



Fall 2017

Reports of the Commissioner of the Environment and Sustainable Development to the Parliament of Canada

Independent Auditor's Report

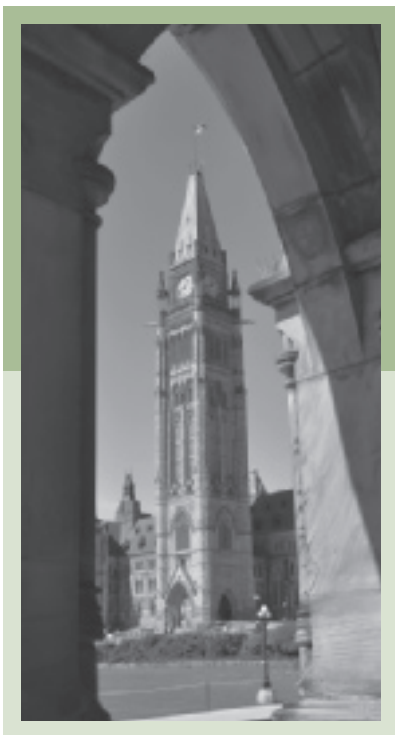
REPORT 4

**Departmental Progress in Implementing Sustainable
Development Strategies**



Office of the
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of Canada

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Performance audit reports

This report presents the results of a performance audit conducted by the Office of the Auditor General of Canada under the authority of the *Auditor General Act*.

A performance audit is an independent, objective, and systematic assessment of how well government is managing its activities, responsibilities, and resources. Audit topics are selected based on their significance. While the Office may comment on policy implementation in a performance audit, it does not comment on the merits of a policy.

Performance audits are planned, performed, and reported in accordance with professional auditing standards and Office policies. They are conducted by qualified auditors who

- establish audit objectives and criteria for the assessment of performance,
- gather the evidence necessary to assess performance against the criteria,
- report both positive and negative findings,
- conclude against the established audit objectives, and
- make recommendations for improvement when there are significant differences between criteria and assessed performance.

Performance audits contribute to a public service that is ethical and effective and a government that is accountable to Parliament and Canadians.

The Report is available on our website at www.oag-bvg.gc.ca.

Ce document est également publié en français.

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Introduction

Background

Sustainable development strategies

4.1 The Government of Canada has committed to sustainable development. The *Federal Sustainable Development Act* requires the federal government to develop a strategy intended to make environmental decision making more transparent and accountable to Parliament. The Act also requires the government to update the strategy every three years and to report on its implementation. The Federal Sustainable Development Strategy provides a government-wide perspective on environmental and sustainable development priorities, goals, targets, and implementation strategies. The most recent federal strategy, covering the period from 2016 to 2019, was tabled in Parliament in October 2016.

4.2 The *Federal Sustainable Development Act* also requires departments and agencies to develop their own sustainable development strategies. These departmental strategies contain their own objectives and plans, and must contribute to the overall goals of the federal strategy. They are meant to drive responsible management that takes into account environmental and sustainable development considerations.

The Cabinet directive on strategic environmental assessment

4.3 In 1990, Cabinet issued the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals. The Cabinet directive, supported by guidelines, requires federal departments and agencies to consider environmental concerns early in the planning of policy, plan, and program proposals before making irreversible decisions.

4.4 In the 2010–2013 Federal Sustainable Development Strategy, tabled in Parliament in 2010, ministers and Cabinet committed to strengthen the application of strategic environmental assessment by considering the government's environmental goals when pursuing social and economic goals. That same year, guidelines supporting the Cabinet directive were updated to indicate that each minister must ensure that departmental policies, plans, and programs are consistent with the government's broad environmental objectives and sustainable development goals, as laid out in the federal strategy. Specifically, the Cabinet directive and its related guidelines require departments and agencies to

- consider a proposal's effects on the goals and targets of the Federal Sustainable Development Strategy,
- report publicly on the extent and results of strategic environmental assessment practices, and
- describe the link to federal strategy goals and targets in public statements that explain results of detailed strategic environmental assessments.

4.5 The Cabinet directive requires departments and agencies to conduct a detailed strategic environmental assessment of a policy, plan, or program proposal when two conditions are met:

- the proposal is submitted for approval to an individual minister or to Cabinet, including the Treasury Board; and
- the proposal's implementation may result in important environmental effects, either positive or negative, as determined by a preliminary assessment.

Application of the strategic environmental assessment process must be documented. The process is illustrated in Exhibit 4.1.

Why we did this audit

4.6 Under section 23 of the *Auditor General Act*, the Commissioner of the Environment and Sustainable Development must monitor and report annually on how well departments and agencies met their objectives and implemented the plans set out in their sustainable development strategies. This includes their contributions to the goals and targets of the federal strategy.

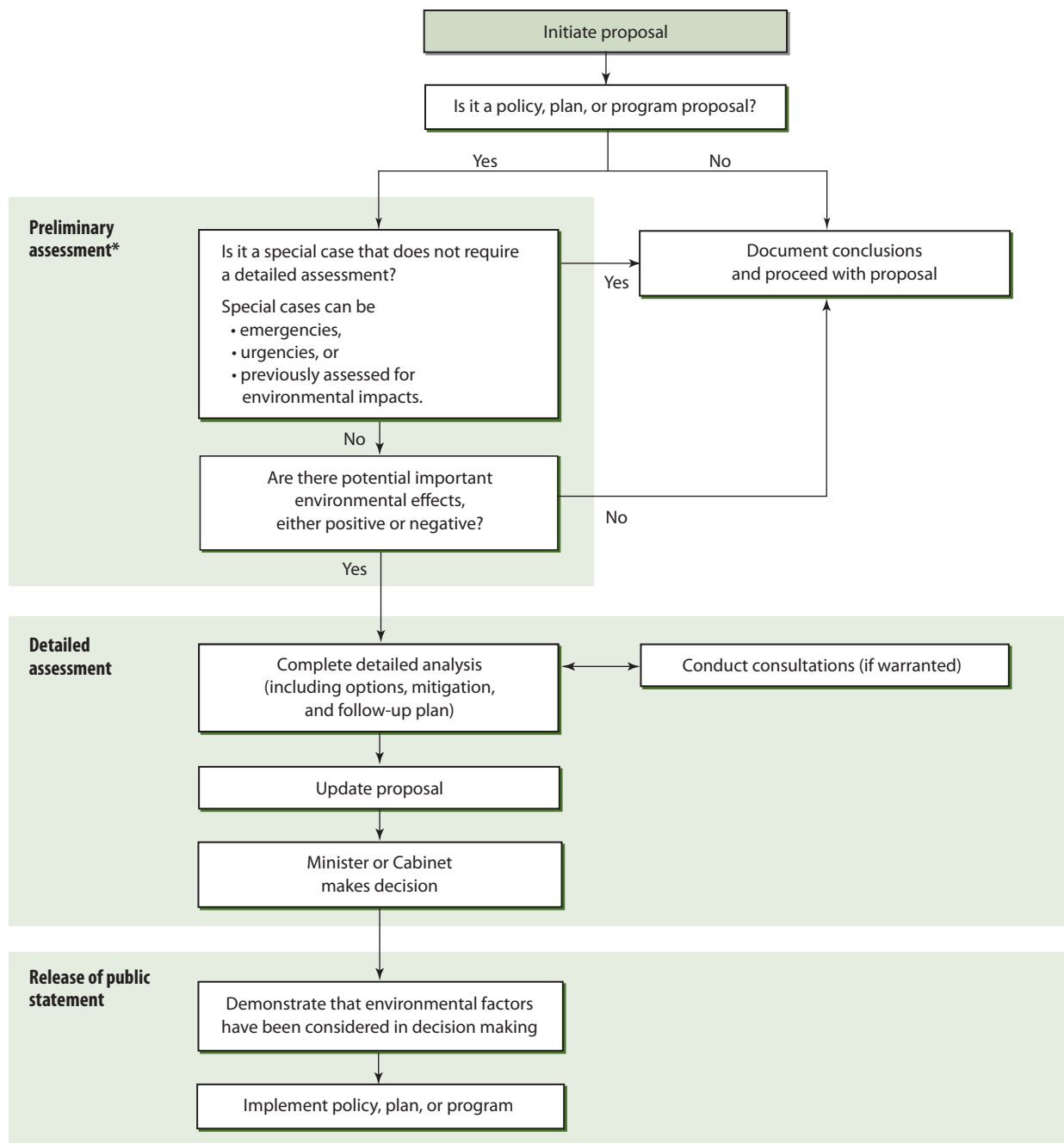
4.7 In 2013, the Commissioner developed a multi-year audit strategy to cover all departments and agencies required to contribute to the federal strategy. The Commissioner's audit strategy focuses on

- the application of the Cabinet directive by departments and agencies, and
- their progress on their commitments to strengthen strategic environmental assessment practices.

