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STRATEGIC ENVIRONMENTAL ASSESSMENT

The Cabinet Directive on the
Environmental Assessment of Policy,
Plan and Program Proposals



**GUIDELINES FOR IMPLEMENTING
THE CABINET DIRECTIVE**

This document is also available at www.ceaa-acee.gc.ca

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The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals

Consistent with the government's strong commitment to sustainable development, ministers expect that policy, plan and program proposals of departments and agencies will consider, when appropriate, potential environmental effects.

More specifically, ministers expect a strategic environmental assessment of a policy, plan or program proposal to be conducted when the following two conditions are met:

1. the proposal is submitted to an individual minister or Cabinet for approval; and
2. implementation of the proposal may result in important environmental effects, either positive or negative.

Departments and agencies are also encouraged to conduct strategic environmental assessments for other policy, plan or program proposals when circumstances warrant. An initiative may be selected for assessment to help implement departmental or agency goals in sustainable development, or if there are strong public concerns about possible environmental consequences.

Ministers expect the strategic environmental assessment to consider the scope and nature of the likely environmental effects, the need for mitigation to reduce or eliminate adverse effects, and the likely importance of any adverse environmental effects, taking mitigation into account. The strategic environmental assessment should contribute to the development of policies, plans and programs on an equal basis with economic or social analysis; the level of effort in conducting the analysis of potential environmental effects should be commensurate with the level of anticipated environmental effects. The environmental considerations should be fully integrated into the analysis of each of the options developed for consideration, and the decision should incorporate the results of the strategic environmental assessment. Departments and agencies should use, to the fullest extent possible, existing mechanisms to involve the public, as appropriate. Departments and agencies shall prepare a public statement of environmental effects when a detailed assessment of environmental effects has been conducted through a strategic environmental assessment. This will assure stakeholders and the public that environmental factors have been appropriately considered when decisions are made.

Guidelines for Implementing the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*

1.0 Sustainable Development and Strategic Environmental Assessment

The Government of Canada is committed to the goal of sustainable development. Decision makers at all levels must be able to take economic, social and environmental considerations into account in order to make informed decisions in support of sustainable development.

The environmental assessment of policy, plan and program proposals is referred to as strategic environmental assessment. It seeks to incorporate environmental considerations into the development of public policies and strategic decisions. Strategic environmental assessment also serves to strengthen accountability and provide greater public confidence that federal government decisions are being made in full awareness of the potential environmental impact.

Through strategic environmental assessment, environmental considerations can be addressed at the earliest appropriate stage of planning, along with economic and social considerations.

By addressing potential environmental considerations when developing policy, plan and program proposals, departments and agencies will be better able to:

1. optimize positive environmental effects and minimize or mitigate negative environmental effects;
2. consider potential cumulative environmental effects;
3. implement the Federal Sustainable Development Strategy;
4. save time and money by drawing attention to potential liabilities for environmental clean-up and other unforeseen concerns;
5. streamline project-level environmental assessment by eliminating the need to address some issues at the project stage;
6. promote accountability and credibility among the general public and stakeholders; and
7. contribute to broader governmental policy commitments and obligations.

Purpose of this Document

This document has been prepared to provide guidelines for federal departments and agencies on implementing the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*.

The Directive represents the official policy on strategic environmental assessment of the Government of Canada. As such, all Government of Canada departments and agencies that are developing policy, plan and program proposals are obligated to implement the Directive consistent with these guidelines. Central agencies, including the Privy Council Office, the Department of Finance and the Treasury Board Secretariat, are committed to work with federal departments and agencies during the development of these Cabinet documents to ensure that the Directive has been fully considered.

This document will assist:

- policy and program officers in departments and agencies responsible for the development and analysis of policies, plans and programs, and for the implementation of sustainable development strategies;
- environmental assessment practitioners within departments and agencies who may be asked to contribute to, or review, the environmental implications of public policies; and
- senior managers responsible for the policy and operations function within departments and agencies.

The document:

1. provides the decision-making context for the strategic environmental assessment of policies, plans and programs, in particular its link to the Federal Sustainable Development Strategy's goals and targets;
2. outlines the obligations of departments and agencies to conduct strategic environmental assessments; and
3. provides advice on implementing the Cabinet Directive, including roles and responsibilities, guiding principles and questions of applicability, methodology, public concerns, and documentation and reporting.

Departments and agencies are encouraged to develop supplementary guidance to support their specific requirements.

