



Western Economic
Diversification Canada

Diversification de l'économie
de l'Ouest Canada

SUSTAINABLE DEVELOPMENT STRATEGY 2007 – 2009

Working Towards a Sustainable West



www.wd.gc.ca

Canada 

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Message from the Minister

Canada's New Government is taking concrete actions that are leading to a cleaner, healthier environment and improving our quality of life – actions with achievable results that are making a real difference in the lives of Canadians.

At Western Economic Diversification Canada (WD), we believe that economic prosperity and environmental sustainability often go hand-in-hand. Our economic development activities can, at the same time, promote investments and practices that encourage responsible environmental stewardship. WD is working to improve Western Canada's competitiveness and productivity while ensuring that economic prosperity is maintained over the long term.

This report, WD's fourth Sustainable Development Strategy, continues to build on lessons learned and to lay a solid foundation for the integration of sustainable development practices into the department's programs and activities. It highlights three key areas in which WD is making a measurable difference: investments in innovation that promote environmental sustainability; raising awareness among external partners and clients; and looking inward to determine how WD can make its own day-to-day operations more environmentally friendly.

Significant progress has been made since WD's first sustainable development strategy was developed in 1997, but more can – and is – being done. WD will continue to ensure that sustainability is an integral part of decision-making and it will seize every opportunity to incorporate sustainable development goals into its work processes. In building a stronger West, we're building a stronger Canada today and for generations to come.



Carol Skelton

The Honourable Carol Skelton, P.C., M.P.
MINISTER OF NATIONAL REVENUE AND
MINISTER OF WESTERN ECONOMIC DIVERSIFICATION

1. Introduction

Following amendments to the *Auditor General Act* in 1995, all federal departments were legislated to table Sustainable Development Strategies (SDSs) in the House of Commons by December 1997 and update them every three years. Each department's SDS must demonstrate how the department will incorporate sustainable development (SD) principles and practices into its policies, programs and operations.

This is Western Economic Diversification Canada's (WD) fourth Sustainable Development Strategy. It builds on lessons learned from the department's three previous strategies that were tabled in 1997, 2000 and 2004 as well as feedback received from internal and external reviews. SDS IV identifies three strategic outcomes:

- innovation towards sustainable development;
- greening of WD operations; and
- external greening.

WD's mandate, core programs and activities are focused on promoting the economic development and diversification of the western Canadian economy and advocating on behalf of western Canadians in national decision-making. SDS IV integrates the principle and practices of SD with the department's strategic objectives, operations and management systems. It identifies key outcomes that are linked to federal SD objectives.

Investing in a Sustainable West

Promoting Sustainable Building Practices

The Centre for Sustainable Community Development at Simon Fraser University is spearheading an economic development strategy for sustainable buildings and creating a virtual and physical resource centre that promotes efficient and environmentally sound building practices throughout B.C. The Sustainable Building Centre, located in Vancouver, offers a one-stop-shop for sustainable building information and advice to the industry and the public.

WD, a founding partner, committed \$200,000 to this project.



2. WD's Vision of Sustainable Development

How WD sees Western Canada in 20 Years

In the development of SDS III, a number of WD employees were asked to envision the kind of place they would like Western Canada to be in 2023. They described a region with a high quality of life – in which all citizens benefit from economic opportunities, live in safe and vibrant communities, in a clean and healthy environment. They envisioned Western Canada as a leader in developing green products and resources, and perceived a transition from cleanly extracted and consumed forms of non-renewable energy to renewable energy sources such as wind, solar, and ethanol.

This vision still resonates with WD employees. It encompasses many aspects of life in Western Canada and touches upon all elements of sustainable development: environmental protection, social well-being and sustainable economic growth.

WD's mandate, to promote the development and diversification of the economy of Western Canada, enables the department to work towards this vision for the West. A vision statement has been developed to help focus the department's SD activities and to capture how WD can contribute to the region's sustainable development.

Our Sustainable Development Vision

WD is building a more sustainable Western Canada by making strategic investments and providing its employees and partners with practical tools to integrate sustainable development into WD's core areas of business.

WD's Principles of Sustainable Development

WD has identified six principles to guide the implementation of SDS IV. These are:

Principle 1: Building a sustainable future for Western Canada is everyone's responsibility – WD's Principles of Sustainable Development apply equally to all employees of WD.

Principle 2: Development and diversification of the western Canadian economy is at the heart of WD's mandate and thus all WD projects are directed toward an economic development outcome. At the same time, all projects are evaluated to ensure that no net negative environmental and social impacts are anticipated.

Principle 3: In developing and implementing WD programs, employees will ensure that environmental objectives are taken into consideration and built into the program at the planning and delivery stages, where appropriate.

Principle 4: WD programs, services and projects should encourage environmental goals of sustainable development such as clean air, clean water, and reducing greenhouse gas emissions.

Principle 5: WD will strive to reduce its own ecological footprint by continuously reviewing and improving WD’s internal operations.

Principle 6: WD will promote SD in interdepartmental committees, and encourage adoption of consistent SD measurement and reporting methods.

Defining Sustainable Development

The *Auditor General Act* defines sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It is a continually evolving concept based on the integration of social, economic and environmental concerns.

The *2006 Report of the Commissioner of the Environment and Sustainable Development* states that sustainable development is important

because it “is based on the efficient and environmentally responsible use of natural, human, and economic resources. This includes sustaining our natural resources, protecting the health of Canadians and ecosystems, and improving our quality of life and well-being.”

These definitions capture the powerful theoretical construct that is sustainable development, but implementing it operationally can be challenging. Indeed, the guidance document for the fourth round of SD strategies, *Coordinating the Fourth Round of Departmental Sustainable Development Strategies*, acknowledges this challenge, identifying three environmental quality goals and three sustainable development management goals as the set of federal sustainable development goals for the fourth round of SD strategies.

Investing in a Sustainable West

Exploring Biomass Energy Options

The Alberta Forestry Research Institute is carrying out a project to assess available technologies and select a technology bundle to demonstrate a small- to medium-scale biomass combined heat and power generation system. The system will produce electricity and useful heat using plant matter grown for use as biofuel, and will set the groundwork for a full-scale commercial demonstration.

