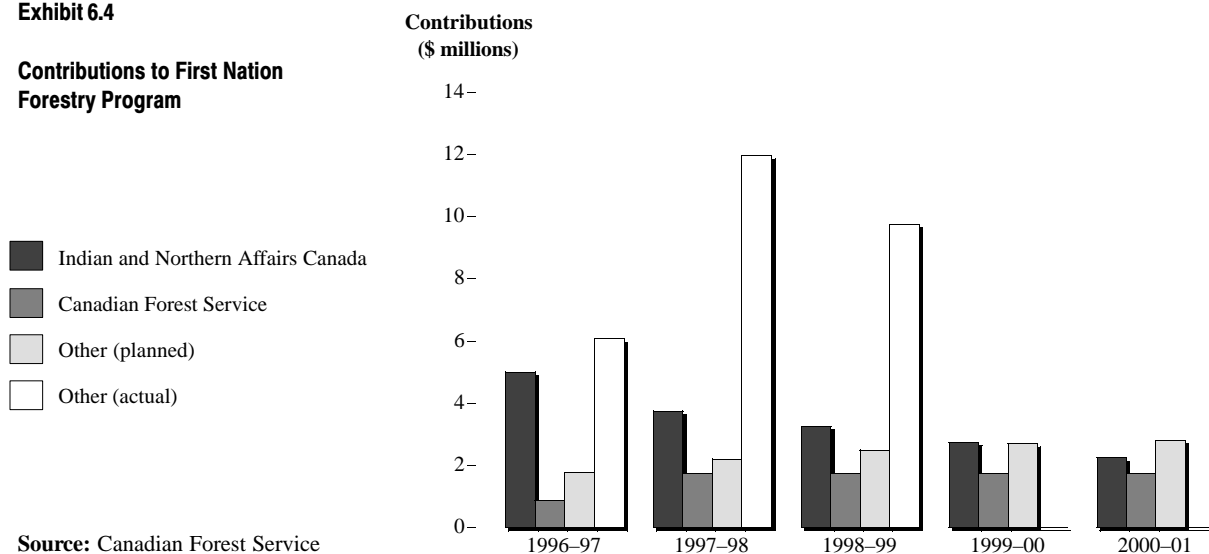
6.60 Overall, the program has been very successful in obtaining additional funds to complement the resources supplied directly through the program (see Exhibit 6.4). The funds obtained from additional sources were \$21 million beyond initially planned levels for the first three years of the program. We have been informed that this trend has continued for a fourth year.

6.61 A significant fraction of these additional resources (\$3.3 million over the

first three years) came from other federal departments (in particular, Human Resources Development Canada and Industry Canada, through Aboriginal Business Canada) and from other Indian and Northern Affairs programs (such as the Resource Access Negotiations Program). This suggests that if the First Nation Forestry Program is extended beyond its planned five-year horizon, representatives of complementary departments and programs should be involved in its redesign to ensure that the program operates as an integrated package to achieve the best overall results for its clients.

6.62 The interim evaluation report for the program (which was required by the memorandum of understanding) signalled that greater co-ordination is required among related programs. Specifically, it recommended increased compatibility among programs. This would facilitate the transition as “clients” graduated from the First Nation Forestry Program to other programs. It would also streamline administration and monitoring so that clients could satisfy more than one source of funding without a daunting amount of work.

Exhibit 6.4
Contributions to First Nation Forestry Program



Source: Canadian Forest Service

6.63 Despite the success at capturing additional resources, the program may be a victim of its own success. While First Nations' expectations are high, the number of proposals and their dollar value have been dropping over the past three years. We were told that this is partly due to the perception that funds are limited and demand for funds is high.

Departments have an opportunity to rethink their approach

6.64 Limited information for learning from past experience. Although the First Nation Forestry Program has been highly successful at leveraging funds and there is considerable interest in the program, increased follow-up is needed to determine if the program is actually achieving the intended results. There is no systematic tracking of the long-term impacts of the program. Monitoring of results is needed at both the program and the individual project levels to ensure that all partners can assess what works and what does not.

6.65 The interim review of the program concluded that the expected outcome will not be achieved: First Nations will not be able to assume full responsibility for forestry program activities by 31 March 2001. With the annual funding allocation for 609 bands decreasing from \$5.9 million in 1996–97 to \$4.0 million in 2000–01, it may have been too ambitious to expect an outcome of complete self-reliance at the end of five years.

6.66 The complementary roles and the clear specification of functions, responsibilities and processes have contributed to an effective working relationship between the two signatory departments and with the key stakeholders. Several participants suggested that this program delivery model could be applied to other First Nations programs. If it is, such programs need to ensure that they clearly reflect the

priorities of Aboriginal people and acknowledge the complex and shifting relationship between First Nations, government and Canadian society.

Buying “Green” in the Federal Government

Procurement has significant environmental and economic consequences

6.67 Governments around the world have recognized that they can promote sustainable development by reducing their consumption and by creating a demand for goods and services that have a reduced impact on the environment. In Canada, federal expenditures for goods and services that could be subject to some level of “greening” exceeded \$14 billion in 1998–99 (see Exhibit 6.5).

6.68 There are substantial direct environmental benefits possible from greening federal procurement; these include reduced energy use, water consumption, solid waste generation and emissions. By buying goods and services that do not contain harmful substances, the federal government can lower the costs of hazardous waste disposal, minimize the risks and costs associated with spills, and reduce potential liabilities from contaminated sites. Given that the federal government is the single largest purchaser in Canada, it can also help set the standards for other public sector and private sector buyers.

6.69 The federal government will not get the best value for its purchases unless departments take a co-ordinated approach, making effective use of standing offers and volume discounts. Procurement officers and potential suppliers must receive a clear and consistent message. In our view, central co-ordination is required to realize these economies of scale and to avoid inconsistency.

6.70 This case study examines how departments have worked together to

Monitoring of results is needed at both the program and individual project levels.

Central co-ordination is required to realize economies of scale and to avoid inconsistency.

reduce the environmental impact of their purchases. Procurement is an issue for all federal departments; however, in our audit work we focussed on three key players: the Treasury Board Secretariat, Public Works and Government Services Canada, and Environment Canada.

The federal government has made repeated attempts to co-ordinate

6.71 Environmental Choice

Program. There have been several attempts over the past decade to promote the adoption of green procurement within federal departments and agencies. In 1988, Environment Canada began the Environmental Choice Program, a program to help purchasers identify which products were “green” by marking them with the EcoLogo™ symbol. In 1995, an independent firm was contracted to deliver the program. This program has the potential to assist co-ordination by providing a common basis for selection by federal procurement officers. While progress has been made in certifying a broad range of products, the overall use of EcoLogo™ products has been quite limited.

