

Mr. John Williamson, M.P.  
Chair  
Standing Committee on Public Accounts  
House of Commons  
Ottawa, Ontario  
K1A 0G6

Dear Mr. Williamson,

As per the Government Response to the House of Commons Standing Committee on Public Accounts' twenty-sixth report entitled, "Greening Government Strategy", I am pleased to provide the requested reports from the Treasury Board Secretariat of Canada in support of Recommendations 3 and 5.

Yours sincerely,

**Flack,  
Graham**

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Graham Flack  
Secretary of the Treasury Board

**TBS Response to the twenty-sixth report of the Standing Committee on Public Accounts (PACP), entitled, “Greening Government Strategy”**

Recommendation 3:

*That, by 30 June 2023, the Treasury Board of Canada Secretariat provide the House of Commons Standing Committee on Public Accounts with a report detailing its comprehensive approach to managing risks that could affect the government’s ability to achieve the 2050 net-zero target, including a description of how it will regularly identify, monitor and mitigate significant risks.*

The Treasury Board of Canada Secretariat (TBS) has developed a comprehensive approach to managing risks that could affect the government’s ability to achieve the net-zero 2050 target for its own operations.

The risk management approach includes a Risk Management Plan that describes how risk management will be structured and performed related to the implementation of the [Greening Government Strategy](#) - where greening government objectives and targets are established, the Greening Government Fund - providing project funding to federal government departments and agencies to reduce greenhouse gas emissions in their operations, and the Low-Carbon Fuel Procurement Program - supporting the purchase of drop-in low-carbon-intensity liquid fuels for the federal air and marine fleets. A risk is a potential circumstance that poses an opportunity or a threat for achieving the objectives of effective implementation. Implementation success depends, in part, on having a clear understanding of the risks that we face as an organization.

An overall Risk Management Plan is supported by a risk register that captures, the key risk elements (risk identification, risk analysis, risk response) focused on the implementation of the Greening Government Strategy, including its programs. Specific risk registers for each of the Greening Government Fund and the Low-Carbon Fuel Procurement Program are also under development.

The risk register for greening government identifies the business line, risk drivers, impacts on objectives, and the likelihood, consequence and priority level for each key risk. It describes the risk response and the residual risk remaining. Currently, two risks have been identified for real property, two for land fleet, two for air and marine fleet, one cross-cutting for real property and fleet, three for procurement and two risks for climate-resilient operations. The risk register includes a log for documenting changes and the schedule for reviewing and monitoring risks.

Between 2021 and May 2023, when the risk approach was finalized, TBS engaged other federal government departments for feedback. This included a formal request for review and comment of the risk management approach to members of the ADM Greening Government Steering Committee. This Committee ensures a coordinated and integrated approach to the

implementation of the Greening Government Strategy. It also maintains collaboration and ensures communication and coordination between departments and agencies and facilitates delivery of results and accountability.

The key elements of this risk management approach are as follows:

1. Risk Planning is concerned with determining how to approach the Risk Management activities
2. Risk Identification involves identifying the threats to Strategy implementation
3. Risk Analysis involves determining which risks are the most important by way of a quantitative and qualitative assessment of the identified risks.
4. Risk Response involves deciding what actions to take concerning specific risks or opportunities.
5. Risk Monitoring is the process of keeping track of the risks and the corresponding actions, and looking for new threats to the objectives.

TBS is regularly identifying, monitoring and responding to significant risks. The risk registers are reviewed and updated with each key file area on a quarterly basis. Risk monitoring is discussed quarterly at Centre for Greening Government Management Team Meetings. The TBS risk management approach is shared and discussed annually with the ADM Greening Government Steering Committee.

Recommendation 5:

*That, by 15 June 2023, the Treasury Board of Canada Secretariat provide the House of Commons Standing Committee on Public Accounts with a report explaining its approach to establish and publish projections, and outlining the Greening Government Strategy's estimated costs and savings, as well as its actions to monitor these costs and savings.*

As noted in the June 14, 2023, Government response to PACP's Greening Government Strategy report, the Treasury Board Secretariat (TBS) recently added a new webpage ([Implementing the Greening Government Strategy](#) including a section on costing), to provide information on the [approach to tracking costs and savings for Canadians](#). The website outlines TBS' Centre for Greening Government's approach to tracking costs and saving as follows:

The Government of Canada is focused on implementing the Greening Government Strategy (GGS) in the most cost-effective manner. Getting to net zero by 2050 for federal operations, including buildings and fleets, requires upfront capital investments that can be greater than the investments required for higher-polluting, status quo options. However, investments in greening are typically partially or fully offset by operational savings over time, especially when the cost of future greenhouse gas (GHG) emissions is factored into calculations.

## **Our approach**

The GGS requires departments to estimate the overall costs of projects and to select the option that ensures the lowest overall cost and the lowest GHG emissions over its lifetime. This approach is known as GHG life-cycle cost analysis. Focusing on full life-cycle costs (initial capital investment and operational savings) at the beginning of projects achieves greening outcomes at the lowest cost.

The Centre for Greening Government has implemented a three-step approach to costing:

1. Departments are required to develop and maintain long-term costed pathways to decarbonize their operations by 2050, for example, plans for a net-zero, climate-resilient real property portfolio.
2. Major projects and initiatives are required to minimize the total cost of ownership by reducing life-cycle costs and maximizing reductions in GHG.
3. The Centre tracks the strategic initiatives it manages, including the Low-Carbon Fuel Procurement Program and the Greening Government Fund.

In addition, departments report to Parliament on their capital expenditures through the Main Estimates and public accounts. They also report on the overall progress of greening their operations through their departmental sustainable development strategies.

## **Costs to decarbonize real property**

TBS has conducted studies with the Canadian Green Building Council that demonstrate the cost-effectiveness of zero-carbon buildings and the value of deep energy retrofits for existing buildings.

With 32,000 buildings, 23 million m<sup>2</sup> of floor space, approximately 20,000 engineering assets, and 39 million hectares of land, the Government of Canada owns and manages the largest fixed asset portfolio in Canada. The government spends approximately \$10 billion annually to administer this portfolio, which has an estimated replacement value of \$100 billion. TBS worked with an expert organization to aggregate the results of departmental net-zero plans to determine that the incremental cost of achieving net-zero real property operations by 2050 is \$3 billion or about 3% of the replacement value of the portfolio.

## **Cost to decarbonize the conventional fleet**

For conventional fleet operations, total cost of ownership assessments determined that, in most cases, it is more cost-effective for the government to procure electric vehicles. Over the typical seven-year life cycle of government-owned conventional fleet vehicles, the cost of operating and maintaining electric vehicles is less than that of internal combustion vehicles. Generally, this cost difference more than offsets the higher initial purchase price of electric vehicles.

For example, a plug-in-hybrid or battery-electric sport utility vehicle can cost several thousand dollars less to own over its seven-year lifespan relative to the cost of owning a gasoline-only internal combustion engine vehicle. These savings result from not paying for gas, lower servicing and maintenance costs, and from the higher resale value of electric vehicles.