Commissioner's past audit work

4.8 This is the Commissioner's fifth annual report on strategic environmental assessment practices and the final report of the Commissioner's 2013 audit strategy. While the 2013 and 2014 audits focused primarily on systems and practices, the 2015 and 2016 audits focused on whether departments and agencies applied the Cabinet directive. Overall, the 2015 and 2016 audits concluded that most of the departments and agencies we examined did not adequately apply the directive to their proposals. Past reports are available on our website at www.oag-bvg.gc.ca.

Exhibit 4.1 When developing a policy, plan, or program proposal, departments and agencies consider its environmental effects by applying the strategic environmental assessment process



*A preliminary assessment is a preliminary scan, checklist, or equivalent document that must be completed for all policy, plan, and program proposals submitted for approval to individual ministers or to Cabinet. It is used to screen proposals for potential important environmental effects, which can be either positive or negative. If important environmental effects are identified, a detailed assessment is required.

Focus of the audit

4.9 This audit focused on whether the departments and agencies we examined adequately applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals; reported on the extent and results of their strategic environmental assessment practices; and met their commitments to strengthen these practices.

4.10 We examined the following departments and agencies in this audit:

- the Atlantic Canada Opportunities Agency,
- the Canada Border Services Agency,
- Canada Economic Development for Quebec Regions,
- the Public Health Agency of Canada,
- Public Safety Canada, and
- Western Economic Diversification Canada.

4.11 This audit also focused on whether the Privy Council Office and the Treasury Board of Canada Secretariat had mechanisms in place to support departments and agencies in applying the Cabinet directive to proposals submitted to Cabinet, including the Treasury Board. We also examined whether these central agencies confirmed that departments and agencies fully considered the Cabinet directive when developing such proposals.

4.12 This audit is important because ministers and Cabinet need to consider potential environmental effects, both positive and negative, to make informed decisions about government policies, plans, and programs that affect Canadians.

4.13 More details about the audit objectives, scope, approach, and criteria are in **About the Audit** at the end of this report (see pages 23–27).

Findings, Recommendations, and Responses

Applying the Cabinet directive

Overall message



4.14 Overall, we found that the departments and agencies we examined did not apply the Cabinet directive to almost 80 percent of their proposals. Only the Public Health Agency of Canada prepared preliminary assessments for all proposals submitted to Cabinet and for almost all proposals submitted to its Minister. We also found that when departments and agencies did apply the Cabinet directive, they met the directive requirements we examined in most cases.

4.15 These findings matter because ministers need complete and timely information on any potential important environmental effects of the proposals they consider, to make informed decisions that support sustainable development.

Five of six departments and agencies did not apply the Cabinet directive to most policy, plan, and program proposals

What we found

4.16 We found that five of the six departments and agencies we examined did not apply the strategic environmental assessment process to any of the proposals they submitted to their ministers, as required by the Cabinet directive. We found that the Public Health Agency of Canada conducted the required assessments for almost all the proposals it submitted to its Minister.

4.17 We also found that departments and agencies applied the Cabinet directive to only 71 (40 percent) of the 176 policy, plan, and program proposals submitted for approval to Cabinet. In addition, 7 proposals submitted by Public Safety Canada and 3 proposals submitted by the Canada Border Services Agency indicated that the Cabinet directive had been applied. However, we found no evidence that the strategic environmental assessment process had in fact been applied to these proposals.

4.18 Our analysis supporting this finding presents what we examined and discusses the following topics:

- Applying the Cabinet directive to proposals submitted to individual ministers
- Applying the Cabinet directive to proposals submitted to Cabinet

Why this finding matters

4.19 This finding matters because departments and agencies need to consider potential important environmental effects of proposals submitted for approval to ministers and to Cabinet so that environmental considerations can be integrated into the development of policies, plans, and programs.

Recommendation

4.20 Our recommendation in this area of examination appears at paragraph 4.26.

Analysis to support this finding

4.21 **What we examined.** We asked each of the six departments and agencies we examined to provide a list of all policy, plan, and program proposals submitted for approval to individual ministers or to Cabinet between January 2013 and December 2016. We also asked each department or agency for all preliminary and detailed assessments that

were conducted over the same period. We then compared information we received on the proposals with information we received on the preliminary assessments to determine whether an assessment had been completed for each proposal, as required by the Cabinet directive.

4.22 Applying the Cabinet directive to proposals submitted to individual ministers. We found that the Cabinet directive was applied to only 9 (5 percent) of the 183 policy, plan, and program proposals submitted for approval to individual ministers. Only the Public Health Agency of Canada conducted a preliminary assessment for almost all of its proposals (Exhibit 4.2).

4.23 Applying the Cabinet directive to proposals submitted to Cabinet. We found that the Cabinet directive was applied to only 71 (40 percent) of the 176 policy, plan, and program proposals submitted for approval to Cabinet. In contrast, the Public Health Agency of Canada prepared a preliminary assessment for all 33 proposals that it submitted to Cabinet (Exhibit 4.2).

Exhibit 4.2 Departments and agencies did not apply the Cabinet directive to almost 80 percent of the 359 policy, plan, and program proposals submitted between January 2013 and December 2016

Department or agency	Proposals submitted for final approval to an individual minister		Proposals submitted for final approval to Cabinet, including the Treasury Board	
	Number of proposals*	Cabinet directive applied	Number of proposals*	Cabinet directive applied
Atlantic Canada Opportunities Agency	4	0	5	1
Canada Border Services Agency	51	0	39	21
Canada Economic Development for Quebec Regions	10	0	13	10
Public Health Agency of Canada	11	9	33	33
Public Safety Canada	90	0	84	4
Western Economic Diversification Canada	17	0	2	2
Total by proposal type	183	9	176	71
Total for all proposals	The Cabinet directive was applied to 80 (22 percent) of 359 proposals.			

* Departments and agencies provided this data in response to our requests. We did not audit these numbers for completeness.

4.24 We also found that 10 proposals submitted to Cabinet—7 by Public Safety Canada and 3 by the Canada Border Services Agency—indicated the Cabinet directive had been applied. However, we found no evidence that the strategic environmental assessment process had in fact been applied to these proposals.

4.25 As an example, Public Safety Canada did not apply the Cabinet directive to its proposal to decontaminate soil and water following the July 2013 train derailment and explosion in the town of Lac-Mégantic, Quebec. The derailment caused 6 million litres of crude oil to spill into the environment, contaminating soil and Lac-Mégantic, as well as the Rivière Chaudière, from which people downstream obtained drinking water. Seven months later, in February 2014, the federal government approved \$95 million for the cleanup. However, since the Department did not conduct a strategic environmental assessment, decision makers did not receive full information about the potential environmental effects of the proposal, both positive and negative.