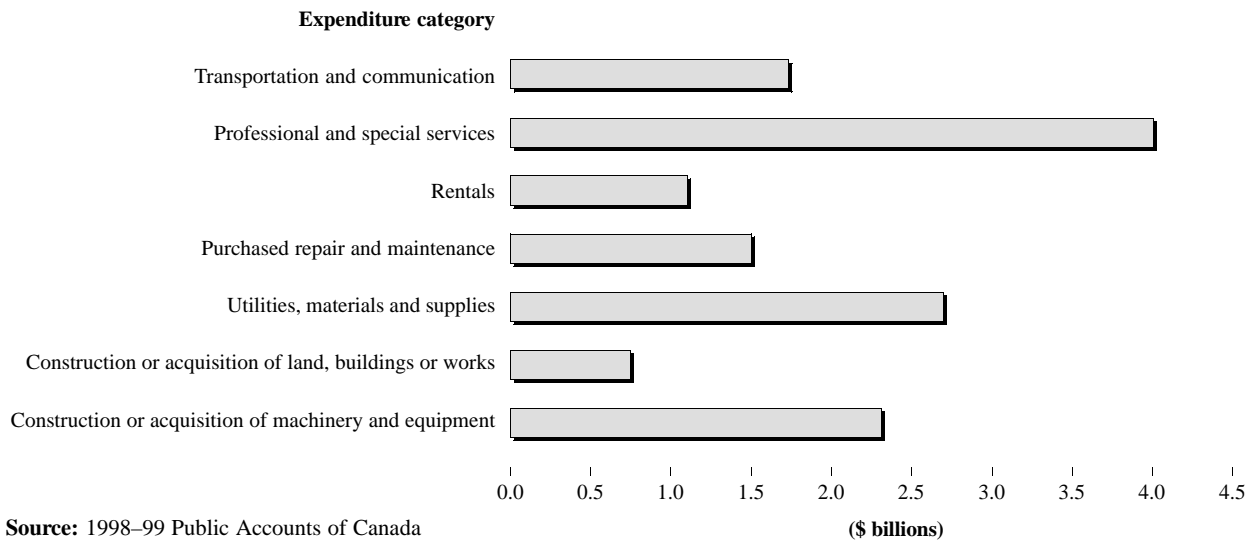
6.72 Environmental stewardship. As part of the 1990 Green Plan, the federal government introduced the Code of Environmental Stewardship to, among other things, “ensure that environmental considerations are integrated into purchasing policies and practices.” The Office of Federal Environmental Stewardship, a key co-ordination mechanism for implementing the Code, was closed in 1997.

6.73 In 1995, the Federal Committee on Environmental Management Systems was established. An important part of its role is to “demonstrate leadership in the development and implementation of environmental management systems which further sustainable development and support the commitments of the Code of Environmental Stewardship.” The Committee has acted as a means for departments to exchange information about environmental management systems and other related issues, but has paid relatively little attention to procurement.

6.74 Environmental Accountability Partnership. The Environmental Accountability Partnership was an

Exhibit 6.5

Federal Expenditures Potentially Subject to “Greening”



Source: 1998–99 Public Accounts of Canada

agreement signed in 1992 between Environment Canada and the Treasury Board Secretariat to improve co-ordination and the exchange of information on greening operations. In 1994, a committee of deputy ministers directed the signatories to work with departments to establish a work plan for green procurement, including clear collective goals and indicators. The Partnership is no longer functioning. As demonstrated by these initiatives, the federal government has provided only sporadic support for green procurement.

The lack of co-ordination continues, but there are some promising signs

6.75 Missing and inconsistent policies. The current Treasury Board guidelines for procurement offer very general guidance about including environmental factors in purchasing decisions. Some departments have recognized that greening their operations is “plainly obligatory” and have gone beyond the Treasury Board guidelines to prepare more detailed procurement policies; however, the approaches are inconsistent and most departments do not have policies. This is clearly an area that would benefit from effective co-ordination.

6.76 Inconsistent priorities and targets. We reviewed the first sustainable development strategies and found that 82 percent of departments included objectives and actions for green procurement. Actions included developing purchasing guides, outlining procedures and protocols, and preparing resource information and tools. Departments have identified different priorities and targets, and the lack of co-ordination poses a significant risk of unnecessary and wasteful duplication across departments.

6.77 Unclear roles and responsibilities. We found that no department sees itself as the lead organization for developing a more

consistent and coherent federal approach to “green” procurement. From the perspective of departments, the Treasury Board Secretariat’s role is to establish a strategic vision for the government. At a workshop in 1998, departments concluded that success depended on strong leadership in central policy development and co-ordination. In contrast, according to its officials, the Treasury Board Secretariat’s role is one of facilitation — assisting lead departments in clarifying expected outcomes and advising on the co-ordination process. From the perspective of the Treasury Board Secretariat, Environment Canada should be leading on this issue. Without clear accountability, there is a significant risk that nothing will be done.

6.78 In Chapter 2 of this Report, we reviewed the progress of departments on greening all aspects of their operations. We documented several critical issues, including the lack of leadership, inconsistent approaches across departments, and incompatible measures of progress.

6.79 New initiatives. Four separate initiatives were launched in 1999 that could lead to progress on green procurement. First, as part of the commitment to reduce greenhouse gas emissions, Environment Canada and Natural Resources Canada are leading a federal “house in order” effort to implement purchasing that considers energy efficiency and greenhouse gas implications. This includes purchases of “green” power. Second, as part of co-ordinated planning for sustainable development, Public Works and Government Services Canada is leading an initiative for sustainable government operations that includes consideration of procurement. Third, the Treasury Board Advisory Committee on Contracting has recommended the formation of an interdepartmental working group to explore ways to advance sustainable development through green procurement.

The federal government has provided only sporadic support for green procurement.

The lack of co-ordination poses a significant risk of unnecessary and wasteful duplication across departments.

There is a lack of clear overall direction and a lack of mutually agreed-upon roles and responsibilities.

Finally, Public Works and Government Services Canada has contracted with an Aboriginal firm for the development of an environmental information service. The service will be owned and maintained by the contractor and will provide information on suppliers of goods and services typically purchased by the federal government.

