

Chapter 9

**Follow-Up of Previous Audits:
More Action Needed**

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Follow-Up of Previous Audits: More Action Needed

Main Points

9.1 The purpose of follow-up is to inform Parliament about actions that federal departments have taken to address previous observations and recommendations of the Auditor General and the Commissioner of the Environment and Sustainable Development. This follow-up chapter reports on the status of four separate audits.

9.2 We are not satisfied with the overall progress that federal departments have made in addressing the findings in Chapter 4 of the April 1997 Report of the Auditor General, Control of the Transboundary Movement of Hazardous Waste. Canada is still not in a position to know the extent to which it is fulfilling its international obligations to prevent illegal traffic of hazardous waste at the border and does not have an action plan to address significant gaps.

9.3 We are satisfied with the progress that departments have made in addressing the findings in Chapter 27 of the December 1997 Report of the Auditor General, Ozone Layer Protection: The Unfinished Journey. Environment Canada, the lead federal department, has shown strong commitment and leadership, internationally and domestically, in developing policies and programs aimed at eliminating or reducing ozone-depleting substances (ODS). Canada continues to meet its international phase-out and financial obligations and, with the provinces, maintains a national program for the recovery and recycling of ODS. Environment Canada needs to make further progress in enforcing the ODS regulations of the *Canadian Environmental Protection Act*, setting direction for federal departments, and planning for the future.

9.4 Environment Canada's enforcement program continues to be a cause of significant concern. We examined enforcement activities in the audits of the transboundary movement of hazardous waste and ozone layer protection. In our follow-up we found little or no improvement in many enforcement-related activities. Environment Canada provided us with conflicting data on inspection activities at the border.

9.5 With respect to Chapter 4 of the May 1998 Report of the Commissioner of the Environment and Sustainable Development, Canada's Biodiversity Clock Is Ticking, we are satisfied overall with the progress that departments have made. We recognize that the implementation of the Canadian Biodiversity Strategy is a complex task. Departments realize that there is still much work to be done at the federal and national levels to fully integrate biodiversity into their programs and policies.

9.6 We believe that the Canadian Environmental Assessment Agency has taken reasonable steps to address the findings directed to it in Chapter 6 of the Commissioner's 1998 Report. Overall, however, we are not satisfied with the progress made by departments in correcting the deficiencies noted.

Introduction

9.7 This Office's policy is to follow up on previous reports of the Auditor General and the Commissioner of the Environment and Sustainable Development. The primary objective of this work is to ascertain whether the departments have addressed the recommendations and observations of previous reports and to provide a progress report to Parliament. Follow-up work is not a re-audit of the subject matter; rather, we base our findings on assertions made by departmental management. The field work for this follow-up ended 31 December 1999. Since the end of our field work, however, some departments have informed us that they have been continuing to address our recommendations and observations.

9.8 Details on the objectives, methodology and scope of the follow-up work (including the federal departments involved) is contained in the **About the Follow-up** section at the end of this chapter. In this chapter, the term "department" is used generically to include federal departments and agencies.

9.9 Audit-by-audit follow-up. This follow-up chapter outlines the work departments undertook to address the observations and recommendations of four previous audits:

- Control of the Transboundary Movement of Hazardous Waste (Chapter 4, April 1997 Report of the Auditor General)
- Ozone Layer Protection: The Unfinished Journey (Chapter 27, December 1997 Report of the Auditor General)
- Canada's Biodiversity Clock Is Ticking (Chapter 4, May 1998 Report of the Commissioner of the Environment and Sustainable Development)

- Environmental Assessment: A Critical Tool for Sustainable Development (Chapter 6, May 1998 Report of the Commissioner of the Environment and Sustainable Development)

9.10 In the following sections, discussion of each of these previous audits is organized in the following way:

- **Background.** A brief summary of the subject matter addressed in the original audit chapter, the main findings in that chapter, and any relevant changes since then (for example, new scientific information, new government policy).

- **Conclusion.** The central message we are conveying to parliamentarians about departments' overall progress.

- **Observations and Summary.** Includes a discussion of departmental actions and progress on key selected observations/recommendations, as well as a table summarizing departmental progress on each observation/recommendation. In the table, we have assigned to the action on each significant observation or recommendation one of three ratings as set out below. These ratings reflect our consideration of such factors as the complexity of the recommendation, the number of departments involved, the amount of time elapsed since we reported, and the reasonableness of departmental action.

☆ **Fully addressed** — The department has fully addressed the original audit finding and thus need not take additional action. Our Office will not follow up further.

✓ **Satisfactory progress** — The department has made reasonable progress in addressing the original finding, but must take some additional action. Our Office will do further follow-up work.

✗ **Unsatisfactory progress** — The department has not made reasonable progress in addressing the original

finding, and must take considerable additional action. Our Office will do further follow-up.