WD committed \$487,690 to this project.



The WD Approach

WD's fourth SD strategy focuses on environmental sustainability.

Focusing on the environmental aspect of sustainability ensures that WD's fourth SD strategy:

- is relevant to WD's mandate;
- is coherent with other strategies across government;
- relates well to the Government of Canada's stated priorities; and
- can achieve expected results and contribute towards strategic outcomes.

WD's Definition

WD has developed an operational definition of SD to enhance understanding within the department of how WD can contribute to the sustainable development of Western Canada. This definition will enable the department to effectively identify and classify WD projects and activities that contribute to the strategic outcomes of SDS IV.

At WD, we define sustainable development projects and activities as those that have identifiable benefits for the environment. While WD projects and activities create economic benefit in Western Canada, SD projects and activities are those that also contribute towards an environmental benefit.

Investing in a Sustainable West

Integrating Cattle Feedlots and Ethanol Production

Rural community groups and other interested organizations now have access to a technical and financial template that will ultimately help them decide whether integrated ethanol-feedlot operations are feasible in their regions.

The Saskatchewan Ethanol Development Council (SEDC) commissioned the template to assist community groups in their information search. Ethanol, an alcohol that can be used as a fuel, is created from a process that breaks down materials found in grain and corn. The byproducts – thin stillage and distiller's grain – can be fed to cattle at an on-site, or integrated, feedlot facility while modern vehicles can utilize a 10 per cent ethanol blend as fuel, potentially lowering harmful emissions.

WD committed \$44,000 to this project.



3. WD's SDS IV

Recent Progress

WD previously tabled sustainable development strategies in 1997, 2000 and 2004. These strategies have focused the department's efforts in implementing SD.

IMPROVED MANAGEMENT SYSTEMS

Since 1997, WD has improved SD management systems through such activities as the establishment of a department-wide sustainable development team and modifications to the department project assessment tool to help officers more easily identify sustainable development projects.

PROMOTING SD AWARENESS

The department has provided information to western Canadian businesses on SD concepts, practices and benefits through WD's external website, publications such as WD's magazine, *Access West*, and support for research and conferences having an SD link.

INVESTING IN PROJECTS THAT SUPPORT SD

WD continues to support projects that contribute to sustainable development in Western Canada.

In the first two years of SDS III, WD committed approximately \$17 million to 101 projects that contributed, in whole or in part, to the development and commercialization of environmental technologies and processes. These projects leveraged investments of more than \$37 million from other sources. WD also committed more than \$21 million for 114 projects to help western Canadian communities improve sustainability. These projects leveraged additional investments of over \$37 million.

Lessons Learned

The Commissioner of the Environment and Sustainable Development (CESD) has audited WD's strategies twice, the first time in 2000/2001 and more recently in 2005/2006. WD received the highest possible rating in the most recent audit.

The report on WD's audit in the CESD's 2006 *Annual Report to Parliament* noted that WD needed to improve departmental project tracking methods to facilitate better identification of SD projects; WD has already taken steps to address this concern by refining the department's project assessment tool. The audit also noted that dollars invested and leveraged are not the best mechanism to evaluate whether projects have been successful in meeting goals related to environmental sustainability. WD expects that the federal roll-up of SD strategies will provide a better mechanism through which to evaluate how SD projects supported by WD contribute to the attainment of federal sustainable development environmental quality goals.

In its 2005 *Annual Report to Parliament*, the CESD rated all federal strategies, including WD's, against a number of expectations. WD met the CESD's expectations in eight of 10 areas and in two areas, "Goals and objectives" and "linking [of] goals and objectives with targets and actions," weaknesses have been addressed in SDS IV.

In addition to the comments from the CESD, WD has learned from the findings of a third-party assessment of SDS III and through consultations with WD staff, partners and stakeholders. Further details on this input can be found in appendices 1 and 2 respectively.

The assessment of WD's SDS III recommended changes to address three key issues:

- the complex structure of SDS III;
- the need for clarity about the role of SD within WD; and
- the level of management focus on and attention to SD within WD.

These recommendations reflected many of the general concerns expressed by the CESD with regard to government-wide SD strategies.

WD's fourth SD strategy has been carefully developed to respond to these concerns and recommendations. SDS IV is less complex than SDS III; it identifies three SD strategic outcomes with clear commitments for each. The department has developed a more focused approach to clearly identify the links between this strategic policy and the department's day-to-day activities. This will make the strategy more meaningful and relevant to department staff. The action plan developed to support SDS IV also emphasizes strong management systems.

Investing in a Sustainable West

Improving Transportation Technology

The Vehicle Technology Centre Inc. was established in Winnipeg to promote the development of a world-class vehicle and transportation equipment cluster. It assists local manufacturers in the transportation equipment sector to meet their technology development, testing and related needs. Since its inception, the centre has filled gaps among companies, government and service providers to ensure that existing resources are effectively utilized. In its focus on the mass transit sector, the centre facilitates projects – such as the first hydrogen engine powered bus to be tested on-road in Canada – to develop a new generation of vehicles with significant improvements in noise reduction, materials and emission controls.

WD, a founding partner, committed \$5 million to this project.



WD Strategic Outcomes for Sustainable Development

WD has developed a logic model, presented in Table 1, which outlines the department's SDS and connects key commitments to each SD strategic outcome. WD's three SD strategic outcomes are:

- **Innovation towards sustainable development:** WD investments will facilitate the development, commercialization, adoption and adaptation of new environmental technologies and processes within Western Canada.
- **Greening of WD operations:** WD corporate culture will reflect WD's principles of sustainable development.
- **External greening:** WD will facilitate greater awareness of Government of Canada SD concepts and opportunities among WD partners and western Canadian business.

Linking to WD Strategic Outcomes¹

WD's program activities are concentrated in three distinct but interrelated areas leading to the following departmental strategic outcomes:

- Innovation and Entrepreneurship;
- Community Economic Development; and
- Policy, Advocacy and Coordination.

SDS IV contributes to elements of each departmental strategic outcome; however, activities in support of the SD strategic outcome "innovation towards sustainable development" are particularly relevant to the department's activities related to Innovation and Entrepreneurship.

