

**External Scan
in Preparation for the Development of
a Revised Sustainable Development Strategy
for Industry Canada**

Final Report

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Prepared for:

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Table Of Contents

Executive Summary	i
Respondents' Key Sustainable Development Issues	i
Messages About the Focus for Industry Canada's 2000 SDS.....	ii
1.0 Introduction	1
2.0 Industry Canada's Current Sustainable Development Activities	3
2.1 Departmental Strategic Objectives and Lines of Business.....	3
2.2 Industry Canada's 1997 Sustainable Development Strategy	3
3. Key Issues, Opportunities and Constraints	6
3.1 Key Sustainable Development Issues and Objectives of Industry Canada's External Stakeholders.....	6
3.2 Opportunities and Constraints for Industry Canada to Promote Sustainable Development Issues Important to Its External Stakeholders.....	7
3.2.1 General Comments.....	7
3.2.2 Specific Comments.....	8
3.3 Summary Tables.....	15
Table 1: Summary of External Scan.....	17
Table 2: Key Linkages Between 1997 SDS Objectives and Industry Canada's Departmental Strategic Objectives.....	18
Table 3: Opportunities to Support <i>Guide to Green Government</i> Objectives Within Industry Canada's Business Plan.....	19
4.0 Suggestions About Subsequent Consultations	20
5.0 Main Messages and Conclusions	21
Appendix A: Interview List	Ai
Appendix B: Questionnaire	Bi

Executive Summary

The *Auditor General Act* requires each federal department to develop and table before Parliament “sustainable development strategies” (SDSs) every three years. The first strategies were tabled in December, 1997. Revised strategies must be tabled by December, 2000. This report presents the results of an “external scan” conducted to obtain the opinions of external stakeholders about the role the Department should play to promote sustainable development. The scan involved interviews with 24 people representing industry associations, individual companies, environmental and other NGOs and academia. Although the number of people interviewed is modest, the individuals who participated represent a wide cross-section of views about sustainable development, the Canadian economy and the role of Industry Canada. The interviews addressed two main categories of questions:

- What are the key sustainable development issues relevant to you, your organization and your sector?
- Where should Industry Canada focus its efforts in promoting sustainable development under its 2000 SDS?

This report presents the results of the external scan. It summarizes the responses of twenty-four external stakeholders to a standardized interview guide. The views presented here are not necessarily those of the authors, nor should they be interpreted as representing Industry Canada policy.

Respondents' Key Sustainable Development Issues

Most of the industry respondents are concerned about:

- ensuring that the federal and provincial governments put in place laws, policies and programs that establish a framework within which Canadian businesses can attract investment, compete with foreign businesses and fulfill their societal and environmental obligations;
- enabling their organizations (individual companies or members) to anticipate – and thus take advantage of – global economic, market, environmental and legislative developments; and
- establishing processes and adopting tools that enable them to experience continuous environmental improvement while also continuing to grow economically.

The ENGOs interviewed seek to promote environmental objectives and to ensure that economic development and economic policies account for environmental and social considerations systematically and appropriately.

Messages About the Focus for Industry Canada's 2000 SDS

Most respondents agreed that the Department should retain its 1997 SDS Objectives, and indicated that they believe that these objectives are consistent both with the Department's overall Strategic Objectives and with the five government-wide objectives in the *Guide to Green Government*. Within these basic objectives, however, ***most respondents urged Industry Canada to articulate a clear vision of the benefits for Canadian businesses of embracing the triple bottom-line objectives of sustainable development, and to support this vision with leadership and proactive programs.***

As the Federal Government's champion of innovation and as the main government representative of Canadian business, all respondents agreed that Industry Canada's role in promoting sustainable development could and should be very important. All urged Industry Canada to be more proactive. A small minority thought this would not entail significant changes to the Department's current activities, and a few industry associations said they were relatively comfortable with Industry Canada's current roles. Most respondents, by contrast, were of a common view that Industry Canada should:

- clarify and improve its role in promoting sustainable development ;
- implement the objectives of its 1997 Strategy more effectively and comprehensively across all the Department's business lines; and, most importantly
- embrace more fully the linkages between sustainable development, eco-efficiency and innovation. Doing so would enable the Department both to help Canadian businesses capture emerging economic opportunities and to foster the type of transformation within the Canadian economy that will be necessary for continued success in the near future.

The most common themes in the interviews can be summarized in the following five overall messages:

First, the Department should articulate a vision of sustainable development that illustrates the synergies between environmental, economic and social objectives. This integrated model of sustainable development should reflect the triple-bottom line approach that many corporate leaders throughout the world are embracing. Industry Canada could articulate such a vision in the introduction to SDS 2000.

Second, Industry Canada should draw on its microeconomic analytical strength and on its knowledge of various sectors to help Canadian businesses:

- identify emerging sustainable development-related market trends (foreign policies and laws, design for the environment and supply chain management practices, consumer requirements, etc.);
- analyse the implications of these trends for their products; and
- identify and develop appropriate strategic, management and operational responses on a national, sectoral and a company-by-company basis. This would fit well with the Department's mandate on product, process, marketing, and institutional innovation.

Third, Industry Canada should reconceptualize its advocacy role. Instead of trying to counterbalance other departments' activities, its advocacy activities should reflect the integrated vision of sustainable development described above. More specifically, it should:

- challenge the validity of environmental objectives less and emphasize making constructive contributions about how to achieve these objectives in harmony with core business concerns such as productivity and innovation;
- reflect a broader range of corporate perspectives in its advocacy message;
- link its advocacy role within government to a more proactive external information dissemination role within the business community; and
- help develop levers to promote voluntary "beyond business as usual" environmental performance by:
 - supporting technology development and dissemination;
 - disseminating and promoting best practice and tools; and
 - supporting public information on environmental performance (such as corporate environmental reporting).