4.26 **Recommendation.** The following departments and agencies should apply the Cabinet directive to all policy, plan, and program proposals submitted for approval to their individual ministers or to Cabinet, as required:

- the Atlantic Canada Opportunities Agency,
- the Canada Border Services Agency,
- Canada Economic Development for Quebec Regions,
- Public Safety Canada, and
- Western Economic Diversification Canada.

***The Atlantic Canada Opportunities Agency's response.** Agreed. The Atlantic Canada Opportunities Agency will implement new guidance and assessment tools to support clarity of understanding and adherence to the Cabinet directive. The Agency will also adapt its approval process for the submission of policy, plan, and program proposals in order to integrate due consideration as to the applicability of the Cabinet directive when seeking approval from the Minister or Cabinet. The implementation date is by 31 March 2018.*

***The Canada Border Services Agency's response.** Agreed. The Canada Border Services Agency will develop a definition to support the Cabinet directive to ensure that a strategic environmental assessment is completed when required in a consistent and measurable way. The Agency will update and communicate its internal review processes to support consistent application of the Cabinet directive to all proposals submitted for approval to the Minister and to Cabinet. These actions will be completed by April 2018.*

Canada Economic Development for Quebec Regions’ response. Agreed. Canada Economic Development for Quebec Regions has made improvements to its policy development processes to ensure that the Cabinet directive is applied to all draft policies, plans, and programs submitted for the Minister’s approval. A questionnaire on the various factors to be considered under the directive has been developed, and the internal policy development process has been amended to include improved documentation of the Cabinet directive’s application. The implementation date was June 2017.

Public Safety Canada’s response. Agreed. Public Safety Canada will develop a guidance document intended for assistant deputy ministers and their staff for conducting environmental assessments of policy, plan, and program proposals as per the Cabinet directive. This guidance will be issued by 30 September 2017.

Western Economic Diversification Canada’s response. Agreed. Western Economic Diversification Canada will continue to apply the directive to proposals submitted to Cabinet, including the Treasury Board. The Department will apply the Cabinet directive to all policy, plan, and program proposals submitted for approval to individual ministers. Up-to-date guidance and tools will be provided to personnel in the Department who develop policy, plan, and program proposals so that assessments can be undertaken as early as feasible and before decisions are sought from ministers. Actions on this recommendation will be completed by November 2017.

For most proposals to which the Cabinet directive was applied, preliminary assessments met the directive requirements we examined

What we found

4.27 We found that, although the departments and agencies we examined applied the Cabinet directive to only 80 (22 percent) of 359 proposals (Exhibit 4.2), most of the preliminary assessments that were conducted met the directive requirements we examined. Specifically, almost all considered whether there were potential important environmental effects, most had a scope in line with the level of anticipated environmental effects, and most considered whether there were links to the goals and targets of the Federal Sustainable Development Strategy.

4.28 We also found that in all preliminary assessments we reviewed, departments and agencies made appropriate decisions on whether to conduct a detailed assessment. However, due to the lack of documentation, we could not determine whether most preliminary assessments were conducted early in the development of proposals, as required by the Cabinet directive.

4.29 Our analysis supporting this finding presents what we examined and discusses the following topics:

- Compliance with Cabinet directive requirements
- Decisions on the need for detailed assessments
- Documentation of timeliness

Why this finding matters

4.30 This finding matters because departments and agencies need to know how and when to conduct appropriate preliminary assessments so that ministers and Cabinet receive timely and thorough information about the potential important environmental effects of proposals they consider.

Recommendation

4.31 Our recommendation in this area of examination appears at paragraph 4.36.

Analysis to support this finding

4.32 **What we examined.** We examined all preliminary assessments prepared for proposals that departments and agencies submitted to individual ministers and Cabinet between January 2013 and December 2016. We determined whether the Cabinet directive requirements we examined were met, whether appropriate decisions on the need for detailed assessments were made, and whether assessments were conducted in a timely manner.

4.33 **Compliance with Cabinet directive requirements.** We found that of the 74 proposals whose preliminary assessments we reviewed,

- potential important environmental effects were considered for 73 proposals (99 percent),
- the scope of preliminary assessments was in line with the level of anticipated environmental effects for 67 proposals (91 percent), and
- preliminary assessments considered links between the proposals and the goals and targets of the Federal Sustainable Development Strategy for 68 proposals (92 percent).

See Exhibit 4.3 for the results of the six departments and agencies we examined.

Exhibit 4.3 For most proposals to which the Cabinet directive was applied, preliminary assessments met the directive requirements we examined

Department or agency	Number of proposals to which Cabinet directive should have been applied	Number of proposals to which Cabinet directive was applied	Number of proposals whose preliminary assessments met Cabinet directive requirements examined		
			Assessment of whether there were potential important environmental effects, positive and negative	Scope of assessment was in line with level of anticipated environmental effects	Assessment of whether there were links to Federal Sustainable Development Strategy goals and targets
Atlantic Canada Opportunities Agency	9	1	1 of 1	1 of 1	0 of 1
Canada Border Services Agency	90	21	21 of 21	15 of 21	17 of 21
Canada Economic Development for Quebec Regions	23	10	10 of 10	10 of 10	10 of 10
Public Health Agency of Canada	44	42	36 of 36*	36 of 36*	36 of 36*
Public Safety Canada	174	4	3 of 4	3 of 4	4 of 4
Western Economic Diversification Canada	19	2	2 of 2	2 of 2	1 of 2
Total	359	80	73 of 74*	67 of 74*	68 of 74*
* The Public Health Agency of Canada determined that six of its proposals were exempt from applying the Cabinet directive. As a result, the Agency did not complete a full preliminary assessment of these six proposals, and we did not include them in our examination of the directive requirements in this exhibit.					

4.34 Decisions on the need for detailed assessments. We found that, for all the preliminary assessments we examined, departments and agencies determined that detailed assessments were not needed. In our opinion, departments and agencies made appropriate decisions because they correctly determined that the proposals were unlikely to have any important environmental effects, either positive or negative.

4.35 Documentation of timeliness. The Cabinet directive requires an assessment to begin as early as possible when developing a proposal. For the purposes of our review, we defined “early” as during the first half of the proposal’s life. We selected 43 preliminary assessments for review and found that 5 were conducted early and 1 was conducted late. However, for the remaining proposals, we could not determine whether the assessments

were conducted early because departments and agencies could not provide documentation showing when the strategic environmental assessment process was started.

4.36 Recommendation. The following departments and agencies should ensure that they conduct strategic environmental assessments early in the life of proposals and document when the assessments took place, as required by the Cabinet directive:

- the Atlantic Canada Opportunities Agency,
- the Canada Border Services Agency,
- Canada Economic Development for Quebec Regions,
- the Public Health Agency of Canada,
- Public Safety Canada, and
- Western Economic Diversification Canada.

The Atlantic Canada Opportunities Agency's response. Agreed. Through implementation of newly developed guidance and tools, the Atlantic Canada Opportunities Agency will raise awareness among staff of the Cabinet directive and the importance of incorporating environmental considerations into the early stages of policy development and strategic decisions. The Agency will also implement changes to its ministerial and Cabinet correspondence templates to promote and integrate early consideration of environmental impacts when preparing policy, plan, and program proposals requiring approval from the Minister or Cabinet. The implementation date is by 31 March 2018.

The Canada Border Services Agency's response. Agreed. The Canada Border Services Agency will review, update, and communicate its internal processes to ensure that strategic environmental assessments are conducted and documented early in the life of proposals. These actions will be completed by April 2018.

Canada Economic Development for Quebec Regions' response. Agreed. Canada Economic Development for Quebec Regions has amended its policy development process to include application of the Cabinet directive in the earliest phases of policy and program design. A questionnaire promoting implementation of the directive has also been developed in order to document assessment dates more effectively. The implementation date was June 2017.

