

Chapter

**1**

Sustainable Development Strategies

*The audit work reported in this chapter was conducted in accordance with the legislative mandate, policies, and practices of the Office of the Auditor General of Canada. These policies and practices embrace the standards recommended by the Canadian Institute of Chartered Accountants.*

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# Sustainable Development Strategies

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## Main Points

### What we examined

In a 1995 amendment to the *Auditor General Act*, Parliament created a requirement for 24 federal departments to prepare sustainable development strategies, table them in Parliament, and update them every three years. Today 32 departments and agencies prepare them. The aim of the strategies was to make environmental protection and sustainable development an integral part of the mandates of federal government departments and agencies. Departments were to use the strategies to identify their sustainable development objectives and to develop the action plans to achieve them, including benchmarks or expected results against which progress toward sustainable development could be measured.

To assist Parliament in holding departments accountable for their strategies, the Commissioner of the Environment and Sustainable Development monitors the strategies and reports annually on progress. Departments have produced sustainable development strategies every three years since 1997; their fourth strategies were recently tabled, covering the period 2007–09. This is our tenth annual audit report on sustainable development strategies.

Our past reports have consistently noted little progress by departments in applying the principles set out in the guidance that has been provided to them or in establishing benchmarks that could be used to gauge progress toward sustainable development goals. Our past reports included many recommendations to management and to central agencies, and we have twice issued guidance on good management practices for sustainable development strategies.

This year, we followed up on key recommendations from previous reports and monitored the implementation of selected commitments from the 2004–06 sustainable development strategies. We also examined the latest strategies of 10 departments and agencies to determine whether the significant weaknesses noted in past strategies persist.

**Why it's important**

Through their policies, programs, and regulations and the billions of dollars they spend each year, federal departments and agencies have a significant influence on just about every aspect of Canadian society. The sustainable development strategies and the process of creating them were intended to ensure that before deciding on their policies and programs, government departments would consider the potential consequences—social, economic, and environmental. The strategies were to ensure that departments and agencies understood their opportunities for sustainable development and addressed them in concrete action plans.

In 1995, the government formally committed to turning this sustainable development thinking into action in *A Guide to Green Government*, which set out its expectations for sustainable development strategies. The government recognized that Canada's economic health depends on its environmental health and indicated that the sustainable development strategies of federal departments would help shape a better future for all Canadians.

**What we found**

- Progress on our previous recommendations is unsatisfactory. In 2005, we recommended that the government carry out a lessons-learned exercise so departments could benefit from the experience of others as they prepared their 2007–09 sustainable development strategies. Although Environment Canada held a one-day session in 2004, that workshop did not constitute a sufficiently robust lessons-learned exercise to help departments significantly improve their 2007–09 strategies.
- We also recommended in 2005 that departments be given further direction and guidance on preparing their sustainable development strategies, but the guidance provided by Environment Canada on behalf of the federal government is ambiguous and optional. Finally, despite our recommendation and a long-standing federal commitment to do so, the government has still not put in place a federal sustainable development strategy to guide the efforts of the 32 departments and agencies now producing individual sustainable development strategies.
- Progress on implementing sustainable development strategy commitments is unsatisfactory. Though we did not re-audit the commitments examined in previous years, of the 101 significant commitments examined to date—including those we audited this year—departments have made satisfactory progress toward implementing 46; 5 of those were among the 11 commitments we examined this year.

- Significant weaknesses we have noted in the strategies over the past decade have persisted. With one exception, the strategies we examined in detail this year do not represent substantive plans for sustainable development. Perhaps most important, the majority of the strategies we examined this year do not indicate that departments have rigorously assessed their own policies and programs to identify their significant impacts on sustainable development and opportunities to improve them.

**The government has responded.** Environment Canada agrees on the government's behalf with our recommendation. The response, which follows the recommendation just before the conclusion of the chapter, was developed in consultation with the Privy Council Office, the Treasury Board of Canada Secretariat, and Public Works and Government Services Canada.





## Introduction

**1.1** The standard approach to environment policy focuses on the environmental effects of human activities. This standard, effects-oriented approach has tended to predominate over the past half-century, with the addition of new environmental protection agencies to existing government structures. These new agencies were intended to address growing concerns about polluted air and water, contaminated land, waste, and a host of other environmental issues.

**1.2** In 1987, the United Nations World Commission on Environment and Development adopted the term “sustainable development” to describe an alternative approach concentrating on the policies that are the sources of those environmental effects. Characterized by the precautionary principle and pollution prevention, the sustainable development approach considers environmental objectives upfront alongside social and economic objectives, rather than after the fact in response to the adverse consequences of ill-conceived policies. The Commission’s report, commonly known as the “Brundtland Report on our common future”, inspired many countries, including Canada, to embrace the idea of sustainable development.

**1.3** The Brundtland Report pointed out that central agencies and major departments in charge of increasing investment, employment, food, energy, and other economic and social goods play key roles in national decision making and in determining whether environmental resources are maintained or degraded. Yet most have no mandate to concern themselves with sustaining the environmental resources on which these goals depend. The report urged governments to tackle this problem.

### **Ambition and momentum in the early stages**

**1.4** In response to the Brundtland Report, the federal government published *A Guide to Green Government* in 1995 to help departments understand sustainable development in practical terms, identify their sustainable development objectives, and create concrete action plans to achieve them. The Guide set out the essential building blocks for a good sustainable development strategy. It was part of a broader initiative aimed at integrating sustainable development thinking into the workings of the federal government to ensure that environmental and socio-economic signals in federal policies and programs point the same way.

**1.5** The Guide describes the principles, goals, and good management practices that form the basis of sustainable development. It also represents a clear commitment to sustainable development and provides a collective sense of inspiration and direction from Canada's senior government leaders (Exhibit 1.1).

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**Exhibit 1.1 Government strategies were intended to address important environmental issues**

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*A Guide to Green Government* identified important issues of the day for departments to use as a common starting point for setting goals in their sustainable development strategies. Many of those issues, including the conservation of Canada's biodiversity and the reduction of greenhouse gas emissions, are as important today as they were then. For example, our 2005 audit on the implementation of Canada's Biodiversity Strategy indicated that human activity still threatens biodiversity in Canada. Our 2006 report on climate change reported that Canada's emissions had climbed to almost 27 percent above the target reported in the 1995 Guide.

In 1995, all major departments—not just those charged with environmental protection—were asked to look at issues like biodiversity and greenhouse gas emissions relative to their own mandates. Each was asked to determine how its policies, programs, and activities might be contributing to such problems and how they could contribute to resolving them. For instance, taxation policies and spending programs, transportation policies, programs related to industrial development or the development of science and technology, immigration policies, and foreign aid mechanisms all can contribute to sustainable development or to development problems like climate change or the loss of biodiversity.

Each department was asked to determine whether its social and economic policies were aligned with environmental quality objectives. Were its policies and programs sending the right signals or providing the right incentives? How might each department adjust its policies, its spending, its programs, or its activities for example to protect biodiversity or to reduce greenhouse gas emissions? These were some important questions sustainable development strategies were to address.

Sustainable development strategies still hold enormous potential for addressing important issues like climate change. The challenge for government is to make every department a sustainable development department, as envisioned in *A Guide to Green Government*, and to hold them accountable for realizing their potential to contribute to sustainable development goals.

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**1.6** Ambition and momentum existed in the early stages of the government's sustainable development initiative. Even before the tabling of the first departmental strategies in 1997, Environment Canada played a prominent role in the government-wide initiative. On behalf of the federal government, Environment Canada coordinated the tabling of the first sustainable development strategies, and it chaired the Sustainable Development Coordinating Committee of deputy ministers to ensure that the government's sustainable development agenda would take hold.

**1.7** Environment Canada also chaired and continues to chair an interdepartmental working group (the Interdepartmental Network for Sustainable Development Strategies) of representatives from relevant

federal departments. The purpose of this group is to share experience and good practices across the government and to provide information in support of the higher-level committee of deputy ministers. In cooperation with Natural Resources Canada and in consultation with other federal departments, Environment Canada has also twice issued supplementary guidance for producing sustainable development strategies.