Fourth, in order to reach out to SMEs more effectively, Industry Canada may need to reconsider the type of delivery mechanisms it has traditionally relied on. For example, in order to ensure the accessibility of any information it develops on "best practices", it may need to use arms-length bodies such as IRAP, chambers of commerce, the CFIB, industry associations, large companies, or universities as mentors. In addition, in order to support the development of new, green technologies, it should probably rely more on arms-length bodies such as the NRC than on "in-house" selection of and support for perceived "winners".

Finally, Industry Canada should make a greater effort to publicize its efforts to promote sustainable development. To bring these recommendations full circle, these efforts should range from the public articulation of a vision of a sustainable economy (as identified above) through its various policy and program initiatives, to greater efforts to green its physical operations.

1.0 Introduction

The *Auditor General Act* requires each federal department to develop and table before Parliament "sustainable development strategies" (SDSs) every three years. The first strategies were tabled in December, 1997. Revised strategies must be tabled by December, 2000.

As part of the work it is doing to revise its SDS, Industry Canada retained RFI Eco-Strategies to conduct an "external issues scan" to obtain the opinions of external stakeholders about the role the Department should play to promote sustainable development.

This report presents the results of the external scan. It summarizes the responses of twenty-four external stakeholders to a standardized interview guide. The views presented here are not necessarily those of the authors, nor should they be interpreted as representing Industry Canada policy.

The scan was based on interviews with 24 people representing industry associations, individual companies, academia, consultants, and environmental and other NGOs. Although the number of people interviewed is modest, the individuals who participated thus represent a wide cross-section of views about sustainable development, the Canadian economy and the role of Industry Canada. Appendix A lists the people interviewed.

The interviews addressed two main categories of questions:

1. What are the key sustainable development issues relevant to you, your organization and your sector?
2. Where should Industry Canada focus its efforts in promoting sustainable development under its 2000 SDS?

When addressing the first category of questions, we asked respondents to start with the five government-wide objectives in the 1997 *Guide to Green Government*. When asking the second set of questions, we probed the respondents' views about:

- Which of Industry Canada's 1997 SDS objectives remain relevant and where should the Department improve its performance? and
- Relative to the five government-wide objectives identified in the 1997 *Guide to Green Government*, where should the Department focus its next SDS?

Appendix B is the questionnaire used for the scan.

Section 2 provides an overview of the Department and the objectives it articulated in its 1997 SDS. Section 3 summarizes and analyses the results of the scan. This section does not attribute any comments to individuals. Instead, it presents the main themes that emerged from the interviews as a whole. Section 4 summarizes the various recommendations received concerning the type of additional consultation interviewees recommended for further developing SDS 2000. Finally, section 5 concludes the report with a summary of the main messages.

2.0 Industry Canada's Current Sustainable Development Activities

2.1 Departmental Strategic Objectives and Lines of Business

Industry Canada's business plan focuses on five *strategic objectives* to improve the climate for productivity, employment and income growth in Canada:

- *Connectedness: making Canada the most connected nation on the world;*
- *Investment: improving conditions for investment in the Canadian economy;*
- *Innovation: improving Canada's innovation performance and the transition to a knowledge-based economy;*
- *Trade: working with Canadians companies to increase Canada's share of global trade;*
- *Marketplace: building a fair, efficient, competitive marketplace for business and consumers.*

To deliver on these strategic objectives, the Department is organized around three *business lines*:

- *Micro-economic policy* (development of legal and policy frameworks that increase investment, innovation, the transition to a knowledge-based economy, development of an information highway, stronger and more diversified trade and a healthy marketplace climate);
- *Industry sector development* (working with sectors to help them overcome barriers to growth and take advantage of emerging opportunities through activities such as strategic approaches to trade development, investment and technology); and
- *Marketplace rules and services* (promoting a fair, efficient and competitive marketplace by providing information and services and developing and administering marketplace rules).

These business lines are supported by the Department's corporate and management services.

2.2 Industry Canada's 1997 Sustainable Development Strategy

Industry Canada's 1997 SDS concluded that the department promotes sustainable development in five ways:

- *Policy advocacy* (ensuring that the government's environmental objectives are achieved in a manner that supports industrial competitiveness and innovation as well as consumer and other related marketplace objectives);
- *Framework policies and legislation* (promoting sustainable development through the Department's ongoing role in setting microeconomic marketplace frameworks);

- **Funded programs** (using programs such as TPC¹ and the Canadian Environmental Industry Strategy to support economic growth and job creation through the development, application and demonstration of innovative technologies that solve environmental problems);
- **Partnerships** (using initiatives such as the Canadian International Business Strategy to expand opportunities for the Canadian environmental industry and encouraging improved environmental performance among domestic firms); and
- **Information products and services** (provide information, products and services that emphasize the need to improve the environmental performance of industry's products, processes and technologies and to provide advice and guidance on how to do so).

The 1997 SDS established four **strategic objectives**, each with two or three sub-elements:

1. **Foster a marketplace climate in Canada that promotes sustainable development**
 - *Marketplace rules and services* – assess the links between marketplace rules and sustainable development;
 - *Consumer choice and the marketplace* – draw consumers more effectively into the promotion of sustainable development by raising awareness and providing information; and
 - *Advocacy* – reasoned advocacy to bring economic, competitiveness, trade and consumer expertise and concerns to policy development which supports sustainable development.
2. **Enhance the ability of Canadian firms to develop and use innovative technologies and tools which contribute to sustainable development**
 - *Innovative tools and practices* – work in partnership with industry to develop innovative tools and practices which improve industry performance; and
 - *Technology development and diffusion* – encourage the development and diffusion of clean-production and enabling technologies that bring long-term economic and environmental benefits.
3. **Encourage trade and investment flows which contribute to sustainable development in Canada and abroad**
 - *Trade policy* – promote international rules which further the objectives of sustainable development; and
 - *Trade promotion and investment* – encourage investment in and export of Canadian knowledge, products, practices and technologies which further the objectives of sustainable development.