The Public Health Agency of Canada's response. Agreed. The Public Health Agency of Canada has demonstrated ongoing improvements in strategic environmental assessment practices and will continue to do so. The Agency will review existing practices to support and document early integration of strategic environmental assessments for its proposals. The implementation date is 31 March 2018.

Public Safety Canada's response. Agreed. Public Safety Canada will issue guidance to assistant deputy ministers and their staff requiring that the analysis of environmental considerations be conducted as early as possible in the development of a proposal and that the analysis be properly documented. This guidance will be issued by 30 September 2017 and will be fully implemented by 31 December 2017.

Western Economic Diversification Canada's response. Agreed. Western Economic Diversification Canada will provide up-to-date guidance and tools to Department personnel who develop policy, plan, and program proposals so that assessments can be undertaken as early as feasible and before decisions are sought from ministers. The Department will document when these assessments took place. Actions on this recommendation will be completed by November 2017.

Only Public Safety Canada did not report as required on the results of its strategic environmental assessment practices

What we found

4.37 We found that of the six departments and agencies we examined, only Public Safety Canada did not report as required each year on the extent and results of its strategic environmental assessment practices.

4.38 We also found that of these six departments and agencies, two—Public Safety Canada and Western Economic Diversification Canada—did not report as required on how their policies, plans, and programs had affected, or were expected to affect, progress toward Federal Sustainable Development Strategy goals and targets.

4.39 Our analysis supporting this finding presents what we examined and discusses the following topics:

- Reporting on the extent and results of strategic environmental assessment practices
- Reporting on proposals' effects on Federal Sustainable Development Strategy goals and targets

Why this finding matters

4.40 This finding matters because reporting contributes to transparency and accountability in the environmental decision-making process. When done properly, it helps demonstrate that departments and agencies have actually considered the environmental effects of proposals.

Recommendation

4.41 Our recommendation in this area of examination appears at paragraph 4.46.

Analysis to support this finding

4.42 **What we examined.** To assess whether reporting complied with the Cabinet directive, we reviewed departmental performance reports submitted between the 2011–12 and 2015–16 fiscal years by the six departments and agencies we examined.

4.43 **Reporting on the extent and results of strategic environmental assessment practices.** We found that of the six departments and agencies we examined, only Public Safety Canada did not report each year on the extent and results of its strategic environmental assessment practices.

4.44 **Reporting on proposals' effects on Federal Sustainable Development Strategy goals and targets.** We found that of the six departments and agencies, only Public Safety Canada and Western Economic Diversification Canada did not include a description of how their policies, plans, and programs had affected, or were expected to affect, progress toward Federal Sustainable Development Strategy goals and targets.

4.45 We also found that in the 2012–13 and 2013–14 fiscal years, Public Safety Canada publicly reported that through the strategic environmental assessment process, departmental proposals had positive effects on Federal Sustainable Development Strategy goals and targets, even though the Department did not apply the Cabinet directive to any of its proposals in either year.

4.46 **Recommendation.** Public Safety Canada and Western Economic Diversification Canada should ensure that they report each year on the results of their strategic environmental assessment practices.

Public Safety Canada's response. *Agreed. Public Safety Canada will report on the results of its strategic environmental assessment practices in its 2017–18 Departmental Results Report, having introduced clearer reporting requirements for this cycle. Additional guidance will be issued by 30 September 2017 that will further enhance documentation procedures, ensuring more complete reporting and substantiation for the 2018–19 Departmental Results Report and annually thereafter.*

Western Economic Diversification Canada's response. *Agreed. Western Economic Diversification Canada will report each year on the results of its strategic environmental assessment practices. Actions on this recommendation will be completed by April 2018.*

Strengthening strategic environmental assessment practices

Only the Public Health Agency of Canada made satisfactory progress in strengthening its practices

Overall message



4.47 Overall, we found that except for the Public Health Agency of Canada, the departments and agencies we examined did not make satisfactory progress in meeting the Federal Sustainable Development Strategy commitment to strengthen strategic environmental assessment practices. For example, we found that departments and agencies did not apply the Cabinet directive to all their proposals and that most departments and agencies needed to improve their guidance and tools on applying the directive.

4.48 This finding matters because strengthening strategic environmental assessment practices helps departments and agencies to ensure that they fully consider environmental concerns early in the conceptual planning stages of policy, plan, and program proposals, before irreversible decisions are made.

4.49 Our analysis supporting this finding presents what we examined and discusses the following topic:

- Meeting the commitment to strengthen strategic environmental assessment practices

Context

4.50 In the 2010–13 Federal Sustainable Development Strategy, ministers and Cabinet committed to strengthen the application of strategic environmental assessment in the federal government by taking into account the government's environmental goals when pursuing social and economic goals. In October 2010, the Treasury Board of Canada Secretariat and Environment Canada (now Environment and Climate Change Canada) updated the guidance on completing departmental sustainable development strategies to include a commitment by departments and agencies to strengthen strategic environmental assessment practices.

Recommendation

4.51 Our recommendation in this area of examination appears at paragraph 4.54.

Analysis to support this finding

4.52 **What we examined.** We examined whether the six departments and agencies demonstrated their commitment to strengthen their strategic environmental assessment practices by applying the Cabinet directive and improving their guidance and tools.

4.53 **Meeting the commitment to strengthen strategic environmental assessment practices.** We found that only one of the six departments and agencies we examined—the Public Health Agency of Canada—made satisfactory progress in meeting the commitment to strengthen strategic environmental assessment practices (Exhibit 4.4).

Exhibit 4.4 Only the Public Health Agency of Canada made satisfactory progress in strengthening strategic environmental assessment practices

Atlantic Canada Opportunities Agency	Our assessment: Unsatisfactory
Application of the Cabinet directive <ul style="list-style-type: none"> • Did not apply the directive to any of the 4 proposals submitted for approval to the Minister. • Applied the directive to only 1 of 5 proposals submitted for approval to Cabinet. Strategic environmental assessment guidance and tools <ul style="list-style-type: none"> • Developed guidance on applying the strategic environmental assessment process to proposals for submission to Cabinet but not to the Treasury Board or to the Minister. 	
Canada Border Services Agency	Our assessment: Unsatisfactory
Application of the Cabinet directive <ul style="list-style-type: none"> • Did not apply the directive to any of the 51 proposals submitted for approval to the Minister. • Applied the directive to only 21 of 39 proposals submitted for approval to Cabinet. Strategic environmental assessment guidance and tools <ul style="list-style-type: none"> • Developed guidance on applying the strategic environmental assessment process to proposals for submission to Cabinet, including the Treasury Board, but not to the Minister. 	
Canada Economic Development for Quebec Regions	Our assessment: Unsatisfactory
Application of the Cabinet directive <ul style="list-style-type: none"> • Did not apply the directive to any of the 10 proposals submitted for approval to the Minister. • Applied the directive to 10 of 13 proposals submitted for approval to Cabinet. Strategic environmental assessment guidance and tools <ul style="list-style-type: none"> • Developed guidance on when, but not how, the directive should be applied when developing a proposal. 	
Public Health Agency of Canada	Our assessment: Satisfactory
Application of the Cabinet directive <ul style="list-style-type: none"> • Applied the directive to 9 of 11 proposals submitted for approval to the Minister. • Applied the directive to all 33 proposals submitted for approval to Cabinet. Strategic environmental assessment guidance and tools <ul style="list-style-type: none"> • Updated guidance on strategic environmental assessment to align with the 2010 guidelines supporting the directive. • Updated training and guidance materials to help policy and program analysts understand and implement new directive requirements, and provided renewed training for senior analysts involved in policy development. 	