Linking to Government-wide Sustainable Development Goals

For the fourth round of sustainable development strategies, the federal government developed a set of six sustainable development goals:

- clean air;
- clean water;
- reduce greenhouse gas emissions;
- sustainable development and use of natural resources;
- sustainable communities; and
- governance for sustainable development.

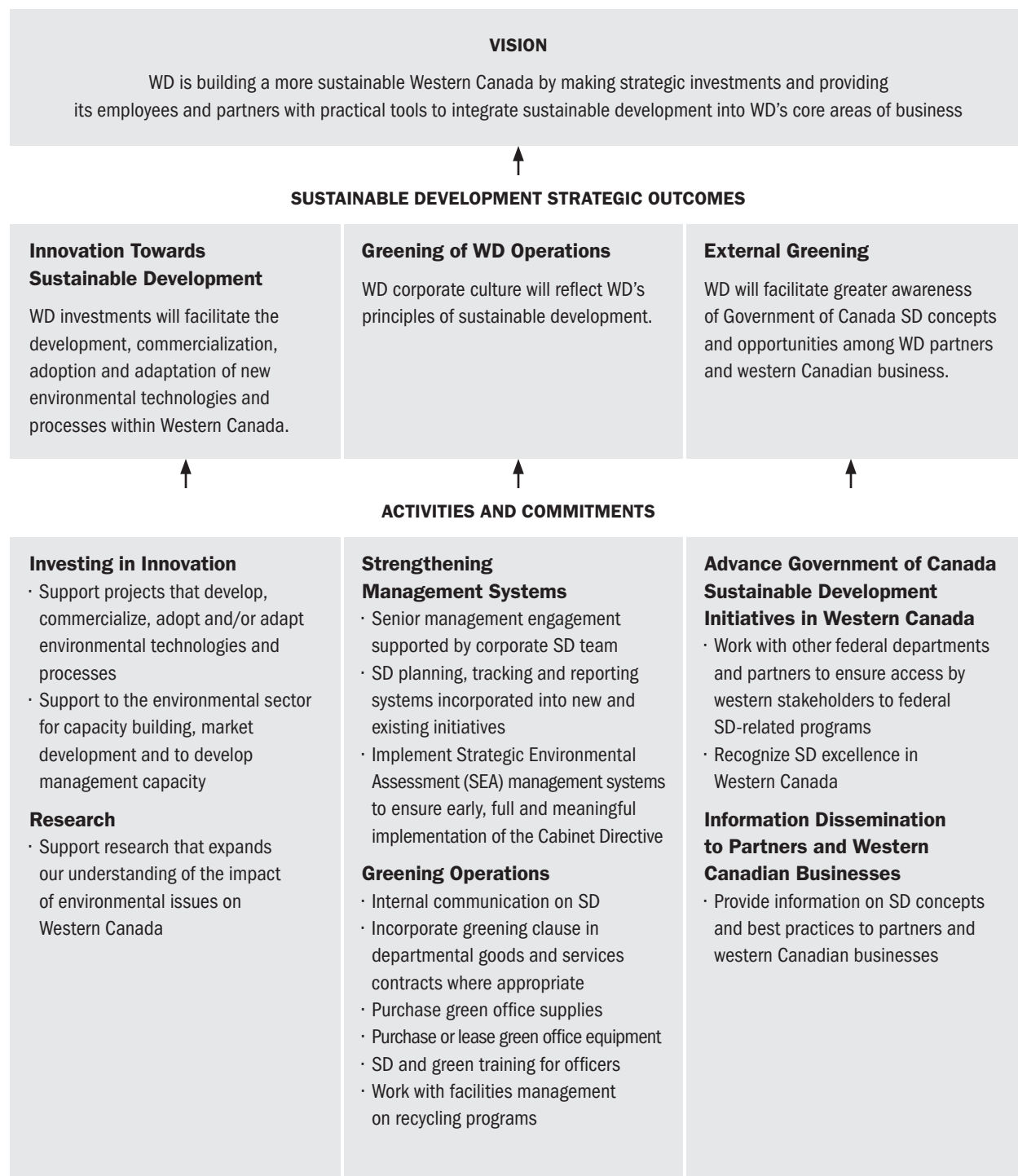
These goals integrate and complement the objectives set in early 2006 to green government operations. More information on the federal SD goals and on work to green government operations is available online at www.sdinfo.gc.ca.

All departments were asked to indicate how departmental activities contribute to these broader federal SD goals in order to give Canadians a clearer picture of how the federal government works, in an ongoing way, to ensure improvements in the quality of life of Canadians. At the same time, this improved coordination is intended to strengthen accountability, drive government-wide performance, and focus and stimulate activity in key areas.

Western Economic Diversification Canada's logic model identifies a number of activities that support progress toward achieving the six federal sustainable development goals. The table presented in Appendix 4 indicates how WD's commitments contribute to related federal sustainable development goals.

¹Further information on the department's structure can be found in Appendix 3.

Table 1: Western Economic Diversification Canada's SDS IV Logic Model



4. Planning, Measurement and Reporting

Planning and Implementation

WD has identified strengthening management systems as a key commitment under SDS IV. Senior management support is essential to achieving full implementation of the strategy. The Director General, Policy, is the executive lead for sustainable development and is supported by a corporate SD team, with representation from headquarters and each region. The Director General, Corporate Services, is the executive lead for Greening of Government Operations and is also represented on the corporate SD team.

SDS IV commits WD to holding semi-annual SDS review meetings with senior management. At these meetings, senior management will review progress against goals and discuss any necessary changes or corrective action required to ensure that the strategy contributes to the achievement of strategic outcomes.

Performance Measurement and Evaluation

The SDS Action Plan (Table 2) outlines the performance measurement strategy for each commitment in the logic model. The plan identifies the expected result for each strategic outcome and identifies the key commitments and associated performance measures by which WD will move towards this strategic outcome.

The performance measurement strategy makes an important distinction between measuring WD's program performance and telling the performance story of how WD's activities contribute to the broader vision of a more sustainable Western Canada. Performance measures are identified for each commitment WD has made towards a strategic outcome. These are activities for which the department is accountable and WD will report on these commitments annually.