¹ Effective November 18, 1999, the Technology Partnerships Canada program operates under new terms and conditions, and references in this report refer to TPC in a historic context. TPC does not request or consider information concerning the extent to which the applicant or recipient enterprises do or may export.

4. Continue to improve the capacity of Industry Canada to manage and deliver Departmental policies, programs and operations which contribute to sustainable development

- *Making better decisions* – make decisions based on continually improving awareness and understanding of the economic, environmental and social implications of existing and proposed activities; and
- *Greening operations* – ensure that day-to-day physical operations at Industry Canada have minimal impacts on the environment.

3. Key Issues, Opportunities and Constraints

This section describes the opinions expressed by the participants in the external scan about:

- the continuing relevance of the objectives in the 1997 Industry Canada SDS and in the *Guide to Green Government*;
- the relative priorities the Department should place on each of them; and
- the way those objectives should relate to the Department's business plan objectives.

This section is divided in three parts. Subsection 3.1 identifies the respondents' key sustainable development issues and objectives. Subsection 3.2 summarizes their views on the main opportunities and constraints for Industry Canada to promote those sustainable development objectives. Finally, subsection 3.3 summarizes the findings in the form of conclusions.

3.1 Key Sustainable Development Issues and Objectives of Industry Canada's External Stakeholders

Most respondents agreed that the *Guide to Green Government* objectives provide an acceptable framework for starting to think about the federal government's role in promoting sustainable development. Most also emphasized, however, that these objectives provide very little specific guidance either to a department such as Industry Canada or to Canadian industry.

Most industry respondents are concerned about:

- ensuring that the federal and provincial governments put in place laws, policies and programs that establish a framework within which Canadian businesses can attract investment, compete with foreign businesses and fulfill their societal and environmental obligations;
- enabling their organizations (individual companies or members) to anticipate – and thus take advantage of – global economic, market, environmental and legislative developments; and
- establishing processes and adopting tools that enable them to experience continuous environmental improvement while also continuing to grow economically.

ENGOs seek to promote environmental objectives and to ensure that economic development and economic policies account for environmental and social considerations systematically and appropriately.

3.2 Opportunities and Constraints for Industry Canada to Promote Sustainable Development Issues Important to Its External Stakeholders

The questionnaire (Appendix B) asked respondents to address Industry Canada's role vis a vis both the 1997 SDS objectives and the *Guide to Green Government* objectives. Most respondents reiterated similar themes and comments in response to both sets of objectives. In order to avoid repetition of the main points, this section is structured around the 1997 SDS objectives and identifies, where appropriate, relevant comments concerning the *Guide to Green Government* objectives.

3.2.1 General Comments

At present, the Department's main impact on sustainable development-related issues appears to be:

- with respect to the advocacy role the Department plays within the federal government in influencing federal environmental laws, policies and programs; and
- in providing support for the Canadian environmental industry sector.

Although few of the respondents actively look to Industry Canada for information or assistance to help them meet or promote their own sustainable development goals, in some cases the Department has helped influence the environmental performance of Canadian businesses. It has, for example, helped promote participation in ARi and helped raise awareness of environmental management systems, and of ISO 14000 in particular.

Despite these relatively modest impacts of the Department's current sustainable development related work, all respondents agree that Industry Canada could and should play an important role in promoting sustainable development. The Department is the main link between the Federal Government and Canadian businesses. It has detailed knowledge of various sectors, micro-economic analytical capacity, the capacity to collect intelligence about market and policy conditions in foreign countries, regional offices and agencies, and a variety of legislative, spending and programmatic mechanisms for influencing behaviour. And, importantly, it has adopted the promotion of innovation as a central component of its overall mission.

There is a marked division of opinion, however, as to how well Industry Canada is fulfilling its potential at present. Some industry associations have a strong, ongoing relationship with the Department, and their representatives expressed general satisfaction with the orientation of Industry Canada's sustainable development-related activities. In particular, they agreed with the Department's strong role as an advocate within government to ensure that environmental laws and policies reflect legitimate business considerations.

In contrast, the majority of the respondents identified significant opportunities for Industry Canada to improve its support for sustainable development. Other industry associations, individual companies, academics and NGOs suggested, for example, that Industry Canada:

- define more clearly and publicize more strongly its role in support of sustainable development;
- articulate and adopt a vision of sustainable development that would enable economic, environmental, and social issues to be optimized simultaneously; and
- focus less on advocacy inside government and more on preparing Canadian businesses to meet the “triple bottom line” challenges of the emerging economy.

Many also urged the Department to integrate sustainable development considerations more thoroughly throughout Departmental activities. Most observed that the 1997 SDS does not appear to have changed the way Industry Canada conducts its “main line of business” across the whole department.

Many respondents – in particular many of the academics and consultants interviewed – suggested that one of the 1997 SDS’s main limitations is the absence of a management framework for its implementation. The SDS should be supported by a framework similar to what would be present in a private sector sustainable business strategy management framework. These include:

- strong senior leadership at equivalent to CEO level;
- measurable objectives;
- tools to determine in a systematic manner whether initiatives will contribute to stated SD goals; and
- training and orientation to new strategy for all the organization’s staff.

3.2.2 Specific Comments

Most respondents agreed that that the four objectives identified in the Department’s 1997 SDS remain relevant. The majority placed a strong emphasis on the first two objectives and on the importance of understanding the linkages among those two in particular, and between them and the third to a lesser extent.

Industry Canada’s 1997 SDS Objectives in Order of Importance to Most Respondents

1. Enhance the ability of Canadian firms to develop and use innovative technologies and tools which contribute to SD
2. Foster a marketplace climate in Canada that promotes SD
3. Encourage trade and investment flows which contribute to SD in Canada and abroad
4. Continue to improve the capacity of Industry Canada to manage and deliver Departmental policies, programs and operations which contribute to SD

1. *Enhance the ability of Canadian firms to develop and use innovative technologies and tools which contribute to sustainable development by helping develop innovative tools and practices and technology development and diffusion.*

All respondents agreed that this objective is very important. With the exception of a minority of the industry association representatives interviewed (who argued that advocacy is the key role), most respondents suggested that this should be Industry Canada's primary role.