6.80 Despite these new initiatives and their potential impact, fundamental problems remain. There is a lack of clear overall direction and a lack of mutually agreed-upon roles and responsibilities. The time lines are short, different departments are leading separate and overlapping processes, and reporting structures vary. It appears that some key lessons from past efforts have not been learned. In our view, these new initiatives will be unlikely to succeed unless there is effective co-ordination, led by the Treasury Board Secretariat. No other organization combines a government-wide perspective with the potential to influence departmental operations.

6.81 The Treasury Board Secretariat should co-ordinate and support implementation of a government-wide strategy for green procurement, with clear, time-bound targets and a shared reporting framework.

Treasury Board Secretariat's response: The Treasury Board Secretariat (TBS), through its Advisory Committee on Contracts, established an interdepartmental working group in September 1999 to examine the needs of the federal government in this area and recommend a common basis for moving forward. It must be recognized that this initiative is a collaborative one and that TBS will develop appropriate policies or guidance in accordance with the findings and recommendations of the Committee and in consultation with all departments.

6.82 Progress in other countries. In Canada, departments point to obstacles to environmentally sound purchases. These include the possible implications for international trade agreements, the need to define "green" and to understand the cost implications, and the need for access to

Exhibit 6.6

Targets for "Green" Procurement in the United Kingdom

In 1999, the Department of the Environment, Transport and the Regions (DETR) in the United Kingdom established a comprehensive "greening government operations" policy to be followed by departmental staff. This policy has clear objectives, roles and responsibilities, timelines, and monitoring and reporting requirements. The sharing of information and lessons learned is also a requirement under the policy.

The policy sets clear and measurable targets in several areas, including the following:

Energy

- Reduce by 20 percent from 1990–91 levels by March 2000.
- Buy a minimum of 10 percent of electricity from renewable sources by March 2002.

Waste

- Recover a minimum of 40 percent of total office waste with at least 25 percent coming from recycling or composting by 2000–01.
- Increase the amount recovered and recycled by 10 percent each year to achieve 70 percent recovery or recycling in 2003–04.

Paper

- Buy 100 percent recycled paper comprising at least 80 percent genuine post-consumer waste and use this for all work not requiring specialist papers.

The policy identifies the division within DETR that will co-ordinate and promote the policy and will publish an annual progress report. The progress report will be available on the DETR Web site and will be made available to all staff.

Source: Department of the Environment, Transport and the Regions, United Kingdom

the necessary information about products. Other countries, such as the United States and the United Kingdom, have made progress despite similar obstacles. For example, the Department of the Environment, Transport and the Regions in the United Kingdom has committed to detailed targets for greening its procurement (see Exhibit 6.6). In the United States, the Office of the Federal Environmental Executive has been tracking compliance since 1992 with the requirement to spend federal funds on recycled goods (including paper, building insulation, oil and tires).

Negotiating a Biosafety Protocol

Countries have negotiated a new protocol to protect biodiversity

6.83 On 29 January 2000, after 10 long days of debate, negotiation and compromise in Montreal, delegates from 138 countries agreed to an important new protocol under the Convention on Biological Diversity. This contrasted with the situation less than a year earlier in Cartagena, Colombia, where the representative for the Canadian delegation announced that Canada and a small group of other countries did not agree with the proposed text of the protocol and the formal talks were suspended.

6.84 The protocol in question was the Biosafety Protocol. The objective of the Protocol is to set international rules for the transboundary movement of living genetically modified organisms that may adversely affect the conservation and sustainable use of biodiversity. The Protocol is based on the concept of advanced informed agreement, in which countries will consider the potential for adverse impacts on their biodiversity before they import a living genetically modified organism for introduction into the environment. While the Protocol is intended to reduce environmental impacts, it could also restrict international trade, depending on how it is implemented.

6.85 For this case study, we examined the interdepartmental working group that was established to develop Canada's negotiating position for the latest meeting at Montreal and for earlier meetings. (Chapter 2 of our May 1998 Report outlined the process for preparing an international negotiating position.) The working group was co-chaired by Environment Canada and the Department of Foreign Affairs and International Trade. More than 12 departments and agencies were involved in the working group; however, we focussed on the key players (Department of Foreign Affairs and International Trade, Environment Canada, Agriculture and Agri-Food Canada, Canadian Food Inspection Agency, Industry Canada, Health Canada, Natural Resources Canada, and Fisheries and Oceans).

Departments worked with very high stakes, uncertainty and conflicting perspectives

6.86 Potential economic impacts. Exports are a major source of revenue for Canadian farmers, accounting for \$22.6 billion of sales in 1998. Genetically modified crops constituted a relatively small proportion of this amount (roughly \$840 million or four percent); however, because Canada's bulk commodity handling and transportation system is not currently equipped to segregate genetically modified varieties from the non-modified varieties, all exports of those crops (\$2.8 billion) could have been affected. For some crops, the proportion of the total harvest coming from genetically modified varieties has grown dramatically (see Exhibit 6.7). For other crops, such as wheat and barley, there are no genetically modified varieties that are commercially grown, although research is under way to create such strains. Canada's current agricultural policy calls for a rapid increase in exports, and biotechnology could play a key role in meeting this objective.

The Biosafety Protocol, while intended to reduce environmental impacts, could also restrict international trade.

There is a high level of uncertainty about both the potential environmental risks and the potential impacts on trade of the Biosafety Protocol.

6.87 Potential environmental risks.

The potential environmental risks associated with the movement of living genetically modified organisms arise from the possibilities of imported organisms breeding with native species, invading habitat and competing with existing species, and promoting herbicide resistance. The major concern is for developing countries with weak or nonexistent regulatory systems. The magnitude of the risk will depend on the nature of the traits introduced and how regulatory systems in the importing countries are implemented.

6.88 International reputation at stake. Since 1992, Canada has played a key role in the Biodiversity Convention, facilitating the agreement, ratifying it early, and providing the location for the Biodiversity Convention Secretariat in Montreal.

6.89 Uncertain consequences. There is a high level of uncertainty about both

the potential environmental risks and the potential impacts on trade of the Biosafety Protocol. Federal departments had to work together to make policy choices in the face of these uncertainties.