WD will support the federal roll-up report and ensuing evaluation of government-wide commitments made through the fourth round of sustainable development strategies. This process will tell the performance story of how federal departments are collectively working towards the attainment of Canada's six sustainable development goals and provide a meaningful evaluation of how WD's activities contribute to the department's SD strategic outcomes and government-wide goals.

Reporting

WD will continue to provide regular reports to the federal community and the general public about its progress in implementing its SD strategy. Through the department's annual Report on Plans and Priorities (RPP) and Departmental Performance Report (DPR), WD provides a snapshot of the department's plans and achievements in implementing WD's SD strategy. The department also posts a sustainable development strategy update on its website each year. This update summarizes the department's specific SD-related activities in pursuit of the commitments identified in its SD strategy.

WD will also contribute to the government-wide roll-up report of departmental SDS commitments. The first roll-up report will contain departmental SDS commitments linked to each federal sustainable development goal, and will provide a comprehensive overview, at the federal level, of the contribution of departmental SDS commitments to the overarching federal sustainable development goals. Subsequent reports will provide a means to report on progress, at the federal level, on federal SD goals.

Table 2: Action Plan

| WD Sustainable Development Strategic Outcome: Innovation Towards Sustainable Development | | |
|--|--|--|
| Expected Result: The development, commercialization, adoption and adaptation of new environmental technologies and processes within Western Canada. | | |
| Activities | Commitments | Performance Measure |
| Investing in Innovation | <ul style="list-style-type: none"> · Support projects that develop, commercialize, adopt and/or adapt environmental technologies and processes | <ul style="list-style-type: none"> · # of approved projects · \$ committed to projects · total \$ leveraged |
| | <ul style="list-style-type: none"> · Support to the environmental sector for capacity building, market development and to develop management capacity | <ul style="list-style-type: none"> · # of approved projects · \$ committed to projects · total \$ leveraged |
| Research | <ul style="list-style-type: none"> · Support research that expands our understanding of the impact of environmental issues on Western Canada | <ul style="list-style-type: none"> · # of approved projects · \$ committed to projects |

WD Sustainable Development Strategic Outcome: Greening of WD Operations

Expected Result: WD operates within a management structure and corporate culture that reflects the importance of SD to western Canadians.

| Activities | Commitments | Performance Measure |
|----------------------------------|--|---|
| Strengthening Management Systems | <ul style="list-style-type: none"> Senior management engagement supported by corporate SD team | <ul style="list-style-type: none"> Executive committee briefed semi-annually about the implementation of SDS IV |
| | <ul style="list-style-type: none"> SD planning, tracking and reporting systems incorporated into new and existing initiatives | <ul style="list-style-type: none"> # of initiatives that incorporate SD tracking SD is integrated into the DPR, RPP and regional business plans |
| | <ul style="list-style-type: none"> Implement Strategic Environmental Assessment (SEA) management systems to ensure early, full and meaningful implementation of the Cabinet Directive | <ul style="list-style-type: none"> # of SEAs completed |
| Greening Operations | <ul style="list-style-type: none"> Internal communication on SD | <ul style="list-style-type: none"> Maintain intranet website on greening Regular greening tips to staff |
| | <ul style="list-style-type: none"> Incorporate greening clause in departmental goods and services contracts where appropriate | <ul style="list-style-type: none"> # of contracts with green clauses |
| | <ul style="list-style-type: none"> Purchase green office supplies | <ul style="list-style-type: none"> % of green office supplies purchased |
| | <ul style="list-style-type: none"> Purchase or lease green office equipment | <ul style="list-style-type: none"> % of green purchases or leases for office equipment |
| | <ul style="list-style-type: none"> SD and green training for officers | <ul style="list-style-type: none"> # of staff attending training |
| | <ul style="list-style-type: none"> Work with facilities management on recycling programs | <ul style="list-style-type: none"> Participate in paper, battery, and other recycling programs |

WD Sustainable Development Strategic Outcome: **External Greening**

Expected Result: Greater awareness of Government of Canada SD concepts and opportunities among WD partners and western Canadian business.

| Activities | Commitments | Performance Measure |
|--|--|--|
| Advance Government of Canada Sustainable Development Initiatives in Western Canada | <ul style="list-style-type: none"> · Work with other federal departments and partners to ensure access by western stakeholders to federal SD-related programs | <ul style="list-style-type: none"> · % of federal SD-related \$s distributed in Western Canada · # of applications from Western Canada for federal SD-related programs |
| | <ul style="list-style-type: none"> · Recognize SD excellence in Western Canada | <ul style="list-style-type: none"> · # of partners and/or stakeholders recognized |
| Information Dissemination to Partners and Western Canadian Businesses | <ul style="list-style-type: none"> · Provide information on SD concepts and best practices to partners | <ul style="list-style-type: none"> · # of SD communications · # of WD outreach activities at SD-related events |

Appendix 1:

Assessment of WD's SDS III

Purpose

In 2006, WD undertook a review of the success and relevance of its Sustainable Development Strategy III. The purpose of this review was to provide input to support the development of SDS IV. The review was conducted by an independent outside consulting firm in the spring of 2006.

Methodology

The analysis undertaken was built on three primary sources of information: case studies; a literature review; and interviews with key informants. Key informants included WD officers and managers, clients and partners.

Case study analysis highlighted challenges faced by WD program officers in classifying WD projects as SD projects. WD supports projects because they meet one of the department's three strategic outcomes and subsequently identifies those projects that also contribute to SD objectives. The analysis revealed that greater clarity was required to improve the classification of SD projects.

The consultants reviewed literature from public and internal WD documentation on SDS III, as well as reports by the Auditor General. The research found that WD's SDS III focused on a narrower interpretation of SD than other departments, by emphasizing environmental outcomes. This approach appears to be strategically sound and consistent with the new, environmentally focused guidelines for SDS IV, as prepared by Environment Canada in 2006.

The literature review also examined the structure of SDS III. SDS III contained an ambitious and challenging approach and the consultants

concluded that the complexity hindered effective implementation. They recommended that the department develop a simpler, clearer, and more operational approach for future strategies.

Findings

Six questions were posed concerning SDS III. The findings below are based on the stakeholder interviews, the literature review, and the case studies.