**1.8** The Sustainable Development Coordinating Committee became the Environment and Sustainable Development Coordinating Committee in 2003, co-chaired by Environment Canada and Natural Resources Canada for two years. It was replaced in 2005 by the Deputy Ministers' Policy Committee on the Environment and Sustainability, which was replaced in 2006 by the Deputy Ministers' Committee on Economic Prosperity, Environment and Energy. There is no reference to sustainable development strategies in past agendas for the latest committee's meetings, and its relationship with the interdepartmental network for sustainable development strategies is not clear.

#### **Ten years of monitoring sustainable development strategies**

**1.9** The Commissioner of the Environment and Sustainable Development is required to monitor implementation of departmental sustainable development strategies and to report to Parliament on progress annually, on behalf of the Auditor General.

**1.10** Government departments have produced sustainable development strategies every three years since 1997. A fourth set of strategies was recently tabled by 32 federal departments and agencies, covering the period 2007–09. This is our tenth annual report on the sustainable development strategies.

**1.11** We have examined these strategies from a number of perspectives in our previous reports and have made recommendations for improvement. Specifically, we have reported on the following key issues:

- **Performance measurement and reporting.** We have examined the quality of the goals and objectives in the strategies, noting the need for stronger results chains and specific, time-bound commitments that can be objectively monitored to assess progress toward sustainable development goals (1998 Report, Chapter 8; 2000 Report, Chapter 1; 2001 Report, Chapter 2; 2002 Report, Chapter 5).

- **Foundations for implementation of the strategies.** We have examined the management systems in place to support implementation of the strategies, noting the importance of a “plan, do, check, improve” approach to strategy development and implementation, and finding weaknesses in accountability and coordination with other departments (1999 Report, Chapter 1; 2000 Report, Chapter 1; 2001 Report, Chapter 2; 2002 Report, Chapter 5).
- **Development and quality of the strategies.** We have examined the approach to developing the strategies and noted weaknesses in the overall quality of the commitments they contain. In 2002, we noted that the process was producing strategies that were largely catalogues of projects highlighting current work (other reports that have addressed these issues include the 1998 Report, Chapter 1; 1999 Report, Chapter 2; and 2005 Report, Chapter 7).
- **Government-wide direction-setting.** We have noted the government’s failure to follow through on its numerous promises to produce a federal sustainable development strategy to support coherence and coordination (2002 Report, Chapter 5; 2005 Report, Chapter 7). In Chapter 4 of our 2006 Report, we also noted the need for central direction and support to improve departmental/agency planning, implementation, and monitoring of commitments.

**1.12** Over the past decade, we have said that sustainable development goals should focus on results and that they should be supported by strong results chains, including specific, measurable, and time-bound targets. We have said that there should be good management systems in place to support implementation, measurement, reporting, and accountability. We have said that there should be more consistent direction and support from central agencies. We have said that an over-arching federal strategy could help to catalyze, focus, and maintain government-wide action. And we have twice issued guidance on good management practices, including the characteristics of good strategies.

**1.13** In response to our recommendations, relevant departments and agencies consistently committed to taking appropriate action. Central agencies agreed to help reinforce good management practices and, as appropriate, to provide direction and support to departments. We were also advised that a federal sustainable development strategy would be completed by mid-2006 to help ensure an overall federal approach to sustainable development and consistency in departmental goals.

### Focus of the audit

**1.14** This year, our audit consisted of three parts. We followed up on some key recommendations we had made previously to Environment Canada and the Privy Council Office. We examined implementation of 11 commitments from the 2004–06 sustainable development strategies of 10 departments and agencies. We also examined the same organizations' 2007–09 sustainable development strategies. We carried out a content analysis of those strategies, and in 6 of the departments and agencies, we interviewed senior management and completed additional document and file reviews.

**1.15** Our content analysis was designed to determine whether one can clearly understand each organization's view of sustainable development from its strategy, and how its strategy is intended to influence the organization's key programs and activities. It was also designed to determine whether each strategy contains specific, measurable, results-oriented, and time-bound commitments against which progress could be objectively monitored and reported. In six cases, we carried out a more detailed examination to determine whether the strategies represent substantive plans for helping those departments progress toward sustainable development.

**1.16** In our nine previous reports, we focused on the weaknesses we found in the individual sustainable development strategies of departments and agencies. This year, our findings and observations on the latest strategies are reported at a more aggregate level to focus on issues related to governance, authority, and accountability, which we consider to be of fundamental importance for continual improvement and better results. We have made one recommendation addressing this government-wide issue at the end of the Observations and Recommendations section of this chapter.

**1.17** More details on the audit objectives, scope, approach, and criteria are in **About the Audit** at the end of this chapter.

## Observations and Recommendations

### Government-wide direction

#### Cyclical review of lessons learned across the government is still necessary

**1.18** In 2005, we recommended that the Privy Council Office assign responsibility for conducting a lessons-learned exercise to support the preparation of the 2007–09 strategies. Periodic review is an essential activity for identifying strengths, weaknesses, and opportunities for

improvement. It is a distinguishing feature of good management. In response to our recommendation, the Privy Council Office agreed on the importance of carrying out such a review. The Privy Council Office further indicated that the Deputy Ministers' Policy Committee on the Environment and Sustainability, which was chaired by Environment Canada, had been given the clear mandate to advance the 2007–09 strategies.

**1.19** In a complex government-wide initiative such as producing and implementing sustainable development strategies, periodic review of lessons learned is critical to avoid past failures, to leverage success, and to build consensus and alliances on shared priorities and key opportunities for improvement. A thorough government-wide review of lessons learned from the 2004–06 strategy and previous sustainable development strategies would have been an opportunity for all departments to benefit from others' experience and collective hindsight.

**1.20** We found no specific reference to carrying out a lessons-learned exercise in the agendas of the Deputy Ministers' Policy Committee on the Environment and Sustainability, which was the responsible committee during the preparation of the 2007–09 strategies.

**1.21** In December 2004, less than a year after tabling of the 2004–06 sustainable development strategies, Environment Canada held a one-day workshop to hear from 23 of the departments that produced these documents. This initial workshop was a useful first step, but we did not believe that it constituted a sufficiently robust lessons-learned exercise to significantly improve the 2007–09 strategies.

**1.22** As a consequence, we recommended in 2005 that such a lessons-learned exercise be carried out. We expected to see a thorough review and analysis of key issues and opportunities for improvement, along the lines summarized in paragraphs 1.18–1.19, with clear links to guidance provided to departments for the 2007–09 strategies. Because this was not done, we have concluded that progress on our recommendation was unsatisfactory (Exhibit 1.2).

#### **Guidance for developing the latest strategies was ambiguous and optional**

**1.23** In 2005, we recommended that the Privy Council Office assign responsibility for providing direction to departments on the preparation of their 2007–09 sustainable development strategies, including guidance on structure and reporting. In 2005, the government asked Environment Canada to provide leadership and guidance in the preparation of sustainable development strategies by

**Exhibit 1.2 Progress in addressing our recommendations on a lessons-learned exercise was unsatisfactory**

Recommendation	
Commissioner of the Environment and Sustainable Development's 2005 Report, Chapter 7	Progress
In order to improve the 2007 sustainable development strategies, the Privy Council Office should assign responsibility for a lessons-learned exercise on how to better use the strategies to achieve sustainable development, and act on the results (paragraph 7.32).	Unsatisfactory

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the recommendation was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the recommendation was made.

federal departments and agencies. During this audit, Environment Canada also provided us with evidence that it was expected to coordinate the development of guidance for the preparation of the 2007–09 strategies on behalf of the federal government.