Exhibit 4.4 Only the Public Health Agency of Canada made satisfactory progress in strengthening strategic environmental assessment practices (continued)

Public Safety Canada	Our assessment: Unsatisfactory
Application of the Cabinet directive <ul style="list-style-type: none"> • Did not apply the directive to any of the 90 proposals submitted for approval to the Minister. • Applied the directive to only 4 of 84 proposals submitted for approval to Cabinet. Strategic environmental assessment guidance and tools <ul style="list-style-type: none"> • Did not have guidance on how to apply the directive to proposals submitted to its Minister or to Cabinet, including the Treasury Board. • Did not have a template to help employees conduct appropriate preliminary assessments to meet directive requirements. 	
Western Economic Diversification Canada	Our assessment: Unsatisfactory
Application of the Cabinet directive <ul style="list-style-type: none"> • Did not apply the directive to any of the 17 proposals submitted for approval to the Minister. • Applied the directive to the 2 proposals submitted for approval to Cabinet. Strategic environmental assessment guidance and tools <ul style="list-style-type: none"> • Created, in 2005, guidance on roles and responsibilities for applying the directive, including a template for completing preliminary assessments. The template was updated in 2011; however, the guidance on roles and responsibilities for applying the directive was not updated to align with the 2010 guidelines supporting the directive. 	

4.54 Recommendation. The following departments and agencies should develop or improve their guidance and tools on strategic environmental assessment:

- the Atlantic Canada Opportunities Agency,
- the Canada Border Services Agency,
- Canada Economic Development for Quebec Regions,
- Public Safety Canada, and
- Western Economic Diversification Canada.

The Atlantic Canada Opportunities Agency's response. *Agreed. The Atlantic Canada Opportunities Agency will develop and implement internal guidelines and assessment tools (such as preliminary scan and detailed assessment templates and checklists) to clarify understanding and adherence to the Cabinet directive. The Agency will also review its approval process for the submission of policy, plan, and program proposals, and implement changes enabling integration of due consideration as to the applicability of the Cabinet directive when seeking approval from the Minister or Cabinet. Examples of changes include modifying ministerial and Cabinet correspondence templates to include a section for strategic environmental assessment considerations, and modifying the Agency's*

correspondence tracking system to require classification as to whether documents submitted for ministerial or Cabinet approval are subject to and compliant with the Cabinet directive. The implementation date is by 31 March 2018.

The Canada Border Services Agency's response. Agreed. The Canada Border Services Agency will review and update its guidance and the tools used when the Cabinet directive applies. The Agency will communicate these updates to its employees. These actions will be completed by April 2018.

Canada Economic Development for Quebec Regions' response. Agreed. Canada Economic Development for Quebec Regions has made improvements to its strategic environmental assessment tools and directives. To that end, its policy and program development processes have been amended to ensure that the Cabinet directive is applied to all draft policies, plans, and programs submitted for the Minister's or Cabinet's approval. In addition, a questionnaire on the various factors to be considered under the directive has been developed and is being implemented. The implementation date was June 2017.

Public Safety Canada's response. Agreed. Public Safety Canada will provide guidance to its assistant deputy ministers to clarify the requirements of the Cabinet directive for all memoranda to Cabinet and Treasury Board submissions as well as for any significant policy, plan, or program proposals to be submitted to the Minister of Public Safety and Emergency Preparedness. Instructions will include a template to guide the documentation of the findings of preliminary scans, including evidence of early analysis, and the justification for deciding whether to conduct a strategic environmental assessment.

Preliminary scans and strategic environmental assessments, where applicable, will be included with the memoranda to Cabinet or Treasury Board submissions when submitted for ministerial approval. Preliminary scans and strategic environmental assessments, where applicable, will also be documented prior to seeking ministerial approval of any significant policy, plan, or program proposal. Copies of all preliminary scan templates or strategic environmental assessments will be retained for the purpose of reporting through the Departmental Results Report or in the event of future audits or evaluations, as well as to inform future policy development.

Guidance will be issued by 30 September 2017 and will be fully implemented by 31 December 2017.

Western Economic Diversification Canada's response. Agreed. Western Economic Diversification Canada has reviewed its existing guidance and tools on strategic environmental assessment. The Department will update its guidance and tools on strategic environmental assessment to ensure that they are fully consistent with the Cabinet

directive. Guidance and tools will be made available to personnel in the Department who develop policy, plan, and program proposals so that assessments can be undertaken as early as feasible and before decisions are sought from ministers. Actions on this recommendation will be completed by September 2017.

Supporting compliance—role of central agencies

Central agencies did not confirm that the six departments and agencies we examined had fully considered the Cabinet directive for proposals submitted to Cabinet

Overall message



4.55 Overall, we found that the Privy Council Office and the Treasury Board of Canada Secretariat had put in place guidance and tools to help departments and agencies apply the strategic environmental assessment process to policy, plan, and program proposals submitted for approval to Cabinet, including the Treasury Board. However, we found that these two central agencies did not confirm that departments and agencies fully considered the Cabinet directive when developing such proposals.

4.56 This finding matters because confirming with departments and agencies that they fully consider the strategic environmental assessment process for proposals to Cabinet increases the likelihood that decision makers will have the information they need to make informed decisions on the proposals they consider.

4.57 Our analysis supporting this finding presents what we examined and discusses the following topics:

- Tools to support departments and agencies in applying the Cabinet directive to proposals
- Actions by central agencies to confirm that departments and agencies fully considered the Cabinet directive

Context

4.58 The Privy Council Office develops guidance for departments and agencies on how to prepare a proposal for submission to Cabinet, excluding the Treasury Board. The Treasury Board of Canada Secretariat is responsible for providing guidance to departments and agencies on how to prepare a proposal for submission to the Treasury Board. Such guidance helps ensure that proposals include the information that decision makers need, such as results of the strategic environmental assessment process.

4.59 Both the Privy Council Office and the Treasury Board of Canada Secretariat also play an oversight role by confirming that departments and agencies fully consider the Cabinet directive when they develop proposals for submission to Cabinet, including the Treasury Board.

4.60 In our 2014 audit, we noted that these central agencies had improved their mechanisms to support the application of the Cabinet directive by departments and agencies. However, we concluded in the 2014 audit that it was too early to determine whether these processes actually helped ensure that departments and agencies applied the directive and considered environmental effects in all proposals submitted to Cabinet, including the Treasury Board.

Recommendation

4.61 Our recommendation in this area of examination appears at paragraph 4.71.

Analysis to support this finding

4.62 **What we examined.** We examined the guidance that the Privy Council Office and the Treasury Board of Canada Secretariat have in place to support departments and agencies in considering potential important environmental effects in the development of proposals for submission to Cabinet, including the Treasury Board. We also examined whether these central agencies confirmed that departments and agencies fully considered the Cabinet directive when they developed such proposals.

4.63 **Tools to support departments and agencies in applying the Cabinet directive to proposals.** We found that since our 2014 audit, the Privy Council Office had developed new guidance and a mandatory template with a section on environmental considerations, including strategic environmental assessment. In use since August 2016, the template is to be completed by all departments and agencies when preparing proposals for submission to Cabinet, excluding the Treasury Board.

4.64 Within the environmental considerations section of the template, departments and agencies are required to identify whether the proposal relates to Federal Sustainable Development Strategy goals and targets and whether the departments and agencies conducted a detailed strategic environmental assessment. However, we found that this section does not require departments and agencies to identify whether they completed a preliminary assessment, which is a required first step to determine whether a proposal has potential important environmental effects, either positive or negative.

4.65 We also found, as we did in our 2014 audit, that the Treasury Board of Canada Secretariat had guidance in place to help departments and agencies prepare proposals for submission to the Treasury Board. This guidance specifies that departments and agencies must consider environmental and sustainable development requirements (including results of the strategic environmental assessment process) when developing their submissions.