1. Are the SDS outputs, outcomes and targets meaningful and measurable?

Many interviewees suggested that the SDS could be given a higher priority in the department. In their view, SDS targets tend to focus largely on inputs with a lesser focus on measuring or capturing the SD outputs or benefits from specific projects.

2. Are the outputs, outcomes and targets consistent with departmental and government-wide priorities?

Some interviewees felt that WD needed to clarify the importance of the SDS to the department. Others felt that it should not be a priority since the core WD focus is economic development, and still others felt it should be highly prioritized. The issue is compounded by indications from the new government that departments and agencies should focus on their core mandates. For many, it was unclear whether sustainable development would continue to be a federal priority.

3. How successful has the SDS been in meeting overall objectives and achieving the anticipated results? Are there unexpected or negative impacts of the SDS?

SDS has been partially successful in meeting its objectives. Examples of success include references to the SDS in regional planning documents and inclusion of SD as one of the factors in project-related decision-making. In terms of specific activities, results varied:

Activity 1: Provide information to WD staff and our partners on the practical applications and benefits of SD:

WD has been generally successful in raising the profile of SD in the department. This effort has enabled some SD projects to move ahead that otherwise might not have proceeded.

Activity 2: Invest in the development and commercialization of environmental technologies and processes in Western Canada:

It is unclear whether projects proceeded because they were “SD projects” or whether they were supported for other departmental priorities, but also had an SD component.

Activity 3: Invest in projects that enable western Canadian communities to improve their social, environmental, and economic sustainability:

Much uncertainty exists over which projects are SD in the context of communities and which are supporting other departmental priorities.

Activity 4: Provide information to western Canadian businesses on sustainable development concepts, practices and benefits:

WD partners and clients appear to have a low level of knowledge about the Sustainable Development Strategy III in particular and SD priorities in general.

4. Are the key activities in the SDS the most effective way to achieve stated outputs, outcomes and objectives?

Too many categories of activities for SDS exist and the logic model could be considerably simplified.

5. What alternative approaches or mechanisms could be used to better meet the stated objectives?

The most effective way to enhance the achievement of SDS objectives would be to ensure that the entire approach to the SDS process is more straightforward and comprehensible. For example, a clear operational definition of sustainable development is required within WD, along with an explanation of how decision-makers can use this definition when assessing which investments to support.

6. What are the lessons learned to improve the development of the SDS?

- Management focus is critical: without this focus it will be impossible to make SD a departmental priority.
- The significance of SD as a government-wide priority needs to be clarified.
- A clear decision is needed on the relative departmental priority to be given to the SDS. Then its application must be managed uniformly across the department.

Common Themes

The assessment identified three themes that emerged from all primary data sources and identified areas within each that WD should consider in developing SDS IV.

1. STRUCTURE

- Concise (fewer activities, targets, outputs and outcomes);
- Simple (clarify links between activities, targets, outputs and outcomes);
- Useful (provide the types of tools and guidance that could help project officers identify an SD project and measure its impacts); and
- Relevant (identify the purpose of each SD strategic outcome and link the contribution of each outcome to achieving WD's mandate).

2. MANAGEMENT SYSTEMS

- The study indicated that the level of management engagement with SDS was unclear.

3. INCREASED CLARITY

- Programs and Initiatives: There is a lack of ongoing "program" planning to manage the achievement of SD results.
- Decision-making: There is a lack of clarity around the significance of the SDS as a decision-making criterion for WD projects.
- The Importance of SD to WD: Much uncertainty and confusion exists as to the importance of the SDS within the department. WD partners interviewed had little knowledge of WD's SDS.

Recommendations

RECOMMENDATION 1:

A key factor for the success of SDS IV will be for senior management and the SD team to engage with central agencies in order to determine the importance of SD as a government-wide priority.

RECOMMENDATION 2:

One critical factor for the success of SDS IV will be to have a clear signal from senior management about the relative importance of sustainable development and the SDS to the department.

RECOMMENDATION 3:

It will be important to develop a working or operational definition of sustainable development that is easily understood and consistently applied across all regions in the context of WD core activities.

RECOMMENDATION 4:

It will be important to develop a framework linking the theoretical definition of SD at the strategic level with the day-to-day applied project work undertaken by the department.

RECOMMENDATION 5:

As part of SDS IV it would be useful to develop a simple department-wide assessment tool (a one-page diagnostic) that could be used to identify and quantify the SD component of projects.

RECOMMENDATION 6:

WD should decide whether cleaner water, cleaner air, encouraging the use of renewable energy, using natural resources more efficiently, and minimizing waste is important for the economic future of Western Canada. If these sustainable outcomes are important, then WD must decide how they can be better integrated into the department's strategic priorities.

Appendix 2:

Summary of Consultations

WD consulted with WD staff, partners, clients, other government departments, and the public to inform the development of SDS IV.

External Consultation

Partners, clients, other government departments and the public were asked to respond to six questions and their answers are summarized below.

1. In the visioning exercise for 2003 WD employees stated how they envisioned Western Canada in 20 years. Do these statements reflect what you see as factors that enhance the sustainability of the West?

Respondents mostly agreed with these visions, emphasizing that if they were achieved, sustainability in the West would be enhanced – but that it would take a rather aggressive strategy to realize these visions. Many respondents concurred that the visions were largely “motherhood” statements. Some thought they were too general, while others felt that general statements were the appropriate approach, allowing WD flexibility in responding to emerging issues in subsequent sustainable development strategies. Some respondents offered topics that could be included in the vision, including energy security, water quality, social development, and biodiversity.

2. We developed a situational assessment for the West. In your view, are these the broad areas of concern for sustainability of the West?

Generally, respondents were favourable to the situational assessment and believe it covered the broad areas of concern. In particular, reducing the region’s reliance on natural resources and

encouraging innovation and technology were seen as important issues.

Several responses related to water. Respondents noted that the situational assessment combined water and air pollution, and pointed out that air pollution is a broader, more diffuse issue, while water pollution is largely a local issue and is very significant in the region. It was also noted that the assessment should include both water quantity and quality in relation to economic and social sustainability.

3. Has WD got it right with the three major objectives and strategic outcomes identified in SDS IV? Where should the emphasis be placed?