**1.24** Environment Canada officials told us that since they have no authority to compel departments to follow guidance, they work collaboratively with all relevant departments to produce guidance that is acceptable to all concerned. Nevertheless, we expected to find evidence that the Department had developed clear, specific guidance early enough to allow other departments and agencies sufficient time to apply it in the preparation of their strategies.

**1.25** In mid-2006, Environment Canada issued new guidance on behalf of the federal government for the 2007–09 sustainable development strategies. Entitled *Coordinating the Fourth Round of Departmental Sustainable Development Strategies*, the guidance proposes six new federal goals and a common graphic standard.

**1.26** The guidance asks departments to identify in their own strategies any of their activities and performance measures that may be related to the federal goals. This is intended to enhance government-wide coherence and facilitate a government-wide roll-up of departmental activities and results related to the federal goals. We believe this is an important and necessary objective. A stable, clearly defined set of federal goals and a standardized process for monitoring their implementation and reporting on progress could be powerful organizing factors, as well as crucial components of a federal sustainable development strategy.

**1.27** However, the new federal goals are not defined in specific or objectively measurable terms and do not provide common measures that departments could use to monitor and report on their progress. The guidance provides no indicators to clarify the government’s expectations for clean air, clean water, reduced greenhouse gas emissions, sustainable communities, governance for sustainable development, or sustainable development and use of natural resources. Nor does it provide baselines or targets against which departments could monitor or report on their progress.

**1.28** In 2005, we reported that the government-wide sustainable development goals had changed with each set of strategies and we found no rationale for those changes. In this audit, we found that the federal goals have changed again. A general lack of continuity in the federal goals from one set of strategies to the next makes it difficult to understand the long-term outcomes they aim to achieve (Exhibit 1.3).

**Exhibit 1.3** Government priorities for sustainable development have changed or lacked continuity

	1997 Strategies	2001 Strategies	2004 Strategies	2007 Strategies
Sustaining natural resources	●			●
Health of Canadians and ecosystems	●	●		
Clean water			●	●
Clean air				●
Reduction of greenhouse gas emissions				●
Sustainable development in the international context	●	●	●	
Promoting equity	●			
Improving quality of life and well-being	●			
Greening government operations	●	●	●	●
Productivity through eco-efficiency		●		
Knowledge and information, sustainable development indicators and reporting		●		
Federal sustainable development strategy in the North		●		
Sustainable communities		●		●
Social and cultural aspects of sustainable development		●		



**1.29** The timing of the release of the guidance in mid-2006 decreased the likelihood that departments would have sufficient time to examine what they do and how they do it in the context of the federal goals or to develop initiatives that would contribute to achieving the goals. While the departments we examined in this audit attempted to cross-reference their activities with the latest federal goals, the relationship and contribution of their activities to the goals are often not clear.

**1.30** Given Environment Canada's prominent role in coordinating the initiative for more than a decade, we expected the Department to have managed more proactively. In the context of the government's long-standing commitment to the sustainable development strategy initiative and the persistent weaknesses we continue to note in the strategies, we conclude that the Government of Canada and, in particular, Environment Canada have made unsatisfactory progress toward providing meaningful direction and guidance to departments and agencies (Exhibit 1.4).

**Exhibit 1.4** Progress in addressing our recommendations on providing guidance to departments was unsatisfactory

Recommendation	
Commissioner of the Environment and Sustainable Development's 2005 Report, Chapter 7	Progress
The Privy Council Office should assign the responsibility of providing sustainable development direction to departments to a specific body, and regularly monitor its progress (paragraph 7.25).	Satisfactory
For the 2007 sustainable development strategies, the body [Environment Canada] should develop guidance on structure and reporting (paragraph 7.25).	Unsatisfactory

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue, and the time that has elapsed since the recommendation was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the recommendation was made.

### Recent direction had only a minor influence on planning the 2007–09 strategies

**1.31** In our 1998 Report, we pointed out the need for clear performance indicators to gauge progress. In our 1999 Report, we noted the importance of good management systems that incorporate a “plan, do, check, improve” approach for reinforcing progress and for continual improvement of sustainable development strategies. In our 2000 Report, we pointed out that senior management support is

essential to ensure effective measurement and reporting of performance. We still consider these elements essential to making progress.

**1.32** In 2006, we recommended that, as the lead department for the federal government's sustainable development strategy initiative, Environment Canada work with departments and agencies to identify ways to improve the planning, implementation, and monitoring of their sustainable development strategy commitments. Environment Canada responded that it would work with the Treasury Board of Canada Secretariat to determine how existing tools and mechanisms could be strengthened to improve management planning and accountability for strategy commitments. The Secretariat responded that it would work on this with Environment Canada.

**1.33** We recognize that only a short time elapsed between our recommendation in September 2006 and our examination period for this audit in spring 2007. However, given Environment Canada's long-standing and prominent role in coordinating the government's sustainable development strategy initiative, we expected to find evidence that the Department had been working with other departments and agencies to review and improve the planning, implementation, and monitoring systems for sustainable development strategy commitments.

**1.34** For the past decade, the Treasury Board of Canada Secretariat has directed departments to report progress on their sustainable development strategies in their annual departmental performance reports. The Secretariat updated its guidance for the 2007 reporting period, indicating that departments should cross-reference their activities with the federal goals set out in the guidance developed by Environment Canada. During our examination, we found that the Secretariat has been working cooperatively with Environment Canada on a template to assist departments in this.

**1.35** Officials at Environment Canada told us that the recent guidance was not intended to fully address all systemic and institutional weaknesses identified in our past audits and that it is working with the Secretariat to implement our 2006 recommendation.

**1.36** Environment Canada told us that it is currently conducting an analysis of all the strategies to compile an inventory of actions that departments have identified in connection with the federal goals. It said that roll-up of departmental commitments under each goal is intended to provide the foundation for a federal-level report. The final

results of Environment Canada's analysis were not yet available at the end of our audit, and the report had not yet been produced.

**1.37** However, according to Environment Canada, its set of common federal sustainable development goals, an inventory of related commitments from the 2007–09 strategies, and the common reporting format provided by the Secretariat will enable government-wide reporting on key federal sustainable development issues for the first time since the establishment of the sustainable development strategy process in 1995.

**1.38** We recognize that it could be useful to understand what activities the various departments intend to carry out in relation to the federal goals. But in the absence of benchmarks, common measures, or performance expectations, it is not clear how a list of departmental activities organized under a common template will be more than a simple catalogue of activities. Further, it is not clear how it will provide the means to monitor and report on progress toward clean air and water, sustainable communities, or the other federal goals in a meaningful way.

**1.39** In our view, unless Environment Canada provides guidance and direction that is far more specific, it is unlikely to have a significant effect on improving the implementation of departments' sustainable development strategy commitments or on the monitoring of progress toward those commitments or the six federal goals.

**1.40** Given the Department's long-standing role in coordinating the government's sustainable development strategies, and in light of our reports dating from 1998 on the fundamental importance of good management systems to support sustainable development, we expected Environment Canada to have managed this issue more consistently and proactively.

### **A federal sustainable development strategy is still not in place**

**1.41** The federal government's commitment to produce a federal sustainable development strategy dates back 15 years, to Canada's pledge at the 1992 Earth Summit in Rio de Janeiro. That commitment was reiterated in 1997 at the Earth Summit+5 in New York, where Canada promised to have a national strategy in place by 2002. At the 2002 World Summit on Sustainable Development in Johannesburg, Canada produced a document entitled *A Report to the World Summit on Sustainable Development: Progress Towards a Sustainable Development Strategy for the Government of Canada*.

**1.42** In our 2005 Report, we noted previous commitments made by the federal government and recommended that it produce a federal sustainable development strategy that would help clarify its priorities and provide a catalyst and focus for departmental efforts. The Privy Council Office agreed with our recommendation and told us that the government had established an Ad Hoc Committee on Sustainability and the Environment, with a clear mandate to deliver a federal strategy by mid-2006. The Privy Council Office also noted that the Ad Hoc Committee was supported by the Deputy Ministers’ Policy Committee on the Environment and Sustainability and by the Privy Council Office in its role as secretary to the Cabinet. Accordingly, we expected the government to have followed through on its long-standing commitment by the specified date.