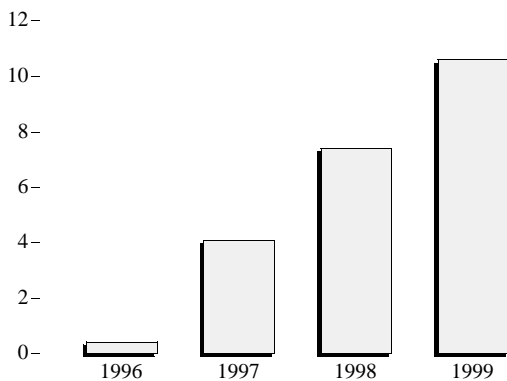
6.90 Conflicting perspectives. The nature of this issue brought departments into conflict. Environment Canada has a mandate to co-ordinate “the policies and programs of the Government of Canada respecting the preservation and enhancement of the quality of the environment”, and the Department leads on implementation of the Biodiversity Convention. On the other side, Industry Canada’s legislation calls on it to “increase the international competitiveness of Canadian industry, goods and services.” The objectives of the new Canadian Food Inspection Agency are to facilitate trade in food, animals, plants and their products and “to contribute to the continuing health of animals and plants for protection of the resource base.” The Department of Foreign Affairs and International Trade has a mandate to “foster the expansion of Canada’s international trade and commerce”, including by “improving the access of Canadian produce, products and services into external markets through trade negotiations.” It is also responsible for conducting and managing Canada’s international relations. The mandate of Agriculture and Agri-Food Canada is to help the agricultural sector maximize its contribution to Canada’s economic and environmental objectives, and the Department has promoted agricultural exports.

6.91 While respecting the environmental objectives of the Biosafety Protocol, the final negotiating position at both Cartagena and Montreal strongly reflected Canada’s trade concerns. Our concern is not about the conflicting perspectives of departments and the resulting debate, but rather with how the process was managed.

Exhibit 6.7

Area of Genetically Modified Canola Grown in Canada

Area (million hectares)



Canada is one of the three largest exporters of genetically modified crops. The primary genetically modified crops are canola, soybeans, corn and potatoes. Canola is the largest in terms of area and value, but all four have demonstrated rapid increases in area planted. The estimated area for 1999 of genetically modified canola corresponds to 77 percent of the total area planted to canola.

Source: Agriculture and Agri-Food Canada

“Sawing through thick boards”

6.92 Unlike most other countries, Canada has taken an inclusive approach to developing its negotiating position. At the meetings in Cartagena, Canada had a larger and more broadly based delegation than almost all of the 130 countries participating in the meeting. Over 40 percent of the other countries were represented by a single individual from an environment ministry. The Canadian delegation included representatives with the perspectives of environmental protection, regulatory systems, trade policy, health concerns, and agricultural producers. In addition, the working group sought the input of external stakeholders through advisory groups, and included stakeholder representatives in the official delegation.

6.93 **Difficult and demanding process.** Participants described the interdepartmental process as long, difficult and tense. They told us of frequent, day-long meetings, especially as the final deadlines approached, making it hard to consult within departments and develop alternatives. At the same time, participants did not always have the “luxury of time to listen to one another”, nor the incentive to adopt a corporate perspective as opposed to negotiating from narrow departmental views. Relevant documents were sometimes available only just before meetings, allowing little time for review.

6.94 Several other factors contributed to the difficulty of the process. Participants said that there was often a lack of strategic focus to the discussion; while the overall goal was clear, the steps to get there were not. We were told that agendas were sometimes not used or not adhered to. For some issues, participants did not agree on the basic scientific or trade policy facts. Uneven participation by key players and a high turnover rate also disrupted the dynamics of the group.

6.95 **Dispute resolution.** Participants also told us that disputes within the working group were not always resolved effectively. A lack of senior management attention hampered dispute resolution, especially in the early stages of the group’s work. In some instances, disputes among departments went from the senior analysts in the working group directly to their ministers. In the period leading up to the successful conclusion of international negotiations, the involvement of deputy ministers did promote a more flexible Canadian position. Central agencies facilitated the final agreements that were reached prior to the Cartagena and Montreal meetings, in particular by involving senior political levels.

The conflict stems from the tension between trade and environmental agendas

6.96 This particular case study illustrates a larger concern for the federal government. Conflicts between environmental and trade policy objectives are likely to increase. The scope and number of international environmental agreements are growing (see our May 1998 Report, Chapter 2). Negotiators have looked to trade measures as a key tool to make these agreements effective. The scope of trade agreements, such as those under the World Trade Organization, is also growing.

6.97 In its report prior to the 1999 Seattle round of negotiations of the World Trade Organization, the Standing Committee on Foreign Affairs and International Trade commented:

There is little doubt that ever-increasing flows of traded goods and services and investment impinge on the state of the world’s environment, affect the quality of human and other forms of life, and put in question the sustainability of prevailing economic patterns of production, consumption, and exchange. The stakes are very high

Participants described the interdepartmental process as long, difficult and tense.

In some instances, disputes among departments went from the senior analysts directly to their ministers.

and the rationale for collective action is strong, even if consensus is often difficult to achieve.

6.98 In its response to the Committee's report, the government said that the Department of Foreign Affairs and International Trade would co-ordinate policy formulation through consultation with a broad range of departments. While the negotiation of the Biosafety Protocol was ultimately successful, both domestically and internationally, we believe a more strategic approach is needed — one that can also promote effective dispute resolution.

6.99 Environment Canada and the Department of Foreign Affairs and International Trade should work together to enhance existing mechanisms to ensure that Canada's trade and environment agendas support each other. These mechanisms should address the need for strategic oversight, proactive analysis, tracking of individual negotiations and dispute resolution.

Joint Environment Canada and Department of Foreign Affairs and International Trade response: The Biosafety Protocol negotiation has brought out more clearly than any before it the trade-environment dynamics, coupled with the need to address developing country concerns. This was a highly complex negotiation both from the perspective of the scientific issues as well as the trade and foreign policy concerns.

The Department of Foreign Affairs and International Trade and Environment Canada agree that effective interdepartmental processes to arrive at policy consensus are necessary. Our departments are committed to working together to enhance existing mechanisms to ensure that Canada's trade and environment agendas are mutually supportive.

Assessing the Aquatic Effects of Metal Mining

Regulations are a key tool to protect fish habitat

6.100 The minerals and metals industry (including metal fabrication) contributed approximately \$27 billion to Canada's gross domestic product in 1998 and employed over 365,000 Canadians. At the same time, the extraction and milling of mineral ores from underground and open pit mines can generate effluent high in acidity and dissolved metals — effluent that can kill fish and adversely affect fish habitat. The nature of the impacts varies from mine to mine, depending on the native ores, the mining technology and the surrounding environment.

6.101 The Metal Mining Liquid Effluent Regulations were promulgated in 1977 under the *Fisheries Act* to protect fish and fish habitat from the potential impacts of mining activity. The Regulations were developed between 1973 and 1977 with consultative input from a federal-provincial-industry task force.