2.0 Roles and Responsibilities

The following guidelines summarize the roles and responsibilities of the major participants in the strategic environmental assessment process.

Cabinet

When a proposal is submitted to Cabinet, ministers are collectively responsible for ensuring that decisions are taken with full consideration to the environmental implications of the proposed initiative.

It is the responsibility of the sponsoring minister or ministers to ensure that the environmental implications of the proposed initiative are fully reflected in the proposal.

Individual Ministers

In performing their duties:

(a) each minister is responsible for ensuring their policies, plans and programs are consistent with the government's broad environmental objectives and sustainable development goals, as laid out in the Federal Sustainable Development Strategy;

(b) the sponsoring Minister(s) is (are) ultimately responsible for the implementation of proposals ratified by Cabinet, including the strategic environmental assessment component.

The Minister of the Environment

The Minister of the Environment has a leadership role in establishing the environmental framework for Canada and in promoting the application of strategic environmental assessment to proposals.

Departmental and Agency Officials

Officials are responsible for ensuring that environmental considerations are properly integrated into the development of proposals. When a proposal is presented for decision by a minister, officials will ensure that, when appropriate, an assessment of potential environmental effects of the proposed initiative is completed for each option presented. Officials will consult, as appropriate, with other departments and agencies with relevant mandates and expertise to assist them in assessing the environmental implications of their policy, plan and program proposals.

Departmental and agency officials are responsible for reporting on their strategic environmental assessments of policies, plans, and programs in their Departmental Performance Reports.

Environment Canada

Environment Canada will provide departments and agencies upon request with expert policy, technical and scientific analysis and advice on sustainable development and the potential environmental effects of initiatives.

The Canadian Environmental Assessment Agency

In support of the Minister of the Environment, the Agency will promote the application of strategic environmental assessment to policy, plan and program proposals of the federal government. In consultation with other departments and agencies, it will provide guidance and training to improve the implementation of strategic environmental assessment.

The Commissioner of the Environment and Sustainable Development

Under the *Auditor General Act* and the *Federal Sustainable Development Act*, the Commissioner is tasked with overseeing the government's efforts to protect the environment and promote sustainable development. The Commissioner's office will hold government accountable for greening its policy, operations and programs and will review progress in the implementation of the Federal Sustainable Development Strategy.

3.0 Guiding Principles

In implementing the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*, departments and agencies should be guided by the following principles.

Early integration - The analysis of environmental considerations should be fully integrated into the development of a policy, plan or program. To support sound decision making that is consistent with the principles of sustainable development, the consideration of environmental effects should begin early in the conceptual planning stages of the proposal, before irreversible

decisions are made. In this way, strategic environmental assessment can support the analysis of options and identify issues that may require further consideration.

Examination of alternatives – A critical aspect of any strategic environmental assessment is the opportunity to evaluate and compare the environmental effects of alternatives in the development of a new policy, plan or program. This comparison will help identify how modifications or changes to the policy, plan or program can reduce environmental risk.

Flexibility – Departments and agencies have discretion in determining how they conduct strategic environmental assessments. They are encouraged to adapt and refine analytical methodologies and tools to address their particular circumstances.

Self-assessment - Each department and agency is responsible for applying strategic environmental assessment to its proposed policies, plans and programs as appropriate; determining how a strategic environmental assessment should be conducted; carrying it out; and reporting on the findings.

Appropriate level of analysis - The scope of the analysis should be commensurate with the level of anticipated environmental effects.

Accountability - Strategic environmental assessment should be part of an open and accountable decision-making process within the federal government. Accountability should be promoted through the involvement of affected individuals and organizations, when appropriate, and through documentation and reporting mechanisms.

Use of existing mechanisms - In conducting a strategic environmental assessment, departments and agencies should use existing mechanisms to conduct any analysis of environmental effects, involve the public if required, evaluate performance and report the results. Existing reporting mechanisms should also be used to issue statements of environmental effects.

3.1 Applicability

Under the Cabinet Directive, ministers expect a strategic environmental assessment of a proposal to be conducted when the following two conditions are met:

1. the proposal is submitted to an individual minister or Cabinet for approval; and
2. implementation of the proposal may result in important environmental effects, either positive or negative.

All strategic environmental assessments should be conducted in a timely and thorough manner. Best efforts should be made by departments and agencies to anticipate the need for and complete a strategic environmental assessment well in advance of the completion of a policy, plan or program proposal.