**1.43** The six goals contained in the government’s recent guidance for sustainable development strategies and the creation of an inventory of related departmental activities could form the beginnings of a federal strategy. However, as we have already noted, there is still no federal sustainable development strategy and no concrete plans to produce one. Accordingly, the government’s progress on our recommendation has been unsatisfactory (Exhibit 1.5).

**Exhibit 1.5** Progress in developing a federal sustainable development strategy has been unsatisfactory

Recommendation	
Commissioner of the Environment and Sustainable Development’s 2005 Report, Chapter 7	Progress
The Privy Council Office should assign the responsibility of providing sustainable development direction to departments to a specific body, and regularly monitor its progress. For the 2007 strategies, the body should develop a federal sustainable development strategy that involves ministers (paragraph 7.25).	Unsatisfactory

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the recommendation was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the recommendation was made.

**The government is still unable to track its progress**

**1.44** In our 2002 Report, we said that trying to gauge progress toward sustainable development by examining a collection of disjointed strategies that listed thousands of activities was like trying to assemble a complicated jigsaw puzzle without the picture on the box. Our view

has not changed. In the absence of a coherent set of goals and performance indicators, and with no mechanism to facilitate the gathering and reporting of reliable and concrete performance information, there is no basis on which to provide an objective assessment of progress toward sustainable development strategy goals.

## Action on strategy commitments

### Monitoring 2004–06 sustainable development strategy commitments

**1.45** This year, we examined the implementation of 11 commitments from 10 of the 2004–06 sustainable development strategies. As has been our normal practice, we based our selection of commitments on a number of factors, including the clarity of the commitment and whether it was time-bound and measurable. We also chose commitments that we judged to be significant in advancing sustainable development. We examined the planning, monitoring, and reporting of the commitments and the results achieved during the three-year period covered by the strategies.

**1.46** We expected departments and agencies to be managing the implementation of their commitments effectively, from short-term outputs to long-term outcomes. Effective management would include

- planning for implementation of the commitment by documenting timelines, responsibilities, and performance expectations;
- monitoring, documenting, and reporting the actions taken and results achieved; and
- reviewing the sufficiency of the actions taken and identifying necessary corrective action.

We also expected departments to have implemented and monitored their commitments according to the specifics established in their strategies.

**1.47** Satisfactory progress was made on 5 of the 11 commitments we examined. Our detailed observations and findings on each commitment are presented in Exhibit 1.6 at the end of this chapter.

**1.48** In some cases, departmental representatives we spoke with during our examination did not appear to understand what their department's commitment meant. Other departments had weak or no mechanisms in place for gathering or assessing performance information to demonstrate progress. In addition, we discovered during our audit that some targets had been changed. Finally, some officials told us that sustainable development strategy commitments are often expected to be implemented without additional human or financial resources.

**1.49** Including the commitments we audited this year, we have examined the implementation of 101 significant commitments to date. Although we have not re-examined the sustainable development commitments previously audited, only 45 percent of the commitments we have monitored to date were completed as planned. In our view, this progress is simply not good enough.

**1.50** Progress depends on key success factors, which were frequently missing in the strategies we examined. Since 1998, we have recommended that departments include clear, time-bound, and measurable commitments in their strategies. Although we attempted to select commitments with these characteristics from the 2004–06 strategies, many of the strategies contained commitments that were neither clear and understandable nor measurable and time-bound—including some selected for our audit this year.

**1.51** Departments were able to demonstrate progress when commitments were clear and understandable and when there were established mechanisms for gathering and assessing performance information.

### Quality of selected 2007–09 strategies

**1.52** Thirty-two federal departments and agencies recently tabled a fourth set of sustainable development strategies covering the period 2007–09. We examined 10 of those strategies. First, we carried out a content analysis of the strategies relative to established criteria for good sustainable development strategies. We then interviewed senior management and carried out additional document review in six of the departments and agencies. This was done to determine whether the process of preparing those strategies had produced substantive plans—effectively putting sustainable development thinking on the management table, as envisioned in 1995. Our criteria and expectations were based on widely circulated guidance that has been available to departments over the past decade (see About the Audit).

**1.53** Based on our examination work and audit findings on three previous sets of departmental strategies over the past nine years, we believe that the root causes of the significant weaknesses we have observed in those strategies and in the process of their development are a symptom of higher-level problems that can only be addressed at a government-wide level. Therefore, while we examined the latest strategies and the approach to producing them in individual departments and agencies, we are reporting our findings at an aggregate level. Our discussion focuses on what we see as systemic weaknesses in governance, authority, accountability, and direction for

the overall initiative, as exemplified in most of the strategies we examined this year.

### **Most of the strategies look reasonably good on paper**

**1.54** The strategies we examined contain most of the elements specified in the guidance. For example, the majority of the strategies explain the role of the strategy. All of the strategies we examined contain the organization’s vision statement for sustainable development. The departments cross-referenced the goals in their strategies with the strategic outcomes set out in their other planning documents, and, in most cases, departments cross-referenced their activities to the federal goals outlined in the recent guidance.

**1.55** Many of the strategies we examined contain significant goals and objectives. In most cases, we were able to draw logical connections between the goals and objectives and the related activities and actions. Half of the strategies we examined satisfied all of the criteria we used for analyzing the content of the strategies.

### **The lack of clear, measurable targets remains a significant weakness**

**1.56** In 2005, we reported that less than half of the 2004–06 strategies contained measurable targets that were time-bound and contained clear deliverables—that is, targets that are objectively verifiable. That key weakness persists.

**1.57** In half of the strategies we examined this year, the targets are neither time-bound nor expressed in measurable terms. Most do not refer to a clear deliverable, and the frequent use of words like “promote” and “facilitate” renders many commitments unclear, along with the departments’ level of responsibility for accomplishing them.

**1.58** In addition, while most of the departments have used plain language, they have still not adopted a common terminology for sustainable development strategies. For example, one department’s goals are another’s key results, strategic outcomes, themes, or strategic challenges; and one department’s targets are another’s commitments, activities, or outcomes. Given the frequent absence of defining characteristics, it was difficult to determine, for the purposes of our audit work, what the department was describing.

**1.59** The characteristics of the commitments in the 2007–09 strategies are similar to those of the 2004–06 sustainable development strategies that we examined this year; examples are provided in Exhibit 1.6 (page 45).

**1.60** Although it would be possible from the strategies we examined to monitor the completion of activities and the production of outputs, overall they do not serve as benchmarks against which we could monitor individual or collective progress toward sustainable development goals. Besides lacking specific expectations, timelines, measures, or baselines, many of the strategies we examined contain no explanation of the correlation expected between the sum of activities and outputs and the overall goals. As a result, it is difficult to determine from the strategies whether the list of activities and outputs will in fact achieve the goals.

**1.61** In the absence of these specifics, there is insufficient information in the strategies to provide an objective basis for us, or for the organizations themselves, to monitor implementation of the strategies or to assure Parliament of progress toward sustainable development strategy goals.

#### **Assessment of key policies, programs, and activities is lacking**

**1.62** Several officials told us that their department's *raison d'être*, and therefore everything their departments are doing, is sustainable development. However, we found no evidence in most departments we examined that their strategies are based on a thorough assessment of the significant sustainable development impacts associated with their key business lines and of how they could do things differently. We also did not find evidence that the departments had analyzed and considered the environmental, social, and economic consequences of their current or proposed policies, programs, and activities when developing their strategies.

#### **Strategy development remains a compliance-oriented exercise**

**1.63** As we noted in 2002, we found that most of the strategies we examined this year are catalogues of projects highlighting current work. Several departments we spoke with referred to their sustainable development strategies as their "reports" rather than as their plans or strategies.