6.102 The 1990 Green Plan contained a commitment to "update and strengthen" the Regulations. In May 1992, Environment Canada sponsored a workshop to discuss the process for revising the Regulations and to seek guidance from representatives of all groups with a stake in the environmental effects of mining effluent. The first phase of the revisions was to assess the effectiveness of the existing scientific basis for the Regulations and recommend changes.

6.103 This case study examined the consultative process used to develop recommendations for revising the Regulations. The process was known as the AQUAMIN (Assessment of the Aquatic Effects of Mining in Canada) process. It was co-chaired by Environment Canada and the Mining Association of Canada. Four other federal departments

and agencies participated (Natural Resources Canada, Fisheries and Oceans, Indian and Northern Affairs Canada, and the Atomic Energy Control Board). In addition, provincial officials, mining industry officials representing the Mining Association of Canada, environmental groups and First Nations organizations contributed their expertise and perspectives.

Good planning and a neutral secretariat facilitated achieving objectives

6.104 A solid plan. The process began in June 1993 with a planning meeting to solicit stakeholder input on the design of the process. Through the meeting, participants established clear objectives and a schedule, scope and process for conducting the science assessment. The meeting laid a solid planning base for the remainder of the process, clearly identifying the roles and responsibilities of the different players. The process also allowed sufficient time to build trust among the participants.

6.105 A series of working groups was struck, addressing the necessary elements of the science assessment that was to be the basis for recommending changes. Federal departments and agencies participated in the working groups as well as in the steering group that oversaw the process. Working group members produced the necessary scientific summaries from the different regions of the country, reflecting the different mining conditions. A multi-stakeholder workshop brought together the scientific work and clarified the possible recommendations, which were input to two other working groups charged with preparing final recommendations (see Exhibit 6.8). The objectives of the process were achieved and all participants supported the package of recommendations in the final report of April 1996.

6.106 Neutral secretariat. Several factors contributed to this success.

Environment Canada provided an effective secretariat — one that participants viewed as neutral and that focussed on sharing information and project management. The Environment Canada co-chair for the process had a scientific and monitoring background, which contributed to a perception of neutrality and to acceptance by participants. The inclusion of a co-chair from the Mining Association of Canada led to greater industry acceptance of the final recommendations.

6.107 Other federal departments were also instrumental. For example, because of their past work and good relations with the mining industry representatives, Natural Resources Canada officials were able to play a bridging role between Environment Canada and the industry on several more difficult issues. In addition, there was good co-ordination between the science assessment of the environmental effects of mining and the parallel work by Natural Resources Canada on developing effluent control technologies and evaluating ways to assess the impacts of effluent.

6.108 Effective dispute resolution. Disputes were resolved largely within the working groups and the multi-stakeholder steering group. There were instances, however, when working groups were unable to resolve differences internally. They then followed the steps outlined in the terms of reference for the consultation process, taking the issue first to the group acting as an umbrella for the working groups. If resolution was not possible there, they then turned to the steering group for the overall AQUAMIN process. Outside help was used to address some disputes that were not resolved by the steering group. For example, when the first draft of the final report was released, there were several issues on which stakeholders could not agree. A professional facilitator worked with participants to uncover the real issues and propose avenues for solution.

The process to update the Metal Mining Liquid Effluent Regulations began by asking stakeholders for their input.

There were some cases where federal officials openly disagreed.

6.109 Federal officials agreed on most issues; however, there were some cases where they openly disagreed. For example, Environment Canada and Fisheries and Oceans supported a requirement for nonacutely lethal effluent and confined mine tailings. Natural Resources Canada disagreed. Beyond the many discussions among federal officials, there was no attempt to reach a common federal position on the recommendations. Given the emphasis on scientific debate in the process leading to recommendations for regulatory changes, we concluded that open disagreement among federal officials on scientific and technical issues within their areas of expertise actually helped support an open and credible process. (This situation contrasts with that

described in our audit of toxic substances, reported in May 1999, where “the behaviour demonstrated by some departments is a major impediment to the effectiveness of federal programs.”)

6.110 Sufficient resources. Departments contributed not only through the participation of their officials but also financially. The four major departments (Environment Canada, Natural Resources Canada, Fisheries and Oceans, and Indian and Northern Affairs Canada) shared most of the costs (\$435,000 over three years). The Mining Association of Canada contributed 22 percent of the total cost, reflecting its stake in a workable set of recommendations.

Exhibit 6.8

A New Co-operative National Environmental Protection Framework

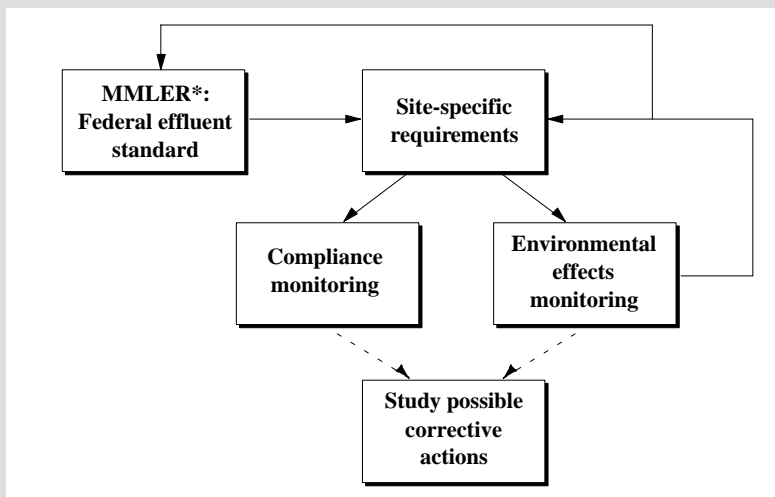
The process examining the regulations for metal mining effluent led to several recommendations. One was that a co-operative national environmental protection framework be implemented and include three components:

Metal Mining Liquid Effluent Regulations*: federal regulations to ensure a consistent, minimum quality of effluent being discharged to aquatic ecosystems.

Site-specific requirements: more stringent site-specific requirements that may be necessary to ensure adequate protection of some aquatic ecosystems.

Environmental effects monitoring: a feedback loop providing information to decision-makers and the public regarding the effectiveness of both environmental protection measures and long-term regulatory strategies.

Effective implementation of all three components of the framework is essential to achieve the overall objective. Monitoring of compliance and environmental effects could lead to the study of possible corrective actions. The relationship among the components is illustrated below.