4.66 According to guidance from the Secretariat, its analysts advise departments and agencies on whether a proposal merits including results of the strategic environmental assessment process. We found, however, that the Secretariat could not provide documented evidence of how they carried out that work for any of the proposals submitted by the departments and agencies we examined.

4.67 Secretariat guidance also specifies that results of the strategic environmental assessment process may be included in submissions to the Treasury Board as an optional appendix, in contrast to the results of gender-based analysis, which are included as a mandatory appendix. In our opinion, this optional treatment for results of the strategic environmental assessment process may have contributed to the inconsistent application of the directive to proposals prepared by the departments and agencies we examined.

4.68 **Actions by central agencies to confirm that departments and agencies fully considered the Cabinet directive.** We found that the Privy Council Office and the Treasury Board of Canada Secretariat did not confirm that the departments and agencies we examined completed a preliminary assessment, or documented any exemptions from Cabinet directive requirements, for each proposal submitted for approval to Cabinet, including the Treasury Board. As illustrated in Exhibit 4.2, we found that the strategic environmental assessment process was applied to only 71 (40 percent) of the 176 proposals submitted to Cabinet, including the Treasury Board.

4.69 We also found that during most of the audit period, these central agencies did not confirm that the six departments and agencies we examined had fully considered the Cabinet directive when developing proposals for approval by Cabinet, including the Treasury Board. In fact, the Privy Council Office did not provide evidence that it worked with departments and agencies to help ensure that they applied the directive from January 2013 to August 2016. However, after August 2016, when the Privy Council Office implemented its new template requirement, the departments and agencies we examined completed the environmental considerations section of the template in all applicable cases. Although the Treasury Board of Canada Secretariat provided evidence of two cases in which Secretariat officials worked with a department to confirm that it fully considered the directive, this department was not included in the scope of this audit.

4.70 In addition, with respect to the Treasury Board submission on the decontamination of soil and water after the Lac-Mégantic derailment and explosion (see paragraph 4.25), Public Safety Canada submitted the proposal without conducting a strategic environmental assessment, even though the proposal mentioned some environmental considerations and planned actions. The Secretariat provided no evidence that it worked with

the Department to confirm that it had applied the strategic environmental assessment process to this proposal, which had obvious important environmental effects.

4.71 Recommendation. The Privy Council Office and the Treasury Board of Canada Secretariat should work with departments and agencies to help improve the application of the strategic environmental assessment process to proposals submitted for approval to Cabinet, including the Treasury Board, by

- updating their guidance and tools to include a requirement that departments and agencies confirm they conducted a preliminary assessment or documented any exemptions from Cabinet directive requirements, and
- confirming with departments and agencies that they fully considered the Cabinet directive.

The Privy Council Office's response. Agreed. The Privy Council Office will review and update its due diligence tool and/or guidance, by September 2017, to include a question about whether a department or agency has completed a preliminary environmental assessment/scan. It will be the responsibility of departments and agencies to confirm that a preliminary environmental assessment/scan has been completed for all proposals submitted to Cabinet, recognizing that the completed due diligence tool does not constitute a preliminary environmental assessment/scan. The Privy Council Office may ask departments or agencies to demonstrate that they completed a preliminary environmental assessment/scan, when appropriate.

The Treasury Board of Canada Secretariat's response. Agreed. The Treasury Board of Canada Secretariat will continue to work with departments and agencies to help improve the application of the strategic environmental assessment process to proposals submitted to the Treasury Board. Departments and agencies will continue to be responsible for confirming that for each proposal submitted to the Treasury Board, a preliminary environmental assessment or scan has been completed and, where warranted, a full strategic environmental assessment has been completed and findings taken into account in the development of the proposal. The Secretariat will develop additional guidance for departments and agencies in the next year to support a clear demonstration that the Cabinet directive was fully considered and, where warranted, that environmental considerations were taken into account, for all proposals submitted for approval to the Treasury Board.

Conclusion

4.72 We concluded that the Cabinet directive was not applied to most policy, plan, and program proposals submitted for approval to an individual minister or to Cabinet, including the Treasury Board. Overall, from January 2013 to December 2016, the departments and agencies we examined did not apply the directive to almost 80 percent of proposals. Only the Public Health Agency of Canada conducted preliminary assessments for all proposals submitted to Cabinet and for almost all proposals submitted to its Minister.

4.73 We also concluded that of the six departments and agencies we examined, only Public Safety Canada did not report as required on the extent and results of its strategic environmental assessment practices.

4.74 We further concluded that except for the Public Health Agency of Canada, the departments and agencies we examined did not make satisfactory progress in meeting the Federal Sustainable Development Strategy commitment to strengthen strategic environmental assessment practices.

4.75 Finally, we concluded that the Privy Council Office and the Treasury Board of Canada Secretariat had mechanisms in place to support departmental and agency compliance with the Cabinet directive. However, these central agencies did not work with the six departments and agencies we examined to confirm that they fully considered the Cabinet directive when developing proposals for submission to Cabinet, including the Treasury Board.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on departmental sustainable development strategies. Our responsibility was to provide objective information, advice, and assurance to assist Parliament in its scrutiny of the government's management of resources and programs, and to conclude on whether the application of the strategic environmental assessment process complied in all significant respects with the applicable criteria.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard for Assurance Engagements (CSAE) 3001—Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office applies Canadian Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario and the Code of Values, Ethics and Professional Conduct of the Office of the Auditor General of Canada. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit;
- acknowledgement of the suitability of the criteria used in the audit;
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusions, has been provided; and
- confirmation that the findings in this report are factually based.

Audit objectives

The objectives of this audit were to determine whether

- the federal departments and agencies we examined adequately applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines to policy, plan, and program proposals submitted for approval to an individual minister or to Cabinet, including the Treasury Board;
- the federal departments and agencies we examined adequately reported on the extent and results of their strategic environmental assessment practices, as required by the Cabinet directive and its related guidelines;
- the federal departments and agencies we examined adequately met their departmental sustainable development strategy commitments and the Federal Sustainable Development Strategy commitment to strengthen their strategic environmental assessment practices; and

- the Privy Council Office and the Treasury Board of Canada Secretariat applied mechanisms to support departmental and agency compliance with the Cabinet directive and helped ensure that decision makers received adequate information on the environmental implications of their decisions for all policy, plan, and program proposals submitted to Cabinet.

For the purpose of these objectives, “adequately” is defined as completed in a manner that meets the stated objectives of each departmental or agency commitment and the stated requirements of the Cabinet directive and its related guidelines.

Scope and approach

This audit examined whether the following six federal departments and agencies applied the Cabinet directive and its related guidelines to policy, plan, and program proposals prepared between January 2013 and December 2016:

- the Atlantic Canada Opportunities Agency,
- the Canada Border Services Agency,
- Canada Economic Development for Quebec Regions,
- the Public Health Agency of Canada,
- Public Safety Canada, and
- Western Economic Diversification Canada.

This audit also examined whether the Privy Council Office and the Treasury Board of Canada Secretariat applied mechanisms to support departmental and agency compliance with the Cabinet directive. In addition, the audit examined whether these central agencies helped ensure that decision makers received adequate information on the environmental implications of their decisions for all policy, plan, and program proposals submitted for approval to Cabinet, including Treasury Board, between January 2013 and December 2016.

The audit involved reviewing and analyzing key documents, interviewing department and agency officials, and examining the strategic environmental assessment documentation related to proposals submitted for approval to their ministers and to Cabinet, including the Treasury Board. In response to our requests, departments and agencies provided data on the number of proposals they submitted. We did not audit this information for completeness.