**1.64** The majority of the 24 assistant deputy ministers and vice-presidents we interviewed appear to have approached the preparation of sustainable development strategies as a compliance requirement rather than as a change-management initiative. It is apparent to us that departments are working to satisfy the statutory obligations set out in the *Auditor General Act* (1995). We are concerned that they are working to meet the letter of the law rather than the spirit of it.



**1.65** Several strategies we examined this year were compiled without the basic foundation necessary to produce a substantive plan. The departments did not take into account past performance or lessons learned from their previous strategies; they did not seek the views of stakeholders on key departmental or government-wide issues; and they did not carry out a current issue scan to determine whether opportunities or risks have changed since their previous strategy. There is little sense of a continuous improvement approach in the strategies.

**1.66** Judging from their strategies, many departments have lost sight of the intent of the process and of the principles, goals, and good practices that have been laid out in guidance to assist them.

**1.67** Where we found exceptions, they were clearly the result of the commitment of individual senior-level managers. Based on our examination, we believe that application of the good practices set out in *A Guide to Green Government* is isolated and highly dependent on committed champions at the senior management level.

#### **Progress depends on good management practices and accountability for results**

**1.68** Top-management support alone is not sufficient to produce consistent, broad-based, and measurable progress toward sustainable development goals. Enduring progress will require clear and consistent policy objectives, strong central coordination and direction, well-established good management practices that transcend reliance on the efforts of specific individuals, and unwavering accountability for results.

**1.69** It is not clear to us whether or how individual departments, or Environment Canada as the lead department for the overall initiative, have been held accountable by the government for the generally poor quality of strategies over the past decade or for failing to demonstrate their individual and collective progress toward their sustainable development strategy goals. The lack of consistent good management practices characterized by a cyclical “plan, do, check, improve” approach remains a significant weakness.

**1.70** As long as these significant weaknesses persist at both the departmental and government-wide levels, parliamentarians can have no assurance that the sustainable development strategies of federal departments are delivering progress toward sustainable development. The most positive thing we can say about the current process is that the government has raised awareness of the obligation to produce

strategies and has established the words “sustainable development” in the government’s lexicon.

### Moving forward

**1.71** Sustainable development remains a demanding challenge for government, and good strategies remain essential to respond effectively to that challenge. If a key objective for the strategies is to establish benchmarks that can be used to monitor individual and collective progress toward sustainable development, more needs to be done to ensure that departments and agencies adopt an approach that will deliver.

**1.72** The government needs to determine how sustainable development strategies should fit with its plans and priorities and contribute to their achievement. It needs to examine the effectiveness of the current approach in light of its expectations and determine what has worked and what could be working better. It needs to determine who must do what to close the gaps it identifies. And it needs to communicate its expectations across government departments and central agencies in a consistent and compelling way.

**1.73** Sustainable development strategies and the process of developing them were intended to make every department a sustainable development department. They were intended to get all departments to act on the understanding that a healthy environment, society, and economy are inextricably linked, by adopting socio-economic and environmental agendas that converge rather than collide.

**1.74** In light of our findings over the past decade, the government needs to determine whether sufficiently powerful motivators and levers are in place to make sustainable development thinking a standard operating practice in all departments, as the government has indicated it wants it to be.

**1.75** In 1995, the government’s rationale and objectives for sustainable development strategies were introduced in *A Guide to Green Government*. Clearly, sustainable development and sustainable development strategies were—and in our view remain—a government initiative. Accordingly, we have addressed our recommendation to the Government of Canada rather than to any one department or official.

**1.76 Recommendation.** The federal government should carry out a thorough documented review of its current approach to the preparation and use of sustainable development strategies and should act on the results. Its review should take into account the original expectations for sustainable development strategies as articulated in

*A Guide to Green Government* (1995), lessons learned over the past four sustainable development strategy cycles, and stakeholder views on key challenges and opportunities for the future. The report should specify the following:

- federal goals for sustainable development, including specific performance expectations, indicators, and targets that will serve as objectively verifiable benchmarks against which progress can be measured;
- how departmental sustainable development strategies should fit with and contribute to the achievement of the federal goals, and how existing tools such as strategic environmental assessment should fit with and contribute to departmental sustainable development strategies;
- the strengths, weaknesses, opportunities, and constraints associated with the current approach to producing, implementing, and reporting on departmental sustainable development strategies, including the key opportunities for improvement; and
- roles and responsibilities, including which departments and central agencies must do what to ensure that the opportunities for improvement are acted on, that the government's expectations for sustainable development strategies are met, and that key parties have the necessary authority and are held accountable.

**The Privy Council Office's response.** Environment Canada, as the department responsible for coordinating federal sustainable development strategies, will respond to the recommendation on the government's behalf.

**Environment Canada's response.** Environment Canada, as the department assigned responsibility for coordinating sustainable development strategies in September 2005, agrees on the government's behalf with the recommendation. A review of the current approach to sustainable development strategies is timely and could draw on over a decade of experience with the current approach and a growing body of experience and best practices internationally with regard to sustainable development strategies. Environment Canada, in collaboration with other departments, will conduct a thorough review that will identify means to improve the government's approach to sustainable development strategies. The review will be completed by October 2008. The response has been developed in consultation with the Privy Council Office, the Treasury Board of Canada Secretariat, and Public Works and Government Services Canada.

## Conclusion

**1.77** Sustainable development is a way of doing business that requires management to consider the social, economic, and environmental consequences of an organization's policies and activities, now and in the future, and to implement concrete action plans that seize opportunities for improvement and mitigate adverse impacts.

**1.78** Since 1995, the government has been consistent in articulating its commitment to turning sustainable development thinking into practice across departments. It has been persuasive in speaking, both in Canada and internationally, about the improvements to our quality of life that a sustainable development approach can deliver.

**1.79** After 12 years and four sets of sustainable development strategies, the approach that the government has established to turn sustainable development talk into action has yet to fulfill that commitment. It is clear to us from our current and previous audits that the strategies and the process of producing them are not realizing their full potential to integrate sustainable development thinking into the way government departments define their business and make decisions, as envisioned when the government set the process in motion in 1995.

**1.80** Progress on the sustainable development strategy commitments we have examined has been unsatisfactory. Environment Canada has made unsatisfactory progress on our recommendations for improvement. The government has yet to develop a federal sustainable development strategy in response to our past recommendations. And only one of the six strategies we examined in detail this year met our criteria for substantive plans (see About the Audit).

**1.81** We are concerned that the ambition and momentum that existed in the early stages of the government's sustainable development initiative have faded and that the development of the strategies has become little more than a mechanical exercise, focused on satisfying statutory requirements.

**1.82** There has been no significant management review of the government's approach, and no collective confirmation of the founding principles or federal goals for sustainable development since 1995. The time is ripe for the government to examine how sustainable development strategies should fit with and contribute to its plans and priorities and to set the tone and direction for the next set of sustainable development strategies, due in December 2009.

**Exhibit 1.6 Progress on selected 2004–06 sustainable development strategy commitments**

The Commissioner of the Environment and Sustainable Development monitors and reports on progress toward sustainable development strategy commitments. This exhibit presents our assessment of progress that departments and agencies have made on commitments presented in the sustainable development strategies tabled in 2004. We examined 11 commitments from 10 sustainable development strategies that we considered to be significant in advancing sustainable development. We rated progress as satisfactory when the commitment had been fully or substantially met or, if the target completion date was still in the future, when progress was sufficient to reasonably anticipate full or substantial completion by that date.