Respondents generally agreed with the three major objectives, and most felt that the first objective, innovation towards sustainable development, should receive the highest priority. Respondents suggested that sustainable communities should be highlighted more effectively in the strategy, and that more emphasis should be put on greenhouse gas reductions.

4. WD is a small department with limited resources. In relation to other federal departments with national mandates in the areas of environmental and social aspects, is WD better to selectively partner with others leading sustainable initiatives in Western Canada, or to lead sustainable development activities in the West?

Most respondents felt WD works better as a partner. Some thought WD worked well by taking the lead on small projects. Others suggested that WD does not need to lead but should be the first point of contact on proposed projects in the region given its expertise and capacity to

engage a network of partners. They pointed out that WD is well recognized and respected as an advocate and a catalyst in the West, and is seen as the doorway to other departments and secretariats.

5. Are there issues that you feel WD should identify specifically as areas for interdepartmental collaboration?

Respondents proposed numerous areas of potential collaboration. Nationally, WD could partner with Environment Canada on watershed management research, water quality and quantity issues, environmental emergencies, environmental technologies, and the adoption of common sustainability development measurement and reporting methods. Respondents also suggested that WD should collaborate with other departments on global warming and greenhouse gas initiatives, transportation and agricultural issues, bio-diesel and ethanol production, and labour shortages and associated skills development.

6. Do you have any other comments?

Comments included the suggestion that WD could do more to promote sustainable communities, reduce greenhouse gas emissions, and advance the cause of clean air and clean water. Respondents also encouraged WD to make Sustainable Development Strategy IV user-friendlier by focusing on a few attainable goals.

Internal Consultation

A questionnaire was provided to WD staff to obtain their views on SDS IV. The responses were varied.

1. In the development of SDS III, a number of WD employees developed a vision of the kind of place they would like Western Canada to be 20 years from now. Does the vision they developed resonate with you?

Most respondents concurred that the vision resonates but there were concerns that it would not be easy to achieve and the timeframe was too long. There was also concern that most elements of the vision are not within WD's mandate. Respondents suggested that the vision statement could be replaced with a short statement on the department's purpose: "to promote economic development and a healthy environment." Others suggested that the vision should include efforts to address global warming, water quality, health, and the preservation of green space and wilderness.

2. We identified six principles to guide the implementation of SDS IV. Do you agree with these principles? Do you think these will help guide WD as we implement SDS IV?

Respondents largely agreed with the principles, although most concurred there were too many. If there were just two or three principles, WD could report on progress in achieving them in a more meaningful way. Some respondents observed that WD staff participates minimally in sustainable development objectives, and that sustainable development will not become a significant priority unless it is somehow made a requirement of project development. Some suggested the definition of sustainable development needs revisiting because it is not an "operational" definition.

3. Do you find the operational definition of an SD project easy to understand? Will it help you to identify an “SD project”?

Most respondents found the operational definition of sustainable development easy to understand. Some felt the term “environmental outcome” in the second sentence was vague as every project invariably has an environmental outcome. They suggested a revised definition should specify a “positive” environmental outcome. Others noted that economic benefit should be placed before social benefit in the definition, as economic benefits are more closely aligned with WD’s objectives.

4. We developed a situational assessment for the West. In your view, are these the broad areas of concern for sustainability of the West?

Respondents agreed with the broad areas of concern for sustainability in Western Canada. Possible additions included water quality and usage, oil sands in Alberta and Saskatchewan, and a reference to the potential that “clean coal” technologies have for creating new sources of supply for natural gas and hydrogen and, when combined with carbon dioxide sequestration, reducing GHG emissions.

5. From the factors identified for a sustainable Western Canada and the broad situational assessment conducted, has WD got it right with the three major objectives and strategic outcomes?

All respondents agreed that the three major objectives and strategic outcomes are appropriate.

6. On which objective(s) should the emphasis be placed?

Nearly all of the respondents said the emphasis should be placed on the first objective, innovation towards sustainable development, because this strategic outcome seemed to be more results-based than the others. Most felt the objectives should be prioritized in the order they are listed.

7. Do you have any other comments?

Some respondents did not agree that environmental sustainability should be prioritized over economic or social concerns, even in the sustainable development strategy. One said that WD must develop simple and easily measurable outcomes that can be readily reported on without putting an added burden on staff.

Appendix 3:

Department Profile

Mandate

Western Economic Diversification Canada was established in 1987 to promote the development and diversification of the economy of Western Canada, and to advance the region's interests in the implementation of national economic policies, programs, and projects.

To deliver on this mandate, WD targets three interrelated policy areas: innovation and entrepreneurship, community economic development, and policy, advocacy and coordination. The department relies on its strong relationships with provincial governments, municipalities, universities, local businesses and community economic development organizations to advance these three distinct but interconnected strategic directions.

WD has its headquarters in Edmonton and has offices across Western Canada and in Ottawa. WD works with a network of business service providers to ensure that western Canadians have access to capital and services to help start their businesses and make them grow.

Priorities

WD works to improve the long-term economic competitiveness of the West through its three strategic priorities:

INNOVATION AND ENTREPRENEURSHIP

WD investments help the region compete in the knowledge-based economy, creating a more diversified economic base and skilled employment for western Canadians. The areas of WD focus are: technology adoption and commercialization; research and development; technology skills development; and knowledge infrastructure.

WD helps build a more competitive and productive business sector throughout the West. The department's investments are targeted to assist small-business owners and new entrepreneurs acquire the skills and resources they need to succeed, and strengthen their ability to compete in the global marketplace. Areas of focus are: improved business productivity, trade and investment, industry collaboration, and access to capital by small- and medium-sized enterprises.

COMMUNITY ECONOMIC DEVELOPMENT

WD contributes to community economic development in urban centres and rural areas with initiatives that capitalize on opportunities for growth and development, and that enable communities to adjust to challenges hindering competitiveness. Areas of focus are: community planning, community development, community economic adjustment, and infrastructure.

POLICY, ADVOCACY AND COORDINATION

WD also plays a strong role in policy, advocacy and coordination. Through research and policy development, the department builds knowledge and understanding of western issues and their impact on western competitiveness and quality of life.