Source: Assessment of the Aquatic Effects of Mining in Canada: AQUAMIN, Final Report, 1996

Lessons were learned from past experience

6.111 The process selected for the science assessment reflected the lessons learned by Environment Canada and Fisheries and Oceans following the introduction in 1990 of a program for monitoring the environmental effects of pulp and paper mills. There was little consultation prior to the announcement of that program. Industry stakeholders felt that the information demands and the costs of compliance were excessive and not justifiable. In response, senior officials at Environment Canada had to intervene and begin a stakeholder consultation process.

6.112 Environment Canada still faces important challenges in implementing the recommendations. The lead responsibility has moved within the Department, bringing in new people and group dynamics. Participants in the original working groups have high expectations that the recommendations made in the final report will be respected in the implementation phase. This situation points to the need for effective intradepartmental co-ordination as an essential complement to good interdepartmental co-ordination.

Working Together on Sustainable Development Strategies

Departments had problems co-ordinating on their first try

6.113 Two major co-ordination challenges. Under the amendments to the *Auditor General Act* in 1995, departments are required to prepare sustainable development strategies and update them every three years. With the first strategies, which were tabled by December 1997, departmental officials had to confront new and unfamiliar demands. They had to struggle with the challenge of co-ordination within their departments, ensuring that each part of the department

understood the implications of sustainable development for its own activities. They also had to collaborate with other departments to ensure that there was a common approach to shared issues.

6.114 Departments did not co-ordinate effectively in some important ways. They presented inconsistent views of sustainable development. The areas they identified as needing co-ordination were not mutually acknowledged. Except for a few limited examples, they did not co-ordinate their consultation efforts (see our May 1999 Report, Chapter 2). As a result, different departments often consulted the same representatives of interest groups on related issues. Where departments did work together, the efforts were ad hoc and based on the initiatives of committed individuals, rather than on senior management direction.

6.115 For this final case study, we examined the Interdepartmental Network on Sustainable Development Strategies and the role it played in laying a base for the second round of sustainable development strategies. The Network was established in 1996 and has served departments by creating a forum for information exchange, discussion and consultation. It continues to be a primary mechanism of interdepartmental co-ordination for sustainable development strategies. All of the departments and agencies that have prepared sustainable development strategies have participated in the Network at one time or another. Environment Canada acts as the chair and secretariat.

Co-ordination has improved in the second round

6.116 Partly in response to comments from the Commissioner of the Environment and Sustainable Development, there is greater emphasis on interdepartmental co-ordination in the second round of strategies, to be tabled by December 2000. Departments are working on some obvious areas of overlap. The

Environment Canada still faces important challenges with implementing the recommendations for revising the Metal Mining Liquid Effluent Regulations.

With the first sustainable development strategies, departments did not co-ordinate effectively in some important ways.

A key factor in the second strategies has been increased senior management attention.

The success of the voluntary Interdepartmental Network on Sustainable Development Strategies depends on committed and experienced individuals.

Network has provided a focus and showcase for these efforts, as well as trying to address a longer-term strategic agenda.

6.117 Stronger senior management support. A key factor in this second round of strategies has been increased senior management attention. The 12 October 1999 Speech from the Throne highlighted environmental quality. The Sustainable Development Co-ordinating Committee, a committee of deputy ministers from 14 departments, has helped bring focus to some of the interdepartmental efforts and is now overseeing a co-ordinated planning approach to eight sustainable development themes.

6.118 Co-ordination on consultation. With the support of the Privy Council Office and on behalf of the federal government, the National Round Table on the Environment and the Economy convened a government-wide consultation on 4 April 2000, in Ottawa. Discussions centred on broad sustainable development issues, including the eight theme areas mentioned in the previous paragraph. Smaller groups of departments are considering how to co-ordinate their consultations around specific issues. Indian and Northern Affairs Canada is leading an effort to prepare a federal sustainable development strategy for northern Canada and consultation is a key part of this effort (see Exhibit 6.9).

6.119 Other initiatives under way. Under the Network's umbrella, departments have prepared a common framework for organizing their sustainable development strategies. Few departments have so far committed to using the framework, but it could help departments identify areas of policy overlap and inconsistency. As a second initiative, in its sustainable development strategy Human Resources Development Canada committed itself to "help define the social dimensions of sustainable development." Other departments, notably Canadian

Heritage, have led the attempt to jointly clarify the social and cultural aspects of sustainable development.

The Network must grapple with continuing challenges

6.120 A commitment threshold. The success of this voluntary network depends on committed and experienced individuals and the Network's ability to provide continuing value to its members. Individuals and departments are free to choose at what level of seniority, authority, frequency of attendance, level of engagement and financial commitment they will participate. There is no means, however, of requiring departments to follow through on their commitments. While providing a needed forum for information exchange, this mechanism is not as well-suited to a more formal, task-oriented form of co-ordination such as ensuring that all departments co-ordinate their consultations.

6.121 Unclear reporting relationships. Federal departments have formed committees at different management levels to address a variety of environmental and sustainable development issues (see Exhibit 6.10), but the reporting relationships have not yet been well defined. For example, although the Network has close links with the task force of assistant deputy ministers, it does not formally report to a senior committee. This creates a risk of duplication and gaps, and results in a lack of accountability.

6.122 Unequal cost sharing. Environment Canada, as secretariat for the Network, bears most of the costs of managing the process. It has played a key role in building trust among participants, although with the present structure, the Network's success depends on Environment Canada to donate the necessary resources. Resources could also come from other departments.

6.123 High turnover. Uneven participation and turnover have hampered effective functioning. We estimated that

only one third of current participants in Network meetings had experience with the first round of sustainable development strategies. Some departments have no staff with such experience. Turnover has three possible consequences: it requires time to brief newcomers during meetings; it reduces the quality of discussion because participants do not have the relevant background; or it requires departments (or committees) to maintain detailed records and track lessons learned.

6.124 Overall, we believe that co-ordination through the Network and

through related committees will be essential to managing the decentralized approach the government has taken to sustainable development. If the federal government moves to a more integrated approach, alternative mechanisms for co-ordination may need to be considered.

Learning the Lessons

Common themes emerge from the case studies

6.125 The cases we examined cover a range of different mechanisms for

Uneven participation and turnover have hampered effective functioning.