Commitment	Progress	Comments
<b>Canadian International Development Agency</b>		
<p>The Canadian International Development Agency (CIDA) will improve health policies, programs, and systems in areas including nutrition, sexual and reproductive health, communicable diseases, and water and sanitation, and that are especially responsive to the needs of women, girls, and boys.</p> <p><b>Target:</b> 2015</p>	Unsatisfactory	<p><b>Context.</b> In 2000, Canada joined 191 countries and adopted the UN Millennium Development Goals (MDG). These goals, which are to be achieved by 2015, provide a framework for the intervention efforts of donor countries such as Canada.</p> <p>The commitment CIDA made in its sustainable development strategy reflects the international commitment made to the MDG concerning strengthening programming in health and nutrition.</p> <p><b>What we found.</b> The Agency adjusts its programming involving this commitment based on the national context of each country of operation. As such, CIDA brings its development assistance into line with the recipient countries' development plans and priorities. In addition to its own projects, the Agency contributes financially in partnership with other donor countries to the recipient country's programs.</p> <p>Although we noted positive results in some programs, we have seen that, as CIDA adjusts its assistance program to MDG priorities, the Agency is unable, in most cases, to demonstrate a relationship showing how its programming leads to progress toward the commitment. The results achieved on projects or programs are generally not consolidated with respect to the commitment. Consequently, the Agency could not demonstrate the extent of progress on the stated commitment.</p>

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Exhibit 1.6 Progress on selected 2004–06 sustainable development strategy commitments (continued)**

Commitment	Progress	Comments
<b>Citizenship and Immigration Canada</b>		
<p>Citizenship and Immigration Canada (CIC) will ensure all evaluation frameworks take into account, where applicable, the implications of CIC policies and programs on sustainable development.</p> <p><b>Target:</b> 2004–05 and ongoing</p>	<p>Unsatisfactory</p>	<p><b>Context.</b> Citizenship and Immigration Canada's activities have a combination of demographic, economic, and socio-cultural objectives. The Department's sustainable development strategy stated that a key challenge for the Department is "to become more aware of some of the environmental implications" of its policies and programs and "to more fully integrate these considerations into our policies, programs, and decision-making processes." The Department's commitment had the potential to address this challenge and others posed by sustainable development.</p> <p><b>What we found.</b> We had expected that evaluation frameworks would show sustainable development as an integral element. We also expected that an assessment report indicating the impact of the Department's policies and programs on sustainable development would have been produced.</p> <p>After department staff informed us that, to date, there was no formal reporting on this commitment, they nevertheless provided documents for audit. Upon review, we found no reference to the commitment or to the Department's sustainable development strategy in these documents.</p>
<b>Fisheries and Oceans Canada</b>		
<p>Fisheries and Oceans Canada will implement improvements to the aquaculture regulatory process for reviewing site applications and renewal applications.</p> <p><b>Target:</b> March 2006</p>	<p>Unsatisfactory</p>	<p><b>Context.</b> As the fastest growing food production sector in the world, aquaculture is an increasingly important industry both in Canada and worldwide. While Fisheries and Oceans Canada (DFO) is the lead federal agency for aquaculture development, the federal government and provinces share responsibility for regulating aquaculture operations.</p> <p>In its 2005–06 Sustainable Development Strategy, the Department committed to improving the regulatory process by 31 March 2006. The expected result was "an improved regulatory process consistent with Smart Regulation, as well as with DFO's Environmental Process Modernization Plan, which upholds environmental standards, and results in an aquaculture industry that is more environmentally and economically sustainable."</p> <p><b>What we found.</b> The Department has made steady progress toward improving access to potential aquaculture sites, mainly by harmonizing its site application and review process with provincial authorities. However, the Department agreed that further work was necessary if significant improvement was to be made to the regulatory process.</p> <p>The Department had planned to develop and negotiate a National Aquaculture Framework. The work was more complex than originally envisioned and, in the absence of a National Aquaculture Framework, the Department has not made satisfactory progress on improving the regulatory process. However, the Department indicated that it will continue to examine potential federal approaches to improve the sustainability of aquaculture.</p>

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Exhibit 1.6 Progress on selected 2004–06 sustainable development strategy commitments (continued)**

Commitment	Progress	Comments
<b>Health Canada</b>		
<p>Health Canada will work in consultation with stakeholders to develop and/or update science-based guidelines and standards to improve the safety of the food supply and reduce food-borne illness. To this end, Health Canada will also engage in initiatives with the aim of improving the transparency of the regulatory system and increasing public awareness of food safety issues.</p> <p><b>Target:</b> Ongoing</p>	Unsatisfactory	<p><b>Context.</b> Health Canada is responsible for establishing standards and policies that address the safety of food entering the Canadian market. Given public concerns over food safety and demands for information to help consumers understand the health implications of their food choices, Health Canada needs to ensure that its standards and guidelines are up to date.</p> <p><b>What we found.</b> Health Canada identified three projects as part of the commitment:</p> <ul style="list-style-type: none"> <li>• revise and update the <i>Guidelines for the Safety Assessment of Novel Foods</i> (such as products made from genetically modified plants and animals);</li> <li>• enhance labelling requirements for priority food allergens, gluten, and sulphites in prepackaged foods; and</li> <li>• develop regulations requiring safe handling labels on raw ground meat and raw ground poultry.</li> </ul> <p>For the first project, Health Canada updated its guidelines for novel foods derived from plants and micro-organisms. It has not yet developed new guidelines for the safety assessment of novel foods derived from livestock animals and fish.</p> <p>As part of the second project, Health Canada consulted with stakeholders on labelling requirements for food allergens, gluten, and sulphites in prepackaged foods and prepared draft regulatory amendments.</p> <p>For the third project, Health Canada has established the legal requirements for the wording that will appear on the labels of raw ground meat and raw ground poultry, but the regulations are not yet in place.</p> <p>As none of the three projects was completed within the strategy period, we concluded that the Department has not made satisfactory progress.</p> <p>Health Canada has indicated that it will continue to work on the three projects as part of its next sustainable development strategy.</p>

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Exhibit 1.6 Progress on selected 2004–06 sustainable development strategy commitments (continued)**

Commitment	Progress	Comments
<b>Indian and Northern Affairs Canada</b>		
<p>Indian and Northern Affairs Canada will provide support for comprehensive, community-specific planning initiatives in all southern regions. Coordinated nationally by Socio-economic Policy and Programming and delivered by the individual regions, this target is expected to be completed by December 2006.</p> <p><b>Target:</b> December 2006</p>	<p>Unsatisfactory</p>	<p><b>Context.</b> Indian and Northern Affairs Canada describes comprehensive community planning as a holistic and integrated process that relies on the consideration of all key planning areas, enabling a community to build a roadmap to sustainability, self-sufficiency, and improved governance capacity. Improved planning must also seek to balance environmental protection with resource development.</p> <p>While headquarters has a coordinating role in overseeing the commitment, the Department stated that specific initiatives were to be delivered by the individual regions.</p> <p><b>What we found.</b> The Department’s sustainable development strategy indicated that a national action plan would be developed, including expected outcomes and performance measures. However, it was unable to provide such a plan. At the regional level, we found that only two regions had action plans specifically related to this commitment. While the other regions listed some activities related to community-based planning, we were unable to link them to the commitment.</p> <p>Although the Department provided evidence that some activities related to community-based planning were taking place in the regions, we were unable to assess progress as the information provided was insufficient to demonstrate that the commitment was being met or that these activities were happening in a timely manner. Further, in the absence of a national action plan, we were unable to determine if all these initiatives related to this commitment.</p>

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.