The Rationale for Regional Development

For many decades, regional development has been an integral part of Canadian economic and industrial policies, ensuring that all of Canada's regions can benefit from the opportunities of the new global economy.

Historically, the emphasis of regional development was on reducing the economic disparities between provinces. The federal government provided regional development programs on a national basis and delivered them through departments with national mandates and structures.

More recently, the emphasis has shifted towards the development of economic opportunities and regionally tailored approaches. This focus resulted in the creation of a number of regional development agencies (RDAs), including WD. The department is responsible for economic diversification and development in the four western provinces.

Western Challenges and Opportunities – the WD Response

For several years, the economic performance of Western Canada's economy has been strong, largely driven by high demand for many of the natural resources that have traditionally anchored the western economy: softwood lumber; crude oil; natural gas; minerals; and hydroelectricity. As a result, all four western provinces have experienced economic growth. Alberta clearly has experienced the strongest growth, regionally as well as nationally, followed by British Columbia. In comparison, growth rates in Saskatchewan and Manitoba have been more modest.

Like previous economic booms, the current one is driven by the extraction and export of natural resources. However, the West's heavy reliance on this industry has also resulted in several significant economic downturns. At times, these slumps have taken a severe toll on the region's economy and communities.

The western Canadian economy would benefit from a more diversified economic base. The region needs to hasten the transition to knowledge-driven industries, and increase the market penetration of its goods, services, and technologies. The western Canadian economy must adapt so it can compete globally on a sustainable level. WD is investing jointly with other organizations in projects to diversify the region's economy and maximize its core natural resource strengths.

Appendix 4:

Contribution to Federal Sustainable Development Goals

WD's SDS commitments may contribute to government-wide objectives as outlined in Table 3. It is important to note that not all of WD's activities will support all of the government-wide objectives identified below. The exact objectives supported by projects that develop, commercialize, adopt and/or adapt environmental technologies and processes will depend on the specific environmental technology or process supported.

Table 3: Potential Contribution of SDS IV Commitments to Government-wide SD Objectives

| WD Sustainable Development Strategic Outcome: Innovation Towards Sustainable Development | | |
|---|--|--|
| WD Activities | WD Commitments | Government-wide Objectives |
| Investing in Innovation | <ul style="list-style-type: none"> Support projects that develop, commercialize, adopt and/or adapt environmental technologies and processes | <p>Objective 1.2: People use water efficiently</p> <p>Objective 2.2: Canada's clean air solutions support long-term competitiveness</p> <p>Objective 3.2: Develop and deploy longer term solutions to address climate change</p> <p>Objective 3.3: Mitigate and reduce emissions that contribute to climate change</p> <p>Objective 4.2: Encourage vibrant, competitive local economies</p> |
| | <ul style="list-style-type: none"> Support to the environmental sector for capacity building, market development and to develop management capacity | |
| Research | <ul style="list-style-type: none"> Support research that expands our understanding of the impact of environmental issues on Western Canada | <p>Objective 1.3: Conserve and protect aquatic ecosystems (marine and freshwater) and biodiversity</p> <p>Objective 3.1: Increase resilience to a changing climate</p> <p>Objective 3.2: Develop and deploy longer term solutions to address climate change</p> |

WD Sustainable Development Strategic Outcome: **Greening of WD Operations**

| WD Activities | WD Commitments | Government-wide Objectives |
|----------------------------------|--|--|
| Strengthening Management Systems | <ul style="list-style-type: none"> · Senior management engagement supported by corporate SD team | <p>Objective 6.1: Organizational structures and processes support meaningful and significant sustainable development objectives</p> |
| | <ul style="list-style-type: none"> · SD planning, tracking and reporting systems incorporated into new and existing initiatives | <p>Objective 6.1: Organizational structures and processes support meaningful and significant sustainable development objectives</p> |
| | <ul style="list-style-type: none"> · Implement Strategic Environmental Assessment (SEA) management systems to ensure early, full and meaningful implementation of the Cabinet Directive | <p>Objective 6.1: Organizational structures and processes support meaningful and significant sustainable development objectives</p> |
| Greening Operations | <ul style="list-style-type: none"> · Internal communication on SD | <p>Objective 6.1: Organizational structures and processes support meaningful and significant sustainable development objectives</p> |
| | <ul style="list-style-type: none"> · Incorporate greening clause in departmental goods and services contracts where appropriate | <p>Objective 6.1: Organizational structures and processes support meaningful and significant sustainable development objectives</p> |
| | <ul style="list-style-type: none"> · Purchase green office supplies | <p>Objective 6.1: Organizational structures and processes support meaningful and significant sustainable development objectives</p> |
| | <ul style="list-style-type: none"> · Purchase or lease green office equipment | <p>Objective 6.1: Organizational structures and processes support meaningful and significant sustainable development objectives</p> |
| | <ul style="list-style-type: none"> · SD and green training for officers | <p>Objective 6.1: Organizational structures and processes support meaningful and significant sustainable development objectives</p> |
| | <ul style="list-style-type: none"> · Work with facilities management on recycling programs | <p>Objective 6.1: Organizational structures and processes support meaningful and significant sustainable development objectives</p> |

WD Sustainable Development Strategic Outcome: **External Greening**

| WD Activities | WD Commitments | Government-wide Objectives |
|--|--|-----------------------------------|
| Advance Government of Canada Sustainable Development Initiatives in Western Canada | <ul style="list-style-type: none"> · Work with other federal departments and partners to ensure access by western stakeholders to federal SD-related programs | |
| | <ul style="list-style-type: none"> · Recognize SD excellence in Western Canada | |
| Information Dissemination to Partners and Western Canadian Businesses | <ul style="list-style-type: none"> · Provide information on SD concepts and best practices to partners | |

Appendix 5: Situational Assessment of Western Canada

WD recognizes that Western Canada's economic goals are inextricably linked to environmental objectives. This SD Situational Assessment discusses WD's contributions to sustainable development and identifies opportunities for the department to further its commitments, thereby contributing to the health and prosperity of western Canadians.

Innovation and Technology in Western Canada

ISSUE

Western Canada's innovation capacity remains low in comparison to Ontario and Quebec. Many innovation indicators, including expenditures on research and development, number of patents issued, and technology commercialization rates are lower in the West than in other parts of Canada. Innovation and technology are critical to the development and diversification of the western Canadian economy, and promoting their commercialization will allow the four western provinces to capitalize on the emergence of knowledge-based sectors of the economy.