Departments and agencies are also encouraged to conduct strategic environmental assessments for other selected policy, plan and program proposals as circumstances warrant. An initiative may be selected for assessment to help implement the Federal Sustainable

Development Strategy, or if there are strong public concerns about possible environmental consequences.

4.0 Process to Conduct a Strategic Environmental Assessment

The general guidelines presented here are based on current, proven good practices within federal departments and agencies.

A strategic environmental assessment must be a written or documented process that follows the elements below. The Canadian Environmental Assessment Agency can provide additional assistance and support to departments and agencies in the development of their strategic environmental assessments.

The guidelines are:

1. *flexible*, in that they can be applied in a variety of policy settings;
2. *practical*, in that they do not necessarily require specialist information and skills, or a substantial commitment of resources and time; and
3. *systematic*, in that they are based on logical, transparent analysis and help document a strategic environmental assessment.

The application of the Cabinet Directive involves a multi-step process:

1. a preliminary scan to identify the potential for important environmental effects;
2. a strategic environmental assessment, if important environmental effects, either positive or negative, are identified through a scan of a proposed policy, plan or program and its alternatives; and
3. reporting on the results of a strategic environmental assessment.

4.1 Preliminary Scan

A preliminary scan screens proposals for potential, important environmental effects, which can be either positive or negative. If important environmental effects are identified, a strategic environmental assessment is required.

As early as possible in the development of a proposal, departments and agencies are responsible for determining whether important environmental effects are likely to arise from implementing the proposed policy, plan or program. The focus should be on identifying strategic considerations at a relatively general or conceptual level, rather than evaluating quantitative, detailed environmental impacts, as in a project-level assessment.

In conducting the scan, departments and agencies are responsible to:

1. identify the direct and indirect outcomes associated with implementing the proposal; and
2. consider whether these outcomes could affect any component of the environment or any of the Federal Sustainable Development Strategy's goals and targets (refer to the definition of "environment" in Appendix A).

If the preliminary scan identifies the potential for important environmental effects (refer to the definition of "environmental effects" in Appendix A), or if there is a high level of uncertainty or risk associated with the outcome, then an analysis of the environmental effects should be conducted through a strategic environmental assessment.

If the scan does not identify the potential for important environmental effects, no further analysis of environmental effects is required.

4.2 Conducting a Preliminary Scan

To conduct a scan of the proposal, the analyst may use a variety of tools, including matrices, checklists and experts available within the department and from other departments. In conducting a preliminary scan, departments and agencies will determine whether:

1. The proposal has outcomes, either positive or negative, that affect natural resources.
2. The proposal has a known direct or a likely indirect outcome that is expected to have considerable positive or negative impacts on the environment.
3. The outcomes of the proposal are likely to affect the achievement of the Federal Sustainable Development Strategy's goals and targets (e.g., reduction of greenhouse gas emissions or the protection of an endangered species).
4. The proposal is likely to affect the number, location, type and characteristics of sponsored initiatives that would be subject to project-level environmental assessments, as required by the *Canadian Environmental Assessment Act* or an equivalent process.
5. The proposal involves a new process, technology or delivery arrangement with important environmental implications.
6. The scale or timing of the proposal could result in significant interactions with the environment.

4.3 Analyzing Environmental Effects through a Strategic Environmental Assessment

Strategic environmental assessment is not an add-on process, but one linked with the ongoing economic and social analyses underway. An effective strategic environmental assessment cannot be done in isolation or after the fact. The analysis of the environmental considerations should be undertaken on an iterative basis throughout the policy development process and be fully integrated into the analysis of each of the options developed so that the consequences of alternative proposals can be compared. The final recommendation should be informed by the results of the strategic environmental assessment.

The strategic environmental assessment should address the following considerations and questions.

1. *Scope and nature of potential effects.* The analysis should build on the preliminary scan to describe, in appropriate detail, the scope and nature of environmental effects that could arise from implementing the proposal and how they could affect the Federal Sustainable Development Strategy's goals and targets.

Environmental effects, including cumulative effects, could result from the use of, or changes in, atmospheric, terrestrial or aquatic resources, physical features or conditions. The analysis should identify positive as well as adverse environmental effects.