**Exhibit 1.6 Progress on selected 2004–06 sustainable development strategy commitments (continued)**

Commitment	Progress	Comments
<b>Industry Canada</b>		
<p>Industry Canada will continue to implement the Computers for Schools (CFS) Initiative and work toward the program's long-term environmental sustainability by working with governments, industry, and other stakeholders to increase program knowledge on costs and implementation of environmentally sound recycling practices, and to research Canadian recycling and disposal capabilities and infrastructure.</p> <p><b>Target:</b> 2004–06</p> <p>Pending program review and renewal, CFS will continue to reach the annual target of 60,000 computers refurbished and donated to learning settings in Canada.</p>	Satisfactory	<p><b>Context.</b> The Computers for Schools (CFS) Initiative began as a pilot project at Industry Canada in 1993 and operates in collaboration with provinces, territories, and private and volunteer sectors to collect and refurbish donated surplus computers from government and private sector sources.</p> <p><b>What we found.</b> At Industry Canada, the CFS Initiative is championed by an Assistant Deputy Minister and coordinated by senior management and CFS Initiative managers.</p> <p>For the period reviewed, 2003–06, the Initiative was successful in</p> <ul style="list-style-type: none"> <li>• collaborating with federal, provincial, and territorial governmental entities, industry associations, non-governmental organizations, and non-profit organizations;</li> <li>• leveraging funds from governments and the private sector by a factor of almost three times;</li> <li>• exceeding its annual targets for re-use of computers and diversion of material from landfills due to re-use and recycling by 37 percent in 2003, 60 percent in 2004, 89 percent in 2005, and 61 percent in 2006;</li> <li>• monitoring and tracking progress on initiative delivery;</li> <li>• participating in a number of pilot projects to find environmentally sound e-waste disposal solutions;</li> <li>• contributing to a number of domestic and international forums on re-use and environmentally sound recycling; and</li> <li>• providing skills training through refurbishment activities for over 1,000 individuals annually.</li> </ul> <p>Senior management led efforts, unsuccessfully, in 2005–06 and 2006–07 to seek stable funding from Parliament.</p>

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Exhibit 1.6 Progress on selected 2004–06 sustainable development strategy commitments (continued)**

Commitment	Progress	Comments
<b>Department of Justice Canada</b>		
<p>The Department of Justice will consider departmental policies and services through a sustainable development lens.</p> <p><b>Target:</b> 2006</p>	<p>Unsatisfactory</p>	<p><b>Context.</b> This objective is connected to two broad departmental sustainable development strategy themes: a sustainable justice system for Canadians and their communities, and integration of the principles of sustainable development into the Department’s operations.</p> <p>The Department established three performance indicators for its objective:</p> <ul style="list-style-type: none"> <li>• the development and implementation of a sustainable development legal issues checklist;</li> <li>• the implementation of the 1999 Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals by departments; and</li> <li>• the establishment of baseline indicators on the sustainability of the justice system to facilitate ongoing measurement.</li> </ul> <p><b>What we found.</b> Progress on the development and implementation of a sustainable development checklist for legal issues was unsatisfactory. We found no evidence that a legal issues checklist was completed.</p> <p>Progress on the implementation of the 1999 Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals was satisfactory. Guidelines, mandatory clauses, and a tracking system have been developed. Since April 2006, 10 memoranda to Cabinet and one Treasury Board submission incorporated a strategic environmental assessment. However, formal reporting on the rate of compliance was not a current practice.</p> <p>Progress on the establishment of baseline indicators on the sustainability of the justice system to facilitate ongoing measurement was unsatisfactory. We found no evidence that baseline indicators were established.</p>

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Exhibit 1.6 Progress on selected 2004–06 sustainable development strategy commitments (continued)**

Commitment	Progress	Comments
<b>Natural Resources Canada</b>		
<p>Natural Resources Canada will develop a national strategy on forest invasive alien species, integrating environmental, economic and social risks, in partnership with Environment Canada, and the Canadian Food Inspection Agency.</p> <p><b>Target:</b> 2005</p>	Satisfactory	<p><b>Context.</b> Invasive alien species are harmful species of plants, animals, and micro-organisms introduced by human action outside their natural past or present distribution and that threaten the environment, the economy, or society, including human health. The costs of past introductions of invasive alien species are difficult to measure precisely, but annual timber losses alone have been estimated in the hundreds of millions of dollars.</p> <p><b>What we found.</b> Natural Resources Canada demonstrated satisfactory progress against its commitment to develop a national strategy on forest invasive alien species.</p> <p>In spring 2005, a draft strategy on forest invasive alien species was circulated to the Canadian Council of Forest Ministers (CCFM) Working Group for their review.</p> <p>However, in December 2005, the Department, reflecting a CCFM decision, announced a reorientation of the scope of the strategy to include all forest pests (both native and alien). This reorientation was triggered by growing infestations of native pests, including the mountain pine beetle. The Department, in conjunction with the CCFM, concluded that a comprehensive approach for all forest pests would better serve governments, industry, and the public interests across the country.</p> <p>As a result, the strategy on forest invasive alien species was not finalized; however, the Department is still working with its partners to develop the National Forest Pest Strategy and plans to have the CCFM approve it in 2008. The broader strategy is expected to incorporate all the issues the strategy on forest invasive alien species was intended to address.</p> <p>In the meantime, the Department has continued to implement its action plan to address the risks posed by alien invasive species, consistent with the draft strategy on forest invasive alien species.</p>

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Exhibit 1.6 Progress on selected 2004–06 sustainable development strategy commitments (continued)**

Commitment	Progress	Comments
<b>Transport Canada</b>		
<p>Transport Canada will develop a <i>Sustainable Transportation Lens</i> that will serve as a tool to enhance Transport Canada’s ability to make integrated decisions. If successful, the Lens could be institutionalized and promoted within Transport Canada’s decision-making process. The Lens could also be shared with the transportation sector for use within other organizations.</p> <p><b>Targets:</b></p> <p>Phase I: ending 31 March 2006</p> <p>Phase II: ending 31 March 2007</p>	<p>Satisfactory</p>	<p><b>Context.</b> According to Transport Canada, the <i>Sustainable Transportation Lens</i> is a tool that aims to help analysts ensure that the Department’s policies and programs support the government’s sustainable transportation agenda and the Department’s principles of sustainable development.</p> <p><b>What we found.</b> Transport Canada completed a prototype Lens in 2004–05, and it evaluated its usefulness within Transport Canada’s Sustainable Development Capacity Course. The Lens was published and distributed by 31 March 2007, as per its commitment.</p> <p>Transport Canada has only recently begun planning and developing materials for training workshops that were part of its commitment. The intent of the target was to start developing workshops in 2006–07, even though the wording could lead the reader to understand that the delivery of the workshops should have started in 2006–07. By 31 March 2007, a workshop had not been held.</p>
<b>Western Economic Diversification Canada</b>		
<p>Western Economic Diversification Canada will invest in projects that develop and commercialize environmental technologies and processes.</p> <p><b>Target:</b> Increase dollar investments by 10 percent measured over three years.</p>	<p>Satisfactory</p>	<p><b>Context.</b> The mandate of Western Economic Diversification Canada is to promote economic development and diversification in Western Canada. The Department is also well positioned to contribute to the sustainable development of Western Canada as a result of its programs and services that support innovation, entrepreneurship, and sustainable communities.</p> <p>All projects receiving department funding are reviewed to assess whether the sustainable development impact is significant or not. Sustainable development projects or activities are defined as those that contribute toward an environmental benefit. Environmental technologies are defined as those that reduce our impact on the environment by increasing energy efficiency, making water and wastewater treatment more efficient, aiding in rehabilitating soil that has been built on in the past, reducing air and noise pollution, improving our waste management practices, and making construction projects more sustainable.</p> <p><b>What we found.</b> Western Economic Diversification Canada has made satisfactory progress. Using 2003–04 as the base year, the Department’s goal was to increase the total amount invested in projects by 10 percent over three years to \$19.3 million or greater. During the three-year period ending 31 March 2007, the Department invested a total of \$24.2 million in projects that develop and commercialize environmental technologies and processes.</p>

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Exhibit 1.6 Progress on selected 2004–06 sustainable development strategy commitments (continued)**

Commitment	Progress	Comments
<p>Western Economic Diversification Canada will attract new investments to research and development in environmental technologies.</p> <p><b>Target:</b> Dollars leveraged to be increased by 10 percent over a three-year period.</p> <p>Six case studies analysis may be used to demonstrate the outcomes (successes, weaknesses and lessons learned) as supplementary information.</p>	Satisfactory	<p><b>What we found.</b> Western Economic Diversification Canada has made satisfactory progress. Using 2003–04 as the base year, the Department’s goal was to increase the amount of dollars leveraged by 10 percent over three years to \$48.5 million or greater. The Department calculates the dollars leveraged by subtracting its investment from the total project cost. The total dollars leveraged by the Department for projects that develop and commercialize environmental technologies and processes was \$45.1 million for the three-year period ending 31 March 2007.</p> <p>The Department also recognizes that easily measured criteria, such as dollars invested and leveraged, do not indicate whether projects have been successful in meeting goals related to environmental sustainability. The Department plans to use case studies to demonstrate how the sustainable development projects it supports contribute to the attainment of environmental sustainability. It had set a date of June 2007 for completing the case studies.</p>

**Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

**Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the commitment was made.

## About the Audit

### Objectives

We set out to determine whether Environment Canada and the Privy Council Office made satisfactory progress implementing key recommendations for improvement from our previous reports; whether selected departments and agencies implemented specific commitments from their 2004–06 sustainable development strategies; and whether the 2007–09 strategies of selected departments represent substantive plans for helping them progress toward sustainable development.