One of the strongest suggestions here was that Industry Canada focus its efforts industry-wide. Although many agreed that the Department should build on its past support for the environmental industry and develop a new Canadian Environmental Industry strategy, most emphasized that the overall focus should shift from the needs of the environment industry *per se* to the environmental needs of all industries. As such, *the main goal for the SDS 2000 should be to encourage Canadian industry and business to adopt the principles of sustainable development and to become more sustainable*. As one respondent (who is associated with the environmental industry) stated, the Department should *"address the environmental needs of all industries as opposed to the needs of the environmental industry."*

All respondents agreed that Industry Canada has an important role to play in ensuring that Canada's micro-economic fundamentals are well managed. However, many cautioned the Department to be careful not to focus on preserving the status quo (as one industry association representative observed, *"we don't want buggy whip factories when no one is using buggies"*). Similarly, many also argued that the Department should avoid an "environment versus jobs" perspective. Instead, its main focus should be to help make Canadian companies more competitive through eco-efficiency and by designing approaches to create synergies between the environment agenda and the productivity, investment and competitiveness agendas that are the core concerns of business.

Respondents provided numerous suggestions concerning how Industry Canada should support best practices. Many suggested that it play a strong role in designing and promoting strategies for helping businesses meet Kyoto Protocol, Montreal Protocol, and Biodiversity Convention commitments in a sustainable way. Some observed that Canada is not building up the basic institutional framework required for companies to operate within the emerging international environmental framework (such as greenhouse gas registries and a credit for early action program), and urged that Industry Canada play a leadership role in promoting such a framework.

A number of industry respondents specifically identified climate change as the sustainable development issue that will most affect their competitiveness if the policy framework is not carefully designed. They suggested that Industry Canada play a much stronger role in promoting research on the design of innovative, flexible policy tools (such as emissions trading) that will keep Canada in pace with best international practices.

More generally, many industry respondents suggested that Industry Canada become more active in domestic and international fora that are exploring or developing innovative, non-regulatory

mechanisms that would allow Canadian businesses to take advantage of the potential economic opportunities offered by international environmental agreements.

With respect to the 1997 SDS Objective concerning innovative tools and practices, most agreed that new tools are evolving quickly and that they have a 'public good' quality to them, warranting a strong Industry Canada role here. Again, many also warned that Canada is "falling short" of best international performance in this area, both on the government program and the industry practice fronts. Respondents disagreed, however, as to how Industry Canada should play this role. Should it play an active or a passive role? Should it develop and promote best practices or should it seek to be a repository of information on best practices?

Some of the differences of opinion among the respondents about the Department's appropriate role reflected philosophical views about the role of government. In many cases, however, these differences also reflected concerns about both Industry Canada's capacity and the receptiveness of business to government as a source of information. Almost all respondents shared these concerns. Some argued that these factors militate against the Department playing anything more than a passive role as a source of information. Those who preferred an active role suggested that the Department should not try to deliver programs directly to companies because experience in Canada, the US and elsewhere indicates that businesses, particularly SMEs, may be distrustful of government "help." A number of respondents therefore suggested that best practice promotion and outreach programs should be delivered through programs such as IRAP, by making certified consultants available, by using the leverage offered by supply chain management, and by partnering with existing industry bodies such as AMEC, the CFIB, and chambers of commerce or with university training initiatives.

With respect to technology development, one respondent praised the Department's support for the development of the environmental industry sector, through trade missions for instance, as "extraordinary." Others, however, argued that this role would be better done through arms-length organizations such as NRC and academia. Those familiar with the Department's technology programs expressed concern that the Technology Partnerships Canada program in particular continues to be inaccessible to environmental industries because the administrative burden of application outweighs the benefits for medium and small applicants.²

Many also emphasized the importance of focusing technology development and assistance and outreach programs on pollution prevention. They argued that pollution control technologies and approaches should not be supported in situations where pollution prevention is an option.

² In response to a draft version of this report, TPC states that it is cognizant of the need to continue to make pre-commercialization assistance more readily available to SMEs. In 1998, TPC entered into a \$30 million a year partnership with NRC (IRAP-TPC) to deliver dedicated program funds to SMEs across Canada. TPC is continuing to monitor its level of accessibility to SMEs, and will take further corrective action as required.

2. Foster a marketplace climate in Canada that promotes sustainable development by marketplace rules and services, consumer choice and the marketplace and advocacy.

Respondents agreed that this is a very important objective. Many argued, however, that the first two elements (marketplace rules and informed consumers) are unclear. And the third element is very controversial.

Marketplace rules:

Despite a general acknowledgment that Industry Canada's marketplace governance legislation should be relevant to sustainable development, few respondents were clear about precisely what role the Department should play on this issue. Some suggested supporting more research to investigate possible roles and initiatives.

One point that many respondents did agree on, however, is the importance of public information on corporate environmental performance to the healthy functioning of the marketplace. Many urged Industry Canada to play a strong role with respect to promoting standards for corporate environmental reporting. Some individual companies and NGOs argued that (in the words of a senior business executive) "*the time has come*" – that the Department should require CERs in a similar manner to the requirements in its corporate governance legislation for financial accounting, audits and reports. Others suggested that the Department should extend its role as a promoter of "best practices (see above) to include identifying and gathering information on global best practices for corporate environmental reporting, and providing that information to those who ask for it." A third suggestion was that the department should give more profile to companies with best-in-class environmental performance, because this will lead other companies to emulate that performance.