- What are the potential direct and indirect outcomes of the proposal?
 - How do these outcomes interact with the environment?
 - What is the scope and nature of these environmental interactions?
2. *The need for mitigation or opportunities for enhancement.* Analysts should consider the need for mitigation measures that could reduce or eliminate potential adverse environmental consequences of the proposal. Similarly, they should consider opportunities, where possible, to enhance potential environmental benefits. Mitigation or enhancement could include, for example, changes in the proposal, conditions that may need to be placed on projects or activities arising from the proposal, or compensation measures.
- Can the adverse environmental effects be mitigated?
 - Can positive environmental effects be enhanced?
3. *Scope and nature of residual effects.* The analysis should describe, in appropriate detail, the potential environmental effects that may remain after taking into account mitigation measures and enhancement measures.
- What, if any, potential environmental effects may remain after mitigation?
4. *Follow-up.* The strategic environmental assessment should also consider the need for follow-up measures to monitor environmental effects of the policy, plan or program, or to ensure that implementation of the proposal supports the Federal Sustainable Development Strategy's goals and targets.
- What is the overall potential environmental effect of the proposal after opportunities for mitigation have been incorporated?
5. *Public and stakeholder concerns.* The analysis should identify for decision makers, where appropriate, concerns about the environmental effects among those likely to be most affected, and among other stakeholders and members of the public.
- What are potential public and stakeholder concerns of the proposal?

4.4 Special Cases

There may be policy, plan or program proposals for which no strategic environmental assessment will be required. These special cases are:

1. proposals prepared in response to a clear and immediate emergency where time is insufficient to undertake a strategic environmental assessment (ministers are responsible for determining the existence of an emergency);

2. where the matter is of such urgency, for example, for the economy or a particular industrial sector, that the normal process of Cabinet consideration is shortened and even a simplified strategic environmental assessment cannot be presented; and
3. issues that have previously been assessed for their environmental impacts, for example, an initiative that is a subset of a policy, plan or program that was previously assessed, or Treasury Board submissions on matters already assessed under a previous proposal to Cabinet or assessed as a project under the *Canadian Environmental Assessment Act*.

4.5 Appropriate Level of Detail

Factors that should assist analysts in assessing potential environmental effects and gauging the appropriate level of detail in the analysis include the following:

- **Frequency and duration** - Will the effect be a one-time-only occurrence? Will it be a short-term or long-term effect?
- **Location and magnitude** - What is the anticipated scale of the effect? Will it be local, regional, national or international in scope?
- **Timing** - Is the effect likely to occur at a time that is sensitive to a particular environmental feature?
- **Risk** - Is there a high level of risk associated with the effect, such as exposure of humans or flora and fauna to contaminants or pollution, or a high risk of accident?
- **Irreversibility** - Is the effect likely to be irreversible?
- **Cumulative nature** - Is the effect likely to combine with other effects in the region in a way that could threaten a particular environmental component?

Departments and agencies are encouraged to develop their own sources of information and analytical tools such as relevant literature; previous strategic environmental assessments of policy, plan or program proposals; expert advice from other branches within the department and from other expert federal departments; checklists; matrices and modeling; scenario building; and simulation analysis.

4.6 Public Concerns

The analysis of potential environmental effects should indicate, where appropriate, concerns about these effects among those likely to be most affected, as well as among other stakeholders (that is, those with an interest in the policy) and the public. Through the involvement of interested parties, decision makers can, at an early stage, identify and address public concerns about a proposal that could otherwise lead to delays or the need for further analysis later in the process. Stakeholders and the public can be an important source of local and traditional knowledge about likely environmental effects.

Sources of information on public concerns could include:

1. economic and social analysis underway on the proposal;
2. ongoing public consultation mechanisms in the department;
3. expert departments and agencies;
4. non-governmental organizations and experts outside the Government of Canada;
5. provincial, territorial and municipal governments; and
6. First Nations, Inuit, Métis and other Aboriginal groups.

The involvement of the public in the strategic environmental assessment process should be commensurate with public involvement on the overall development of the proposal itself and should make use of any public involvement activities that may be underway. If public documents are prepared for use in a consultation exercise, it is advisable to incorporate them into the results of the strategic environmental assessment to address potential environmental concerns.

4.7 Documentation and Reporting

Reporting is important to ensure that the process is open and accountable. For a policy, plan or program that is approved or announced, departments and agencies shall prepare a public statement of environmental effects, including impacts on the Federal Sustainable Development Strategy's goals and targets, when a strategic environmental assessment has been conducted. Departments and agencies are also encouraged to prepare a public statement of preliminary scans.