Consultation on the first strategies

In February 1996, Indian and Northern Affairs Canada recognized that its sustainable development strategy needed “to be developed in a joint, cost-shared consultation approach in co-operation with other federal departments.” During the first round of strategies, several departments (Indian and Northern Affairs Canada, Environment Canada, Fisheries and Oceans, Natural Resources Canada, Canadian Heritage and National Defence) co-ordinated their consultation efforts in the North. The report from the consultation concluded, “Each department is developing its own strategy, apparently with little or no co-ordination.” There was strong support for an “integrated northern strategy that looked at all resources holistically.”

Working toward an integrated federal strategy

In its first sustainable development strategy, Indian and Northern Affairs Canada established a target of developing a federal government sustainable development strategy for northern Canada. The first interdepartmental meeting was held on 18 February 1999 and was attended by representatives of eight departments or agencies. Departmental representatives prepared a sequence of questions highlighting the key decisions to be made about the scope and direction of the federal strategy. Through a series of meetings, participants maintained an ongoing record of their decisions by answering each question in turn. They also prepared a joint consultation document and an inventory of federal activity in the North. The cover of the consultation document had the names of 20 departments and agencies.

Early consultation for the second strategy

In November 1999, the first round of consultations was held in Whitehorse, Yellowknife, Iqaluit and Ottawa. Overall, the consultations were a mixed success, but lessons were learned for the second round of consultation planned for spring 2000.

Key observations

As this is a voluntary process, its success relies on the commitment of key individuals, strong leadership from Indian and Northern Affairs Canada and the willingness of other departments to participate, financially and with staff time. Not all departments have participated, or participated strongly, even those with significant activity in the North. Consultation participants commented on the absence of some key federal departments (for example, Industry Canada and Parks Canada).

The overall objectives of the process are clear and the roles, while not formally laid out, are well understood informally.

Exhibit 6.9

A Federal Sustainable Development Strategy for the North

Source: Office of the Auditor General

As officials work outside of their departments, accountability cannot be assumed; it must be documented.

departments to work with one another. The cases reflect different stages of policy development and implementation, extending from “green” procurement policy to implementation of the First Nation Forestry Program. Despite this variety, we were struck by the similarities and common themes.

6.126 Who does what. We observed in all the case studies that clear objectives and mandates improved departments’ ability to collaborate effectively. The absence of clear objectives and well-defined roles and responsibilities leads to problems. As officials move outside of the traditional and well-understood confines of their departments, they need to be much more explicit about the objectives and roles. Accountability cannot be assumed; it must be documented. Senior managers need to

set appropriate goals and parameters for working with other departments.

6.127 Explicit objectives and roles, in turn, provide a solid foundation for good management. Without clear goals, it is not possible to manage toward them and report on progress. Without clear roles, it is not possible to hold individuals and organizations to account. We observed that all of these elements are essential to predictably achieving the intended results.

6.128 Neutral leadership. In most of the cases we examined, a neutral secretariat, an impartial chair, or the strong involvement of a central agency was crucial for maintaining trust among participants, effective leadership and good dispute resolution. The exception to this was the memorandum of understanding underlying the First Nation Forestry Program, which established a very

Exhibit 6.10

Some Key Interdepartmental Committees for Sustainable Development

Deputy Ministers

Sustainable Development Co-ordinating Committee – The federal government’s senior forum on sustainable development, with a broad management and co-ordination mandate.

Assistant Deputy Ministers

Memorandum of Understanding on Science and Technology for Sustainable Development – This committee oversees the research co-ordinated among five departments (Agriculture and Agri-Food Canada, Environment Canada, Fisheries and Oceans, Health Canada, and Natural Resources Canada) on sustainable development issues.

Task Force on Sustainable Development – Originally created to provide input to the Speech from the Throne, the Task Force now acts as a “shadow” committee for the Sustainable Development Co-ordinating Committee.

Policy Research Initiative Steering Committee – This committee oversees the long-term research program on sustainable development under the Policy Research Initiative.

Working Level

Interdepartmental Network on Sustainable Development Strategies – The key vehicle for promoting interdepartmental co-ordination on horizontal sustainable development issues (see text).

Federal Committee on Environmental Management Systems – A forum for discussion and co-ordination of crosscutting issues related to environmental management systems.

Performance Measurement for Sustainable Government Operations – A mechanism for departments to work toward shared performance measures for their operations (see our May 1999 Report, Chapter 8).

Other groups have been created to address issues such as climate change, toxic substances, water conservation, contaminated sites, training, fleet management, environmental assessment and procurement.

Source: Environment Canada

well-defined and complementary arrangement between two departments.

6.129 Clear benefits. Co-ordination demands time and resources. Departments (and other organizations) must anticipate sufficient benefits to outweigh the costs. They must also be willing to contribute sufficient resources to ensure that the co-ordination happens. A recurring challenge we noted was to create the incentives (money, recognition and information) for participating individuals and organizations to co-ordinate their efforts.

6.130 No one success factor is absolutely essential. A recent publication on horizontal management for the Canadian Centre for Management Development noted, “As is so often the case, co-ordination (or any other virtue) may be achievable without special mechanisms if there is the will to co-ordinate, but no mechanism is sufficient if there is an absence of will.” Ultimately, it comes down to committed and effective individuals — and the incentives they have to work together.

What departments are doing to learn from their experience

6.131 Mechanisms to learn from experience, through program evaluations, regular monitoring, and good intradepartmental communication, permit departments to tailor their programs and initiatives to avoid the major pitfalls of previous initiatives. In each case study, there was previous experience (earlier programs, program evaluations, or a long history) to draw on. Sometimes this was done effectively, and sometimes not. Most of the learning we observed was ad hoc, depending on the individuals involved.

6.132 Federal departments are in a long-term relationship with one another. In all the cases we considered, the policy issues extended back many years. This continuity creates an opportunity for

individuals to build trust across departments; they may work together on several related files. It also creates a challenge for knowledge management, providing a way for newcomers to learn the critical elements of the relevant files and managing turnover well.

6.133 In our view, there are four main steps that departments can take to learn from their successes and their failures. First, effective participation in external co-ordination efforts relies on good intradepartmental co-ordination to provide information, to ensure policy consistency and to obtain sufficient resources. Co-ordination within departments needs to happen at all management levels. Second, departments need to ensure that internal reports describe the situations in enough detail that others can learn from them. Third, departments need to plan for turnover. This has implications for intradepartmental briefing and for file management. Finally, departments need to share their experiences, good and bad, bilaterally with other departments.

What central agencies are doing to help departments

6.134 Central agencies were not involved in some cases we observed; in others, they played constructive roles, offering perspective and experience. In one case (green procurement), they did not support good co-ordination. The federal government as a whole has not learned and communicated in any systematic way the key lessons from these attempts to co-ordinate.