Consumer choice:

Most respondents similarly acknowledged this as a potentially important area, but were neither able to point to significant efforts being made by Industry Canada (with the exception of the general work being done on codes) nor did any consensus emerge as to priorities. Many stressed that, if industry is to undertake substantial changes for environmental reasons, individual consumers (end-users) need to be clearly supporting these changes. Many therefore emphasized the importance of more and better public information on performance to enable "better" consumption decisions. On the other hand, no-one expressed support for Industry Canada sponsoring eco-labels (although some argued for government intervention to require the labelling of genetically modified foods).

Some respondents suggested that Industry Canada's consumer-related roles and activities make it difficult for the Department to develop a single perspective on some issues, and may therefore undermine its effectiveness in focusing on sustainable development issues as they relate to business.

Advocacy:

This is very controversial area whose resolution would appear to be critical to defining Industry Canada's overall role in promoting sustainable development more clearly.

Although a very small minority of respondents suggested that Industry Canada should not play any role within government in the development of domestic environmental policy and the negotiation of international environmental agreements, most believe that this is a very important role. Many in industry rely on Industry Canada to represent their views and interests with respect to the development of environmental policy, both domestically and internationally.

A minority of the industry associations interviewed stated that Industry Canada has represented them well in its advocacy role within the federal government, particularly in serving as the counterbalance to the environmental focus of Environment Canada.

Other association and company representatives, however, stated that Industry Canada's advocacy efforts have not represented their associations' or companies' views as well as they could have. For some, these concerns reflected the view that Industry Canada has not done a good job of seeking out their constituents' perspectives on different issues. This was particularly the case for smaller businesses and for some of the highly specialized sectors. For others, these concerns reflected the assertion that Industry Canada acts too much as the economic 'counterbalance' to Environment Canada's environmental mandate, instead of pro-actively bringing forward its own, more integrated, vision of sustainable development. As one senior industry interviewee put it, "*Sustainable development is about innovative approaches to optimizing all components of the triple bottom line simultaneously. Industry Canada now looks to Environment Canada to look after the environmental bottom line, and therefore focuses on defending the economic bottom line. This leads to traditional approaches of compromise and balance. By adopting a more integrated, triple-bottom line model of sustainable development, Industry Canada could break through to innovative, new approaches.*" This perspective was shared by many interviewees, who called for Industry Canada to do better at emphasizing positive links between the environmental agendas of eco-efficiency and the key industry concerns of productivity, investment, and competitiveness.³

³ Industry Canada officials report that, when they reviewed this finding with a group of officials from industry associations and large companies interested in federal environmental policy, those officials disagreed with this conclusion. Many emphasized the importance of Industry Canada continuing to

Finally, most emphasized the importance of linking advocacy with the first objective concerning the promotion of best practices. They argued, for example, that Industry Canada's "internal" (to government) resistance to command and control approaches should be balanced by more proactive support for levers that would induce improved "voluntary" environmental performance within the "external" business community. In other words, many suggested that Industry Canada should play two, complementary roles:

- i. ensure that environmental laws and policies achieve their objectives in the most economically sensible manner; and
- ii. stimulate voluntary "beyond business as usual" by, for example:
 - providing information on emerging market trends;
 - providing information on tools and best practices;
 - ensuring that consumers (individual and corporate) and the general public receive information on environmental performance (firm and product level); and
 - providing more leadership within government on the development of rigorous and effective voluntary agreements.

3. Encourage trade and investment flows which contribute to sustainable development in Canada and abroad through trade policy and trade promotion

Trade promotion

Not all respondents commented on this objective. Some praised the Department's various efforts to promote the Canadian environmental industries. In general, those respondents who did comment suggested the importance of linking trade promotion to the support of best practices. As such, they suggested, Industry Canada should promote good environmental practices and performance throughout Canada so as to ensure that the Canadian economy is attractive to foreign investment. Similarly, they suggested, it should promote best environmental practices so as to help minimize the ecological footprint of Canadian products and thus maximize the competitiveness of Canadian businesses in environmentally-aware international markets. Several suggested, for example, that Industry Canada should track emerging changes in market environmental preferences and should help inform Canadian industry about these changes (e.g., the implications of European "design for the environment" practices for Canadian metals and electronics industries). In addition, some argued that Industry Canada should place as much emphasis on promoting the adoption of best foreign technologies and practices in Canada as on promoting Canadian technologies abroad.

represent business interests as a counterbalance to the environmental perspective of Environment Canada (at least until such time as the Government as a whole develops a more integrated approach).

Trade policy:

Although not all respondents discussed trade policy issues, many of those who did recognized the importance of Industry Canada's traditional role in helping to:

- identify competitiveness issues in domestic and foreign positions related to emerging trade policies and agreements; and
- avoid or eliminate inappropriate barriers to trade.

In addition, however, many reiterated the comments they made concerning the importance of balancing the Department's overall advocacy role with support for best practices within Canada. As such, they emphasized helping prepare Canadian industry to be able to meet the rapidly evolving environmental standards and market demands in foreign markets such as Japan and the EU.

4. Continue to improve the capacity of Industry Canada to manage and deliver Departmental policies, programs and operations which contribute to sustainable development by making better decisions and greening operations

While everyone recognized that this is an important objective, few had any detailed comments to make about it. Those familiar with the Department emphasized that it has a long way to go to integrate sustainable development into its planning and policy decisions effectively. As noted above, they urged the adoption of a 'management system' approach to ensuring such integration.

Many also observed that the Department has given very little profile or publicity to any of its greening of operations initiatives. Some suggested that these initiatives could be used to create leverage off of the government's role as a leader and opinion shaper.

3.3 Summary Tables

Tables 1 to 3 summarize our interpretation of the responses received during this external scan. Table 1 overlays the comments received on Industry Canada's 1997 SDS Objectives with the comments received about future directions based on the *Guide to Green Government* Objectives. This Table illustrates the general view that the 1997 SDS Objectives remain valid and that these objectives provide an appropriate framework from within which to support those *Guide to Green Government* Objectives that are most relevant to the Department. The shaded quadrants in Table 1 illustrate that respondents believe that Industry Canada should focus its efforts primarily on balancing a redefined "advocacy" for appropriate environmental laws and policies with a new, pro-active, external effort to enhance the ability of Canadian firms (and the economy as a whole) to adopt best practices that contribute to triple bottom line objectives.