Criteria

Criteria	Sources
<p>We used the following criteria to determine whether the federal departments and agencies we examined adequately</p> <ul style="list-style-type: none"> • applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines to policy, plan, and program proposals submitted for approval to an individual minister or to Cabinet, including the Treasury Board; • reported on the extent and results of their strategic environmental assessment practices, as required by the Cabinet directive and its related guidelines; and • met their departmental sustainable development strategy commitments and the Federal Sustainable Development Strategy commitment to strengthen their strategic environmental assessment practices. 	
Policy, plan, or program proposals submitted for approval to an individual minister or to Cabinet are assessed in accordance with the Cabinet directive and its related guidelines for potential important environmental effects, either positive or negative.	<ul style="list-style-type: none"> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010
<p>The selected federal departments and agencies have mechanisms in place to support compliance with the Cabinet directive and its related guidelines. Specific mechanisms include</p> <ul style="list-style-type: none"> • guidance on when and how to apply the Cabinet directive and its related guidelines; and • tools and methodologies to track, document, and report on the application of the Cabinet directive. 	<ul style="list-style-type: none"> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010 • Planning for a Sustainable Future: A Federal Sustainable Development Strategy for Canada 2013–2016, Environment Canada, 2013
<p>The selected federal departments and agencies conclude appropriately on the need to complete a detailed assessment when assessing each policy, plan, and program proposal for potential important environmental effects.</p> <p>The phrase “conclude appropriately” means that</p> <ul style="list-style-type: none"> • the scope of the analysis undertaken was commensurate with the level of anticipated environmental effects; • important environmental effects both positive or negative have been assessed; and • links to Federal Sustainable Development Strategy goals and targets have been made and documented, where applicable. 	<ul style="list-style-type: none"> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010
For each detailed assessment conducted, the selected federal department or agency prepares a public statement of environmental effects that includes impacts on Federal Sustainable Development Strategy goals and targets.	<ul style="list-style-type: none"> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010

Criteria	Sources
<p>We used the following criteria to determine whether the federal departments and agencies we examined adequately</p> <ul style="list-style-type: none"> • applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines to policy, plan, and program proposals submitted for approval to an individual minister or to Cabinet, including the Treasury Board; • reported on the extent and results of their strategic environmental assessment practices, as required by the Cabinet directive and its related guidelines; and • met their departmental sustainable development strategy commitments and the Federal Sustainable Development Strategy commitment to strengthen their strategic environmental assessment practices. (continued) 	
The selected federal departments and agencies report on the extent and results of their strategic environmental assessment practices in their reports on plans and priorities and departmental performance reports.	<ul style="list-style-type: none"> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010
The selected federal departments and agencies meet their departmental sustainable development strategy commitments and the Federal Sustainable Development Strategy commitment to strengthen their strategic environmental assessment practices.	<ul style="list-style-type: none"> • <i>Federal Sustainable Development Act</i> • Departmental sustainable development strategy commitments • Planning for a Sustainable Future: A Federal Sustainable Development Strategy for Canada, Environment Canada, 2010
<p>We used the following criterion to determine whether the Privy Council Office and the Treasury Board of Canada Secretariat applied mechanisms to support departmental and agency compliance with the Cabinet directive and helped ensure that decision makers received adequate information on the environmental implications of their decisions for all policy, plan, and program proposals submitted to Cabinet.</p>	
The Treasury Board of Canada Secretariat and the Privy Council Office have mechanisms to help improve how federal departments and agencies provide decision makers with adequate information on the environmental implications of their decisions for all policy, plan, and program proposals submitted to Cabinet.	<ul style="list-style-type: none"> • <i>Federal Sustainable Development Act</i> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010 • Open and Accountable Government, Privy Council Office, 2015 • A Drafters' Guide to Cabinet Documents, Privy Council Office, 2013 • A Guide to Preparing Treasury Board Submissions, Treasury Board of Canada Secretariat, 2007 • Guidance for the Preparation of TB Submissions, Treasury Board of Canada Secretariat, 2014

Period covered by the audit

The audit covered the period between January 2013 and December 2016. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters that preceded the starting date of the audit.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 19 July 2017, in Ottawa, Ontario.

Audit team

Principal: Andrew Hayes

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List of Recommendations

The following table lists the recommendations and responses found in this report. The paragraph number preceding the recommendation indicates the location of the recommendation in the report, and the numbers in parentheses indicate the location of the related discussion.

Recommendation	Response
Applying the Cabinet directive	
<p>4.26 The following departments and agencies should apply the Cabinet directive to all policy, plan, and program proposals submitted for approval to their individual ministers or to Cabinet, as required:</p> <ul style="list-style-type: none"> • the Atlantic Canada Opportunities Agency, • the Canada Border Services Agency, • Canada Economic Development for Quebec Regions, • Public Safety Canada, and • Western Economic Diversification Canada. <p>(4.16–4.25)</p>	<p>The Atlantic Canada Opportunities Agency’s response. Agreed. The Atlantic Canada Opportunities Agency will implement new guidance and assessment tools to support clarity of understanding and adherence to the Cabinet directive. The Agency will also adapt its approval process for the submission of policy, plan, and program proposals in order to integrate due consideration as to the applicability of the Cabinet directive when seeking approval from the Minister or Cabinet. The implementation date is by 31 March 2018.</p> <p>The Canada Border Services Agency’s response. Agreed. The Canada Border Services Agency will develop a definition to support the Cabinet directive to ensure that a strategic environmental assessment is completed when required in a consistent and measurable way. The Agency will update and communicate its internal review processes to support consistent application of the Cabinet directive to all proposals submitted for approval to the Minister and to Cabinet. These actions will be completed by April 2018.</p> <p>Canada Economic Development for Quebec Regions’ response. Agreed. Canada Economic Development for Quebec Regions has made improvements to its policy development processes to ensure that the Cabinet directive is applied to all draft policies, plans, and programs submitted for the Minister’s approval. A questionnaire on the various factors to be considered under the directive has been developed, and the internal policy development process has been amended to include improved documentation of the Cabinet directive’s application. The implementation date was June 2017.</p> <p>Public Safety Canada’s response. Agreed. Public Safety Canada will develop a guidance document intended for assistant deputy ministers and their staff for conducting environmental assessments of policy, plan, and program proposals as per the Cabinet directive. This guidance will be issued by 30 September 2017.</p> <p>Western Economic Diversification Canada’s response. Agreed. Western Economic Diversification Canada will continue to apply the directive to proposals submitted to Cabinet, including the Treasury Board. The Department will apply the Cabinet directive to all policy, plan, and program proposals submitted for approval to individual ministers. Up-to-date guidance and tools will be provided to personnel in the Department who develop policy, plan, and program proposals so that assessments can be undertaken as early as feasible and before decisions are sought from ministers. Actions on this recommendation will be completed by November 2017.</p>