Departments will determine the content and extent of the public statement according to the circumstances of each case. The purpose of the statement is to demonstrate that environmental factors have been integrated into the decision-making process. Public statements should be integrated into existing reporting mechanisms to the fullest possible extent.

For some proposals, such as those involving significant adverse effects or serious public concerns, departments and agencies may choose to release a public document that discusses the environmental effects in detail, in addition to any public statement of environmental effects. This document will help demonstrate that environmental factors have been integrated into the decision-making process.

Departments and agencies are responsible for reporting on the extent and results of their strategic environmental assessment practices in their Reports on Plans and Priorities and Departmental Performance Reports. This reporting should include a description in the Departmental Performance Reports of how plans, programs and policies subject to strategic environmental assessment have affected or are expected to affect progress towards the Federal Sustainable Development Strategy's goals and targets. For more information on reporting requirements, departments and agencies should refer to Treasury Board guidance to departments on Reports on Plans and Priorities and Departmental Performance Reports.

When a strategic environmental assessment has been completed for a policy, plan or program proposal, departments and agencies will report on the results through Departmental Performance Reports and any of the following:

1. Submissions to an individual minister or to Cabinet, including Treasury Board, should discuss any strategic environmental assessments and the outcomes of this analysis, as an integral part of examining the options presented. The Analysis section of the Memorandum to Cabinet should report on potential significant environmental effects of each of the options proposed for consideration, and mechanisms to mitigate potential adverse effects. The statement should specify how the policy, plan or program affects or relates to the Federal Sustainable Development Strategy. If a separate public document detailing the assessment has been prepared, it should be appended to the Memorandum to Cabinet, and Cabinet should be requested to approve its release to the public.

2. The Communications Plan of a Memorandum to Cabinet should address public concerns, if any, about the potential environmental effects of the proposal.
3. If a policy, plan or program does not require Cabinet approval but is still assessed, the findings of the assessment should be reported in any relevant decision documents.
4. If a Regulatory Impact Analysis Statement is prepared on an initiative, departments and agencies should reflect the findings of the strategic environmental assessment.

The strategic environmental assessment should be forwarded to:

1. departmental evaluation and review officers so that future evaluations of the policy, plan or program initiative can incorporate the outcome of the analysis into the evaluation framework; and
2. policy and program officers, environmental assessment practitioners and others who may be responsible for the implementation of the policy, plan, or program initiative.

Any disclosure of information will be subject to existing legislation, regulations and policies governing the release of information.

Appendix A. Definitions

Environment

The components of the earth, including:

- a. land, water and air, including all layers of the atmosphere;
- b. all organic and inorganic matter and living organisms; and
- c. the interacting natural systems that include components referred to in paragraphs a and b.

Environmental effect

An environmental effect is:

- a. any change that the policy, plan or program may cause in the environment, including any effect of any such change on health and socio-economic conditions, on physical and cultural heritage, on the current use of lands and resources for traditional purposes by Aboriginal persons, or on any structure, site or thing that is of historical, archaeological, paleontological or architectural significance, and
- b. any change to the policy, plan or program that may be caused by the environment,

whether any such change occurs within or outside Canada.

Federal Sustainable Development Strategy

The 2008 *Federal Sustainable Development Act* requires the Government of Canada to develop a Federal Sustainable Development Strategy and to update it every three years. The Strategy includes federal sustainable development goals and targets as well as implementation strategies for meeting each target. The government will report every three years on progress toward achieving the goals and targets established in the Strategy.

Mitigation

The elimination, reduction or control of the adverse environmental effects of the policy, plan or program, including restitution for any damage to the environment caused by such effects through replacement, restoration, compensation or any other means.

Policy assessment

A process to identify and analyze the environmental effects of policies. It is also used as a generic term for the strategic environmental assessment of policies, plans and programs.

Public Statement of Environmental Effects

A statement that is made at the time that the policy, plan or program is announced, indicating likely environmental effects. The statement may be a component of a general announcement by the government respecting the policy, plan or program or it may be a stand-alone document that explains the results of the strategic environmental assessment.

Sustainable development

Development that meets the needs of the present, without compromising the ability of future generations to meet their own needs.

Strategic environmental assessment

The systematic and comprehensive process of evaluating the environmental effects of a policy, plan or program and its alternatives. (Adapted from *The Practice of Strategic Environmental Assessment*, by Riki Thérivel and Maria Rosário Partidário, 1996.)