May 1, 2000

Table 2 reiterates the respondents' views that Industry Canada's efforts in promoting sustainable development should be focused most strongly within the "innovation," "marketplace" and "trade" strategic objectives in its business plan.

Finally, Table 3 brings the analysis a full circle to illustrate how those same "innovation," "marketplace" and "trade" strategic objectives link directly to the *Guide to Green Government Objectives*, thereby confirming and emphasizing the important role Industry Canada should play in promoting the Government's overall sustainable development objectives.

Table 1: Summary of External Scan

Industry Canada's 1997 Sustainable Development Strategy Objectives	Guide to Green Government Objectives						
	Improve quality of life and well- being		Protect the health of Canadians and ecosystems		Sustain natural resources, jobs, communities and industries	Meet international obligations	Promote equity
Foster a marketplace climate in Canada that promotes sustainable development <ul style="list-style-type: none"> • <i>Marketplace rules and services</i> • <i>Consumer choice and the marketplace</i> • <i>Advocacy</i> 					√	√	
	√	Link to proactive external advocacy	√	Link to proactive external advocacy		√	√
Enhance the ability of Cdn firms to develop and use innovative technologies and tools which contribute to sustainable development <ul style="list-style-type: none"> • <i>Innovative tools and practices</i> • <i>Technology development and diffusion</i> 	√	Link to micro-economic analysis of emerging market trends	√	Link to micro-economic analysis of emerging market trends	√	√	
	√		√		√	√	
Encourage trade and investment flows which contribute to sustainable development in Canada and abroad <ul style="list-style-type: none"> • <i>Trade policy</i> • <i>Trade promotion & investment</i> 		√		√	√		
Continue to improve the capacity of Industry Canada to manage and deliver Departmental policies, programs and operations which contribute to sustainable development <ul style="list-style-type: none"> • <i>Making better decisions</i> • <i>Greening operations</i> 							

Notes - √ indicates an important objective for the Department identified by external scan participants.

- shaded areas represent the most important focus for the Department in the view of most of the external scan participants.

Table 2: Key Linkages Between 1997 SDS Objectives and Industry Canada's Departmental Strategic Objectives

Industry Canada's 1997 Sustainable Development Strategy Objectives	Industry Canada's Strategic Objectives				
	Innovation	Connectedness	Marketplace	Investment	Trade
Foster a marketplace climate in Canada that promotes sustainable development <ul style="list-style-type: none"> • <i>Marketplace rules and services</i> • <i>Consumer choice and the marketplace</i> • <i>Advocacy</i> 			√ √ √	√ √	
Enhance the ability of Canadian firms to develop and use innovative technologies and tools which contribute to sustainable development <ul style="list-style-type: none"> • <i>Innovative tools and practices</i> • <i>Technology development and diffusion</i> 	√ √				√ √
Encourage trade and investment flows which contribute to sustainable development in Canada and abroad <ul style="list-style-type: none"> • <i>Trade policy</i> • <i>Trade promotion & investment</i> 	√		√		√
Continue to improve the capacity of Industry Canada to manage and deliver Departmental policies, programs and operations which contribute to sustainable development <ul style="list-style-type: none"> • <i>Making better decisions</i> • <i>Greening operations</i> 					

Notes - √ indicates an important objective for the Department identified by external scan participants.

- shaded areas represent the most important focus for the Department in the view of most of the external scan participants.

Table 3: Opportunities to Support *Guide to Green Government* Objectives Within Industry Canada's Business Plan

Guide to Green Government Objectives	Industry Canada's Strategic Objectives				
	Innovation Improving Canada's innovation performance and the transition to a knowledge-based economy	Connectedness Making Canada the most connected country on the world	Marketplace Building a fair, efficient and competitive marketplace	Investment Improving conditions for investment in the Canadian economy	Trade Working with Canadian companies to increase Canada's share of global trade
Improve quality of life and well-being	√	√	√	√	√
Protect the health of Canadians and ecosystems	√		√	√	
Sustain natural resources, jobs, communities and industries	√		√	√	√
Meet international obligations	√		√	√	
Promote equity	√		√		

Notes - √ indicates an important objective for the Department identified by external scan participants.

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4.0 Suggestions About Subsequent Consultations

Although most interviewees indicated an interest in participating in the subsequent consultations, a minority indicated that they would not be interested in participating either because they are too busy or because they do not perceive Industry Canada's SDS as affecting their business (or other) considerations. Many others emphasized that, in order to ensure effective participation (including their own), the Department will have to assure potential participants that the consultation has to contribute more directly to the strategy and to the activities that flow from the strategy. Some observed that the 1996/97 consultations had little impact on the SDS or on what the Department actually *did*. In particular, most of the ENGCS contacted (including some who declined to participate in this scan) indicated that they are not likely to invest a level of high-level of input into future consultations given the perceived lack of effectiveness of the previous consultations.

Many interviewees emphasized that, regardless of what process is adopted, senior management must be visibly in support of the effort to design and implement an SD strategy. Some also recommended that more senior Industry Canada officials attend the consultations than was the case in 1996/97. This might help ensure that recommendations made at the consultations are better implemented.

Some observed that the previous consultations included primarily associations and large companies, and recommended making efforts to access the views of other people and of smaller companies, especially outside of Ottawa. Some suggested that this could be done using existing networks such as the CIPEC network, or by asking industry association to bring individual members to the table.

Various suggestions were made about the format and process. Some questioned the need for multi-stakeholder consultations, suggesting that bilateral processes would be more effective at conveying information. Others urged the Department not to hold separate group discussions with ENGO and business representatives. Many recommended that the consultations not try to cover all the "basic ground" again. Instead, this process should focus on fewer key issues. Finally, one person suggested that Industry Canada commission draft SDSs from independent experts with experience in private sector SD strategies. The consultation process could then review these with a view to adopting the best elements from each.