CHALLENGES AND OPPORTUNITIES

A key priority for WD is to build on the early stage growth and development in knowledge-based and technology-driven sectors. As part of this priority, the department is committed to increasing investment and support for technology commercialization across Western Canada. WD does this by supporting policies and by making strategic investments that strengthen Western Canada's innovation system.

SD-related technologies linked to life sciences, information and communications technology, air quality monitoring, waste management, alternative energies, oil and gas extraction, and carbon sequestration, are emerging in the region. The department's efforts to encourage

innovation will help address issues of sustainable development through the development and commercialization of new environmental technologies and processes, while at the same time spurring the development of new innovation clusters.

Clean Air and Water

ISSUE

A healthy environment is essential to the quality of life and prosperity of western Canadians. Access to clean and safe water is an economic necessity that allows businesses and communities to thrive. Both water quality and quantity have become increasingly significant issues in the region. Many of the industries that Western Canada depends on as a source of economic revenue require large amounts of water. At the same time, areas of the B.C. interior and the prairies have been hampered by excessively dry conditions. Carcinogens and toxins that exist in the air serve as an immediate threat to the health of western Canadians. Air quality and the availability of sufficient quantities of safe water affect all natural resource activities as well as urban communities.

CHALLENGES AND OPPORTUNITIES

WD has the opportunity to mitigate the negative economic, environmental and social impacts of poor air and water quality. By encouraging the development of new environmental technologies,

cleaner fuels and green infrastructure, WD can stimulate economic development in the region while simultaneously addressing air and water quality issues in the region and globally.

Reduction of GHG Emissions

ISSUE

Canadians are vulnerable to global changes in climate that may result from an increase in greenhouse gas emissions. A rise in global temperatures could affect water quality and availability, crop yields, the migration of insects and the spread of infectious diseases.

A major challenge in reducing GHG emissions in Western Canada lies in reconciling economic growth and environmental standards. The vast majority of Canada's GHG emissions come from oil production and consumption. Oil sands production in Alberta, which is more energy intensive than conventional oil production, contributes significantly to Canada's GHG emissions.

CHALLENGES AND OPPORTUNITIES

WD can help reduce GHG emissions through its commitment to innovation. Western Canada has developed many new environmental technologies designed to reduce GHG emissions. Regina's Petroleum Technology Research Centre (PTRC) is a prime example of western Canadian innovation addressing the global challenge of climate change. One PTRC project that WD has invested in involves trapping and storing carbon dioxide underground into depleted oil and gas reservoirs; this innovative process pumps carbon dioxide into oil reservoirs which prevents these harmful gases from being released into the atmosphere and simultaneously increases the level of oil production from mature Canadian oil reserves.

WD investments in new environmental technologies will help Western Canada reduce its GHG emissions. These investments include development of fuel cell technology, and research into carbon dioxide sequestration and clean coal technology. Through innovation, WD is transforming environmental resources, knowledge and research into a source of economic growth.

Reliance on Natural Resources

ISSUE

Natural resource sectors play a key economic role in all regions of Canada. However, the West is more heavily reliant on natural resource industries than other parts of the country.

As seen with the recent softwood lumber dispute, Western Canada's reliance on the natural resource sector makes it vulnerable to global market fluctuations, often affecting resource-dependant industries and communities. Environmental factors also have the potential to impact the region's natural resource-based economy. For example, the mountain pine beetle epidemic, which has spread to over 8.5 million hectares of forest in central British Columbia and Alberta, threatens the sustainability of Western Canada's forest industry.

CHALLENGES AND OPPORTUNITIES

Natural resource industries in the West must meet the challenge of becoming global leaders in sustainable practices through responsible resource extraction and land management. WD will continue to support western natural resource industries through the development of environmental technologies and innovative practices that mitigate the negative effects of resource extraction.

Urbanization

ISSUE

The issue of urbanization in the West raises critical social, economic and environmental challenges. Urban centres that are clean, safe and diverse attract skilled workers of all backgrounds and facilitate international economic competitiveness in the region. However, high urbanization rates also result in rapid land development and places significant pressures on the physical and social infrastructure of cities and adjacent rural areas. Many parts of the West are experiencing rapid rates of urbanization, particularly the Calgary-Edmonton corridor, Canada's fastest-growing area.

As urbanization increases, rural communities are undergoing significant adjustments. Rural areas are experiencing an out-migration of workers seeking employment in urban centres. This trend has resulted in a loss of human capital and economic opportunity in many rural communities.

CHALLENGES AND OPPORTUNITIES

The development of infrastructure to meet the needs of rapidly growing urban populations is critical to the region's international competitiveness and the welfare of urban residents. Rural areas also face considerable challenges as a result of urbanization. Governments and stakeholders need to devise constructive approaches to these pressures. In rural areas, solutions may include new opportunities in the environmental sector; however, improving rural access to business services and capital pools will be essential for rural areas to capitalize on these business opportunities. WD has the challenge of finding

the appropriate balance of programming and services to ensure the vitality of both rural and urban communities.

Support for Small- and Medium- Sized Enterprises (SMEs)

ISSUE

Small- and medium-sized enterprises, or establishments with fewer than 200 employees, account for more than 98% of jobs across Canada and are vital to the economic health of the country.

Small businesses, or establishments with fewer than 50 employees, are particularly important to Western Canada. With over 56% of Canada's small businesses located in the West, the sector accounts for approximately half of all jobs in the region, as compared to 43% in the rest of the country.

CHALLENGES AND OPPORTUNITIES

Recognizing the importance of SMEs to the prosperity of the region, WD works in partnership with a network of business service providers to deliver services directly to small businesses.

A significant challenge for WD lies in communicating the benefits of a sustainable development approach to SMEs. Through continued assistance to its network of business service providers in Western Canada, WD has the opportunity to generate awareness among partners and SMEs of the relevance and importance of environmentally conscious business trends and practices. WD will continue to collaborate with business service providers to ensure that the concepts, practices and benefits of sustainable development are well understood by SMEs.