### Scope and approach

Our follow-up work on past recommendations involved Environment Canada and the Privy Council Office. Through interviews and document review we examined whether

- pursuant to recommendation 7.25 of our 2005 Report, Environment Canada made satisfactory progress in providing direction to departments in connection with the preparation of their 2007–09 sustainable development strategies.
- pursuant to recommendation 7.32 of our 2005 Report, the Privy Council Office made satisfactory progress on ensuring that a government-wide lessons-learned exercise on past sustainable development strategies was conducted as part of the preparations for the 2007–09 sustainable development strategies.
- pursuant to recommendation 7.25 of our 2005 Report, the Privy Council Office and Environment Canada made satisfactory progress in developing a federal sustainable development strategy. Recommendation #1 of the June 2005 Report of the Standing Senate Committee on Energy, the Environment and Natural Resources, and recommendation #4 of the July 2005 Report of the House Standing Committee on the Environment and Sustainable Development also call upon the government to produce a federal sustainable development strategy.

We assessed progress on these recommendations using the Office's *Guide to Assess Entity Progress* (May 2005).

With regard to monitoring sustainable development strategy commitments, we examined 11 commitments from the 2004–06 sustainable development strategies of the following 10 departments and agencies: Canadian International Development Agency, Citizenship and Immigration Canada, Fisheries and Oceans Canada, Health Canada, Industry Canada, Indian and Northern Affairs Canada, Department of Justice Canada, Natural Resources Canada, Transport Canada, and Western Economic Diversification Canada.

We based our selection of commitments on a number of factors, including the clarity of the commitments and whether they were time bound and measurable. We also chose commitments that we thought were significant in advancing sustainable development. The results of our examination apply to the 11 commitments we examined and do not necessarily reflect the organizations' overall progress on their sustainable development strategies.

To facilitate our examination, we asked each organization to respond to a standard questionnaire and to provide key documentation, including performance information associated with its commitment. We examined that documentation and carried out interviews with key officials as necessary. We considered the following elements in rating progress as satisfactory or unsatisfactory:

- the requirements of the commitment;
- the complexity of the commitment;
- the amount of time that had elapsed since the commitment was made;
- whether actions had led to demonstrable results; and
- whether significant changes had occurred since the commitment was made, such as the reorganization (splitting or merging) of departments.

We rated progress as satisfactory when the commitment had been fully or substantially met or, if the target completion date was still in the future, when progress was sufficient to reasonably anticipate full or substantial completion by that date.

We also examined the most recent sustainable development strategies of those 10 departments and agencies. We carried out a content analysis of the 10 strategies, and we interviewed senior management and completed additional document and file reviews in 6 of the departments and agencies.

Our content analysis was designed to determine whether one can clearly understand the organization's view of sustainable development and how its strategy is intended to influence the organization's key programs and activities; and whether the strategies contain specific, measurable, results-oriented, and time-bound commitments against which progress could be objectively monitored and reported. In the six departments and agencies whose strategies we examined in more detail, we also carried out structured interviews with the assistant deputy ministers and vice-presidents responsible for the organizations' key business lines and with the key managers responsible for developing the organizations' strategies to determine whether the strategies represent substantive plans for helping those organizations progress toward sustainable development.

### **Criteria**

The criteria for our third objective (to determine whether selected 2007–09 strategies represent substantive plans for helping the organization progress toward sustainable development) were based on widely circulated guidance that has been available to departments over the past decade.

In examining the content of the strategies, we expected the following:

- The role of the strategy and how it fits with other plans and strategies would be clearly stated.
- A vision for sustainable development would be included.
- The sustainable development strategy would contain significant and essential goals and objectives and these goals and objectives would be written in plain language. The objectives would clearly express the long-term results that the department or agency is trying to achieve.
- The targets and actions contained in the strategy would be clearly linked to the goals and objectives.

- Targets would be clear and concrete. In particular, they would be understandable, time-bound, and contain a clear deliverable.

From our structured interviews and in-depth file reviews, we expected to find that sustainable development strategies would also have

- included goals, objectives, and targets based on a thorough, documented analysis of the sustainable development impacts associated with the organization's key business lines and strategic outcomes;
- included consistent engagement of senior management throughout the strategy development process;
- taken into account past performance and lessons learned from previous strategies;
- taken into account stakeholder consultations on key departmental and government-wide issues; and
- taken into account the human and financial resources necessary for the execution of the strategy.

**Sources:** *A Guide to Green Government* (1995), *Moving up the Learning Curve: the Second Generation of Sustainable Development Strategies* (1999), and *Sustainable Development Strategies—Making a Difference* (2003).

### **Audit work completed**

Audit work for this chapter was substantially completed on 31 May 2007.

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## Appendix List of recommendations

The following is a list of recommendations found in Chapter 1. The number in front of the recommendation indicates the paragraph number where it appears in the chapter. The numbers in parentheses indicate the paragraph numbers where the topic is discussed.

Recommendation	Response
<p><b>Moving forward</b></p> <p><b>1.76</b> The federal government should carry out a thorough documented review of its current approach to the preparation and use of sustainable development strategies and should act on the results. Its review should take into account the original expectations for sustainable development strategies as articulated in <i>A Guide to Green Government</i> (1995), lessons learned over the past four sustainable development strategy cycles, and stakeholder views on key challenges and opportunities for the future. The report should specify the following:</p> <ul style="list-style-type: none"> <li>• federal goals for sustainable development, including specific performance expectations, indicators, and targets that will serve as objectively verifiable benchmarks against which progress can be measured;</li> <li>• how departmental sustainable development strategies should fit with and contribute to the achievement of the federal goals, and how existing tools such as strategic environmental assessment should fit with and contribute to departmental sustainable development strategies;</li> </ul>	<p><b>The Privy Council Office’s response.</b> Environment Canada, as the department responsible for coordinating federal sustainable development strategies, will respond to the recommendation on the government’s behalf.</p> <p><b>Environment Canada’s response.</b> Environment Canada, as the department assigned responsibility for coordinating sustainable development strategies in September 2005, agrees on the government’s behalf with the recommendation. A review of the current approach to sustainable development strategies is timely and could draw on over a decade of experience with the current approach and a growing body of experience and best practices internationally with regard to sustainable development strategies. Environment Canada, in collaboration with other departments, will conduct a thorough review that will identify means to improve the government’s approach to sustainable development strategies. The review will be completed by October 2008. The response has been developed in consultation with the Privy Council Office, the Treasury Board of Canada Secretariat, and Public Works and Government Services Canada.</p>

Recommendation	Response
<ul style="list-style-type: none"><li>• the strengths, weaknesses, opportunities, and constraints associated with the current approach to producing, implementing, and reporting on departmental sustainable development strategies, including the key opportunities for improvement; and</li><li>• roles and responsibilities, including which departments and central agencies must do what to ensure that the opportunities for improvement are acted on, that the government's expectations for sustainable development strategies are met, and that key parties have the necessary authority and are held accountable. (1.71–1.75)</li></ul>	