Recommendation	Response
<p>4.36 The following departments and agencies should ensure that they conduct strategic environmental assessments early in the life of proposals and document when the assessments took place, as required by the Cabinet directive:</p> <ul style="list-style-type: none"> • the Atlantic Canada Opportunities Agency, • the Canada Border Services Agency, • Canada Economic Development for Quebec Regions, • the Public Health Agency of Canada, • Public Safety Canada, and • Western Economic Diversification Canada. <p>(4.27–4.35)</p>	<p>The Atlantic Canada Opportunities Agency's response. Agreed. Through implementation of newly developed guidance and tools, the Atlantic Canada Opportunities Agency will raise awareness among staff of the Cabinet directive and the importance of incorporating environmental considerations into the early stages of policy development and strategic decisions. The Agency will also implement changes to its ministerial and Cabinet correspondence templates to promote and integrate early consideration of environmental impacts when preparing policy, plan, and program proposals requiring approval from the Minister or Cabinet. The implementation date is by 31 March 2018.</p> <p>The Canada Border Services Agency's response. Agreed. The Canada Border Services Agency will review, update, and communicate its internal processes to ensure that strategic environmental assessments are conducted and documented early in the life of proposals. These actions will be completed by April 2018.</p> <p>Canada Economic Development for Quebec Regions' response. Agreed. Canada Economic Development for Quebec Regions has amended its policy development process to include application of the Cabinet directive in the earliest phases of policy and program design. A questionnaire promoting implementation of the directive has also been developed in order to document assessment dates more effectively. The implementation date was June 2017.</p> <p>The Public Health Agency of Canada's response. Agreed. The Public Health Agency of Canada has demonstrated ongoing improvements in strategic environmental assessment practices and will continue to do so. The Agency will review existing practices to support and document early integration of strategic environmental assessments for its proposals. The implementation date is 31 March 2018.</p> <p>Public Safety Canada's response. Agreed. Public Safety Canada will issue guidance to assistant deputy ministers and their staff requiring that the analysis of environmental considerations be conducted as early as possible in the development of a proposal and that the analysis be properly documented. This guidance will be issued by 30 September 2017 and will be fully implemented by 31 December 2017.</p> <p>Western Economic Diversification Canada's response. Agreed. Western Economic Diversification Canada will provide up-to-date guidance and tools to Department personnel who develop policy, plan, and program proposals so that assessments can be undertaken as early as feasible and before decisions are sought from ministers. The Department will document when these assessments took place. Actions on this recommendation will be completed by November 2017.</p>

Recommendation	Response
<p>4.46 Public Safety Canada and Western Economic Diversification Canada should ensure that they report each year on the results of their strategic environmental assessment practices. (4.37–4.45)</p>	<p>Public Safety Canada’s response. Agreed. Public Safety Canada will report on the results of its strategic environmental assessment practices in its 2017–18 Departmental Results Report, having introduced clearer reporting requirements for this cycle. Additional guidance will be issued by 30 September 2017 that will further enhance documentation procedures, ensuring more complete reporting and substantiation for the 2018–19 Departmental Results Report and annually thereafter.</p> <p>Western Economic Diversification Canada’s response. Agreed. Western Economic Diversification Canada will report each year on the results of its strategic environmental assessment practices. Actions on this recommendation will be completed by April 2018.</p>
<p>Strengthening strategic environmental assessment practices</p> <p>4.54 The following departments and agencies should develop or improve their guidance and tools on strategic environmental assessment:</p> <ul style="list-style-type: none"> • the Atlantic Canada Opportunities Agency, • the Canada Border Services Agency, • Canada Economic Development for Quebec Regions, • Public Safety Canada, and • Western Economic Diversification Canada. <p>(4.52–4.53)</p>	

The Atlantic Canada Opportunities Agency’s response. Agreed. The Atlantic Canada Opportunities Agency will develop and implement internal guidelines and assessment tools (such as preliminary scan and detailed assessment templates and checklists) to clarify understanding and adherence to the Cabinet directive. The Agency will also review its approval process for the submission of policy, plan, and program proposals, and implement changes enabling integration of due consideration as to the applicability of the Cabinet directive when seeking approval from the Minister or Cabinet. Examples of changes include modifying ministerial and Cabinet correspondence templates to include a section for strategic environmental assessment considerations, and modifying the Agency’s correspondence tracking system to require classification as to whether documents submitted for ministerial or Cabinet approval are subject to and compliant with the Cabinet directive. The implementation date is by 31 March 2018.

The Canada Border Services Agency’s response. Agreed. The Canada Border Services Agency will review and update its guidance and the tools used when the Cabinet directive applies. The Agency will communicate these updates to its employees. These actions will be completed by April 2018.

Canada Economic Development for Quebec Regions’ response. Agreed. Canada Economic Development for Quebec Regions has made improvements to its strategic environmental assessment tools and directives. To that end, its policy and program development processes have been amended to ensure that the Cabinet directive is applied to all draft policies, plans, and programs submitted for the Minister’s or Cabinet’s approval. In addition, a questionnaire on the various factors to be considered under the directive has been developed and is being implemented. The implementation date was June 2017.

Recommendation	Response
	<p>Public Safety Canada's response. Agreed. Public Safety Canada will provide guidance to its assistant deputy ministers to clarify the requirements of the Cabinet directive for all memoranda to Cabinet and Treasury Board submissions as well as for any significant policy, plan, or program proposals to be submitted to the Minister of Public Safety and Emergency Preparedness. Instructions will include a template to guide the documentation of the findings of preliminary scans, including evidence of early analysis, and the justification for deciding whether to conduct a strategic environmental assessment.</p> <p>Preliminary scans and strategic environmental assessments, where applicable, will be included with the memoranda to Cabinet or Treasury Board submissions when submitted for ministerial approval. Preliminary scans and strategic environmental assessments, where applicable, will also be documented prior to seeking ministerial approval of any significant policy, plan, or program proposal. Copies of all preliminary scan templates or strategic environmental assessments will be retained for the purpose of reporting through the Departmental Results Report or in the event of future audits or evaluations, as well as to inform future policy development.</p> <p>Guidance will be issued by 30 September 2017 and will be fully implemented by 31 December 2017.</p> <p>Western Economic Diversification Canada's response. Agreed. Western Economic Diversification Canada has reviewed its existing guidance and tools on strategic environmental assessment. The Department will update its guidance and tools on strategic environmental assessment to ensure that they are fully consistent with the Cabinet directive. Guidance and tools will be made available to personnel in the Department who develop policy, plan, and program proposals so that assessments can be undertaken as early as feasible and before decisions are sought from ministers. Actions on this recommendation will be completed by September 2017.</p>

Recommendation	Response
<p>Supporting compliance—role of central agencies</p> <p>4.71 The Privy Council Office and the Treasury Board of Canada Secretariat should work with departments and agencies to help improve the application of the strategic environmental assessment process to proposals submitted for approval to Cabinet, including the Treasury Board, by</p> <ul style="list-style-type: none"> • updating their guidance and tools to include a requirement that departments and agencies confirm they conducted a preliminary assessment or documented any exemptions from Cabinet directive requirements, and • confirming with departments and agencies that they fully considered the Cabinet directive. <p>(4.62–4.70)</p>	
	<p>The Privy Council Office’s response. Agreed. The Privy Council Office will review and update its due diligence tool and/or guidance, by September 2017, to include a question about whether a department or agency has completed a preliminary environmental assessment/scan. It will be the responsibility of departments and agencies to confirm that a preliminary environmental assessment/scan has been completed for all proposals submitted to Cabinet, recognizing that the completed due diligence tool does not constitute a preliminary environmental assessment/scan. The Privy Council Office may ask departments or agencies to demonstrate that they completed a preliminary environmental assessment/scan, when appropriate.</p> <p>The Treasury Board of Canada Secretariat’s response. Agreed. The Treasury Board of Canada Secretariat will continue to work with departments and agencies to help improve the application of the strategic environmental assessment process to proposals submitted to the Treasury Board. Departments and agencies will continue to be responsible for confirming that for each proposal submitted to the Treasury Board, a preliminary environmental assessment or scan has been completed and, where warranted, a full strategic environmental assessment has been completed and findings taken into account in the development of the proposal. The Secretariat will develop additional guidance for departments and agencies in the next year to support a clear demonstration that the Cabinet directive was fully considered and, where warranted, that environmental considerations were taken into account, for all proposals submitted for approval to the Treasury Board.</p>

Fall 2017

**Reports of the Commissioner of the Environment
and Sustainable Development to the Parliament of Canada**

The Commissioner's Perspective

1. Progress on Reducing Greenhouse Gases—Environment and Climate Change Canada
2. Adapting to the Impacts of Climate Change
3. Funding Clean Energy Technologies
4. Departmental Progress in Implementing Sustainable Development Strategies
5. Environmental Petitions Annual Report and Retrospective