5.0 Main Messages and Conclusions

The diversity of people and organizations interviewed inevitably led to the identification of a wide range of possible activities. But given this diversity, there was a surprising level of agreement about both the most important areas of focus and the most important changes that Industry Canada should make in order to make the most effective contribution to sustainable development.

Most respondents urged Industry Canada to play a much more proactive leadership role based on a clear vision of the benefits for Canadian businesses of embracing the triple bottom-line objectives of sustainable development.

As the Federal Government's champion of innovation and as the main government representative of Canadian business, all respondents agreed that *Industry Canada's role in promoting sustainable development could and should be very important*. All wanted Industry Canada to be more proactive. A small minority thought this would not entail significant changes to the Department's current activities, and a few industry associations said they were relatively comfortable with Industry Canada's current roles. Most respondents, by contrast, were of a common view that Industry Canada should:

- clarify and improve its role in promoting sustainable development ;
- implement the objectives of its 1997 Strategy more effectively and comprehensively across all the Department's business lines; and, most importantly
- embrace more fully the linkages between sustainable development, eco-efficiency and innovation. Doing so would enable the Department both to help Canadian businesses capture emerging economic opportunities and to foster the type of transformation within the Canadian economy that will be necessary for continued success in the near future.

In his most recent report, the Commissioner of the Environment and Sustainable Development stated that, in preparing their 2000 SDSs, Departments should focus their efforts in three areas:

- i) assessing their first strategies to determine what they have achieved and what should be done differently;
- ii) strengthening the planning of their strategies to draw clear links between Departmental activities, impacts and priorities for action, and
- iii) accelerating the development of the management systems needed to turn strategies from talk to action.

He also urged Departments to recognize the importance of effective coordination across departmental mandates and jurisdictions.

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He also urged Departments to recognize the importance of effective coordination across departmental mandates and jurisdictions.

This external scan suggests that Industry Canada has some significant opportunities to improve its SDS, but that considerable effort may be required to respond to the Commissioner's objectives. In particular, this scan suggests that

- the Department's 1997 SDS had the right overall objectives, but needs to both clarify the interpretation of some of those objectives (e.g., "reasoned advocacy") and rebalance the priorities it has established among them (e.g., advocacy versus promotion of best practices); and
- the Department needs to systematically integrate sustainable development values into its Department-wide planning, policy, management and personnel training activities.

This scan has also identified some important opportunities to improve interdepartmental coordination both in terms of domestic and international policy development and in terms of promoting best practices within Canadian industry.

More specifically, in our opinion, this scan has identified five main overall suggestions for strengthening Industry Canada's role in promoting sustainable development through its SDS 2000:

First, the Department should articulate a vision of sustainable development that illustrates the synergies between environmental, economic and social objectives. This integrated model of sustainable development should reflect the triple-bottom line approach that many corporate leaders throughout the world are embracing. Industry Canada could articulate such a vision in the introduction to SDS 2000. This could have enormous symbolic effect both inside and out of government. It would prepare the ground for a more collaborative approach to environmental issues among departments. And it will be necessary for the government to promote such a vision if it expects small and medium sized businesses in Canada to follow suit. Moreover, it should be possible to articulate a very far-reaching vision even though most of the detailed elements of the strategy will inevitably be much less ambitious than the overall vision.

Second, Industry Canada should draw on its microeconomic analytical strength and on its knowledge of various sectors to help Canadian businesses:

- identify emerging sustainable development-related market trends (foreign policies and laws, design for the environment and supply chain management practices, consumer requirements, etc.);
- analyse the implications of these trends for their products; and
- identify and develop appropriate strategic, management and operational responses on a national, sectoral and a company-by-company basis. This would fit well with the Department's mandate on product, process, marketing, and institutional innovation.

Third, Industry Canada should reconceptualize its advocacy role. Instead of trying to counterbalance other departments' activities, its advocacy activities should reflect the integrated vision of sustainable development described above. More specifically, it should:

- challenge the validity of environmental objectives less and emphasize making constructive contributions about how to achieve these objectives in harmony with core business concerns such as productivity and innovation;
- reflect a broader range of corporate perspectives in its advocacy message;
- link its advocacy role within government to a more proactive external information dissemination role within the business community; and
- help develop levers to promote voluntary "beyond business as usual" environmental performance by:
 - supporting technology development and dissemination;
 - disseminating and promoting best practice and tools; and
 - supporting public information on environmental performance (CERs, etc.).

Fourth, in order to reach out to SMEs more effectively, Industry Canada may need to reconsider the type of delivery mechanisms it has traditionally relied on. For example, in order to ensure the accessibility of any information it develops on "best practices", it may need to use arms-length bodies such as IRAP, chambers of commerce, the CFIB, industry associations, large companies, or universities as mentors. In addition, in order to support the development of new, green technologies, it should probably rely more on arms-length bodies such as the NRC than on "in-house" selection of and support for perceived "winners".

Finally, Industry Canada should make a greater effort to publicize its efforts to promote sustainable development. To bring these recommendations full circle, these efforts should range from the public articulation of a vision of a sustainable economy (as identified above) through its various policy and program initiatives, to its efforts to green its physical operations.