6.135 Good interdepartmental co-ordination is limited by the fact that departments cannot compel other departments to act, but must use persuasion and negotiation. This means that arriving at a corporate “Government of Canada” perspective may require the involvement of central agencies. As one Clerk of the Privy Council stated, “Central agencies owe it to departments to support

Most of the learning we observed was ad hoc, depending on the individuals involved.

Central agencies and departments can be much more explicit about the guidance needed and the lessons learned.

their efforts and act decisively in areas requiring corporate attention.”

6.136 Who is responsible for ensuring that good co-ordination happens? The Privy Council Office has a key role in ensuring policy co-ordination and has provided guidance for selected aspects of departmental co-ordination. The Treasury Board Secretariat, through its control and oversight of many aspects of government operations, is uniquely placed to offer direction and advice on management issues.

6.137 In 1995, the Task Force on Managing Horizontal Policy Issues recommended that the Treasury Board Secretariat develop a “best practices” guide to interdepartmental co-ordination. In our recent review of new governance arrangements (Auditor General’s November 1999 Report, Chapter 23), we recommended that the Treasury Board Secretariat identify and communicate the elements of a governing framework. We believe that many elements of such a framework are applicable to situations where departments are trying to work together. In our view, central agencies and departments can be much more explicit about the guidance needed and the lessons learned.

6.138 As the Task Force on Managing Horizontal Policy Issues recommended, the Treasury Board Secretariat should prepare a “best practices” guide for interdepartmental co-ordination. Experienced officials in departments and central agencies should be consulted to ensure that the content is realistic and reflects the wisdom of those who have worked on horizontal files. Once the key ingredients are identified, the Treasury Board Secretariat and the Privy Council Office should prepare a strategy to ensure that horizontal initiatives are managed as efficiently and successfully as possible. This should involve ensuring that the principles and elements are well

understood in departments and that the use of the framework is monitored.

Joint Privy Council Office and Treasury Board Secretariat response: The Treasury Board Secretariat, as part of its ongoing role, is committed to strengthening results-based management and tracking lessons learned. The annual report on government performance, Managing for Results, reviews progress in this area as well as provides examples of performance reporting, across government, on the broad range of horizontal issues.

The Privy Council Office is committed, as part of its ongoing advisory and facilitative role at all levels of policy development, communications and consultation, to assist departments in the practical and pragmatic application of the principles of horizontal management.

Conclusion

6.139 Departments have chosen a variety of approaches to working with other departments to deliver programs, develop new strategies, consult with stakeholders, achieve consensus on policy positions and exchange information. The approaches range from formal arrangements creating new entities to informal, voluntary networks for information exchange.

6.140 In most of the case studies we examined, departments had chosen an appropriate form for delivering the program or developing the policy. Key problem areas included unclear or missing objectives, poorly described roles, unclear accountability, and weak dispute resolution tied to lack of senior management involvement. Explicit descriptions of objectives and roles are essential as officials move to work with one another on the terrain between departments.

6.141 In most of the case studies, the intended results were achieved. The chief exception was green procurement. In

some cases, the lack of monitoring and evaluation plans or information reduces Parliament's ability to determine whether the intended goals have been or will be attained. It also inhibits effective learning from past successes and failures.

6.142 We believe it is unrealistic to expect departments to track in detail each

of their horizontal initiatives in order to learn the key lessons, especially when they are facing high turnover rates. This is evidently an area where central agencies can add value and support more effective management of issues that cut across departments; this includes sustainable development. There is much work to be done.



About the Audit

Objectives

The overall objective of this audit was to identify the key success factors for federal departments working with other departments to address sustainable development issues. The five sub-objectives were to:

- describe why and how federal departments are co-ordinating with other departments on environment and sustainable development;
- assess whether the co-ordination initiatives are taking a form appropriate to the objectives and intended results;
- assess whether the co-ordination initiatives are achieving the intended results;
- determine the reasons for the successes or failures of co-ordination initiatives; and
- determine whether the federal government has learned and communicated the key lessons from attempts to co-ordinate among departments.

Scope

The audit was built around six case studies. Five of the case studies were selected from commitments that departments had made in their first sustainable development strategies — commitments to work with other departments. These cases were selected in two phases. In the first phase, we selected cases in which co-ordination was necessary to achieve the objectives, significant environmental or economic aspects were involved, and the commitment was stated clearly enough to be auditable. In the second phase, we selected cases in which an audit could make a positive difference (there were lessons to be learned) and that our Office had not audited recently. We chose cases that represented a mix of different types of interdepartmental arrangements (for example, bilateral/multilateral, formal/informal, temporary/permanent) and that involved a mix of departments. A sixth case, the assessment of the effects of metal mining effluent, was added as a result of suggestions made in preliminary interviews.

Criteria

The audit criteria addressed three of the sub-objectives. The first and fourth sub-objectives are primarily descriptive, so audit criteria were not applicable.

For the second sub-objective, the primary criteria were clear objectives; participants with relevant knowledge, background and authority; clear roles, responsibilities and accountabilities; appropriate management structure; sufficient resource allocation; good dispute resolution; availability of information on progress; involvement of external stakeholders (if appropriate); and consistency with best practices.

For the third sub-objective, the primary criteria were whether the description of the objectives provided for evaluating success and whether the desired results were achieved.

For the fifth sub-objective, we looked at whether departments have learned the lessons from past experience and applied that knowledge and, where appropriate, central agencies have identified the lessons learned and helped apply them to other initiatives by other departments.

Approach

We reviewed relevant literature, analyzed the sustainable development strategies and subsequent progress reports, interviewed representatives of participating departments and external stakeholders (117 in total), reviewed departmental documents and observed meetings in progress. Our audit work focussed on 12 departments or agencies: Agriculture and Agri-Food Canada, Canadian Food Inspection Agency, Department of Foreign Affairs and International Trade, Indian and Northern Affairs Canada, Environment Canada, Fisheries and Oceans, Health Canada, Industry Canada, Natural Resources Canada, Privy Council Office, Public Works and Government Services Canada, and Treasury Board Secretariat.

In government-wide initiatives, such as the Interdepartmental Network on Sustainable Development Strategies, we paid particular attention to the co-ordination of networks and committees by the secretariats and chairs.

Given the limited sample size, the audit did not permit us to draw broad generalizations. For example, we did not arrive at a definitive list of factors promoting successful co-ordination. Our emphasis was on using the cases as illustrative and informative examples.

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