Appendix A: Interview List

Name	Organization
ENGOS	
Ken Ogilvie	Pollution Probe
Mark Winfield	CIELAP
Other NGOs	
Louise Comeau	FCM
Business Associations	
Michael Cloghesy	Centre patronal de l'environnement
John Dillon	BCNI
Catherine Swift	CFIB
Gordon Lloyd	CCPA
Justyna Laurie-Lean	MAC
Rebecca Last	CEIA
Joyce Groote	BIOTECanada
Yasinin Tarmohamed	CVMA
Kirsten Vice	CPPA
Jason Myers	AMEC
Companies	
Norm Lockington	VP Technology, Dofasco
Steve Pomper	Alcan
Dan Gagnier	Senior VP, Alcan
Jeff Passmore	Executive VP, Iogen
Claude-Andre LaChance	VP, Dow Chemicals
Gord Lambert	Suncor Energy
Individuals	
Garry Gallon	Institute for Business and the Environment
Colin Isaacs	Contemporary Information Analysis Ltd. and Director, Policy, CEIA
Glen Toner	Carleton University
Jeremy Byatt	Head, Environment Practice Group, GPC
Kevin Brady	Five Winds

Appendix B: Questionnaire

Core Questions *–for all respondents –*

Background Questions

1. Do you look to Industry Canada for information to help your organization meet its sustainable development goals?
2. What kind of consultations would your organization like to see as Industry Canada develops its next SDS?

1997 SDS Objectives

3. Are you familiar with Industry Canada's 1997 Sustainable Development Strategy?
4. If so, what do you think are the main positive and negative aspects of the 1997 Strategy?
5. Which of the 1997 objectives remain appropriate today?
 - *Foster a marketplace climate in Canada that promotes sustainable development*
 - *Marketplace rules and services*
 - *Advocacy; and*
 - *Consumer choice and the marketplace.*
 - *Enhance the ability of Canadian firms to develop and use innovative technologies and tools which contribute to sustainable development*
 - *Innovative tools and practices; and*
 - *Technology development and diffusion.*
 - *Encourage trade and investment flows which contribute to sustainable development in Canada and abroad*
 - *Trade policy; and*
 - *Trade promotion and investment.*
 - *Continue to improve the capacity of Industry Canada to manage and deliver Departmental policies, programs and operations which contribute to sustainable development*
 - *Making better decisions; and*
 - *Greening operations.*

6. For those 1997 objectives that remain appropriate:
 - Has the Department lived up to these objectives?
 - How could it do better?
7. Which objectives do you disagree with and why?

2000 Sustainable Development Strategy

The *Guide to Green Government* identifies five overarching objectives for Federal SDSs:

- *Sustaining Natural Resources, Jobs, Communities and Industries*
 - *Protecting the Health of Canadians and of Ecosystems*
 - *Meeting International Obligations*
 - *Promoting Equity*
 - *Improving Quality of Life and Well-Being*
8. **Issues:** What sustainable development issues are key to you and your organization?
 - To which *Guide to Green Government* objectives do these issues relate?
 - To which other objectives do these issues relate?
 9. **Opportunities:** In respect of which issues do you and your organization see Industry Canada having the best opportunity to influence sustainable development?
 - To which *Guide to Green Government* objectives do these issues relate?
 - To which other objectives do these issues relate?
 10. **Constraints:** What are the main constraints to Industry Canada promoting sustainable development?

Specific Questions

– consider only those appropriate to and of interest to the respondent –

Note: the following questions probe your views about the role Industry Canada should play in addressing the objectives and sub-objectives identified in the Guide to Green Government. The questions ask what role the Department should play in general with respect to each objective and how the Department can support your organization's efforts to support these objectives. We would also appreciate your views on other appropriate objectives.

Sustaining Natural Resources, Jobs, Communities and Industries

11. What should Industry Canada's role be, if any, in ensuring that renewable resource development is environmentally and socially sustainable? How should it help your organization achieve its goals in this area?
12. What role should Industry Canada play in ensuring that non-renewable resources are utilized efficiently? How should it help your organization achieve its goals in this area?

Protecting the Health of Canadians and of Ecosystems

13. What role should Industry Canada's play in the virtual elimination of anthropogenic persistent, bioaccumulative and toxic substances? How should it help your organization achieve its goals in this area?
14. What role should Industry Canada play in promoting pollution prevention? How should it help your organization achieve its goals in this area?
15. What role should Industry Canada play in helping Canadians prevent and respond to environmental disasters? How should it help your organization achieve its goals in this area?
16. What role should Industry Canada play in the development of federal environmental laws and policies?

Meeting International Obligations

17. What role should Industry Canada play in promoting compliance with Canada's international obligations with respect to:
 - Greenhouse gas reduction and sequestration?
 - Protection of the ozone layer?
 - Protection of biodiversity?
18. Should Industry Canada play a leadership or other role with respect to any other international environmental agreements?

Improving Quality of Life and Well-Being

19. Should Industry Canada foster greater productivity through eco-efficiency?
 - How?
 - Should it help Canadian businesses adopt tools that would support better informed decisions (LCA, environmental accounting, pollution prevention, supply chain management and EMS best practices, etc.)?
 - How should it help your organization achieve its goals in this area?

20. Should Industry Canada help Canadians be more innovative in working towards sustainable development?
- How?
 - What support should it provide to Canadian environmental technologies and industries?
 - Should it help alter marketplace signals to promote innovative decision-making?
 - How should it help your organization achieve its goals in this area?
21. Should Industry Canada help Canadians better measure and report progress toward sustainable development goals?
- How?
 - Should it promote corporate environmental reporting?
 - Should it promote and support the development of eco-efficiency indicators?
 - Should it provide the financial community with the tools and skills required to understand the linkage between the information presented in CERs and financial performance?
 - How should it help your organization achieve its goals in this area?
22. In what other ways should Industry Canada promote quality of life and well-being?

Promoting Equity

23. What role should Industry Canada play in ensuring a fair distribution of the costs and benefits of sustainable development between generations? How should it help your organization achieve its goals in this area?
24. What role should Industry Canada play in ensuring a fair distribution of the current costs and benefits of sustainable development among all Canadians? How should it help your organization achieve its goals in this area?
25. What role should Industry Canada play in ensuring a fair distribution of the current costs and benefits of sustainable development among developed and developing countries? How should it help your organization achieve its goals in this area?

OTHER COMMENTS

26. Do you have any other comments or recommendations (e.g., re other objectives or actions? Or concerning the SDS development process?)