9.11 Common themes and messages.

In addition to the audit-by-audit follow-up work, we have analyzed the four audits in order to identify new insights and common issues. Four themes emerged from this analysis: closing the implementation gap, filling information

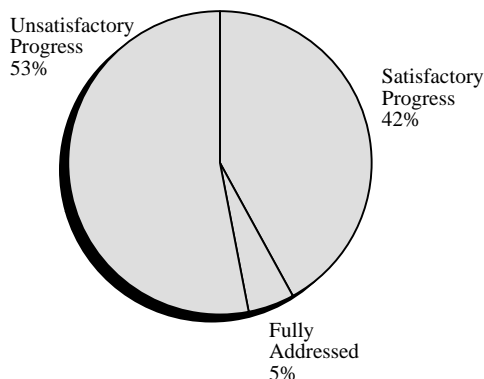
gaps, demonstrating leadership, and managing relationships. That section of the chapter discusses the relevance of these themes to each audit.

9.12 Exhibit 9.1 shows the extent to which departments have addressed the recommendations and observations of all four audits. Only five percent of recommendations have been “fully addressed”, while departments have made unsatisfactory progress on a disappointingly high 53 percent.

9.13 In our view, the observations and recommendations contained in the original chapters remain valid and pertinent. Although we are encouraged that departments are acting on many fronts, none of the subject matters addressed in the four audits has yet received a clean bill of health. We believe that the departments need to take additional action and our Office will need to do further follow-up work.

Exhibit 9.1

Implementation of Recommendations and Observations



Control of the Transboundary Movement of Hazardous Waste — 1997, Chapter 4, Report of the Auditor General

Background

9.14 Improper disposal of hazardous waste can put Canada's environment and the health of Canadians at risk. The export and import of hazardous waste has been the subject of various international agreements because of their environmental implications. In 1986, Canada entered into a bilateral agreement with the United States that requires the exporting country to notify the importing country of each proposed shipment of hazardous waste. The agreement also requires both countries to enforce domestic laws and regulations governing the transboundary shipment of hazardous waste. Canada is further committed to the Basel Convention on the Control of the Transboundary Movements of Hazardous Wastes and their Disposal (1992) and other agreements. These agreements are described in more detail in the 1997 chapter.

9.15 Our April 1997 chapter on hazardous waste assessed whether Environment Canada, in co-ordination with other federal departments and the provinces, had established an effective and comprehensive regime for controlling the transboundary movement of hazardous waste, consistent with Canada's domestic and international environmental commitments and obligations. We concluded that Canada was not in a position to know the extent to which it was fulfilling its international obligations to prevent illegal traffic at the border. We also determined that:

- compliance promotion was generally good but there were significant weaknesses in the enforcement program;
- there was little chance of detecting illegal traffic at the border;

- there was limited enforcement action at the border to detect illegal traffic in hazardous waste; and
- few charges had been laid for illegal shipments of hazardous waste, with even fewer convictions.

Conclusion

9.16 Overall, we are not satisfied with the progress that federal departments have made in addressing our 1997 findings.

9.17 Our follow-up found that Canada is still not in a position to know the extent to which it is fulfilling its international obligations to prevent illegal traffic of hazardous waste at the border. Furthermore, Canada still has no comprehensive action plan to address long-standing and significant gaps in the enforcement of regulations governing the transboundary movement of hazardous waste.

Observations and Summary

9.18 Manifest compliance rates. The rates of compliance in completing hazardous waste manifests have improved. Environment Canada has been working with industry to encourage it to submit manifest documentation related to imports and exports of hazardous waste as required by law. As a result, compliance rates in 1998 were over 90 percent for generator and receiver copies of manifests and disposal certificates. Compliance rates for border copies of the manifests were 56 percent for imports and 53 percent for exports.

9.19 Detecting illegal traffic. There has been limited progress on quantifying the extent of potential illegal traffic of hazardous waste entering or leaving Canada. Canada Customs and Revenue Agency, Customs Border Services and Environment Canada agreed to do the

We are not satisfied with the progress that federal departments have made in addressing our 1997 findings.

In 1997, we concluded that Canada was not in a position to know the extent to which it was fulfilling its international obligations.

Compliance in completing notifications of hazardous waste cross-border transport has improved.

We are concerned about the reliability of Environment Canada's data on border-related enforcement activity.

necessary analysis. Environment Canada regularly analyzes legal shipments of hazardous waste entering and leaving the country and has begun to do so by mode of transportation, including hazardous waste entering and leaving by ship and train. This analysis did not address the extent of potentially illegal traffic. Environment Canada enforcement staff claim to have had insufficient resources to quantify illegal traffic.

9.20 It is unclear whether inspection activity at the border has increased or decreased. In our 1997 audit, we found that border inspections in 1995–96 numbered five in the Quebec region, 15 in the Ontario region and one in the Pacific and Yukon region. In our follow-up, Environment Canada provided us with conflicting data on the number of border inspections in each of these regions for 1997–98 and 1998–99. Environment Canada told us that it is still standardizing definitional issues related to inspections and procedures for reporting them. We are concerned about the reliability of Environment Canada's data on border-related enforcement activity.

9.21 Environment Canada still has only a limited capacity to test samples of suspect shipments for hazardous waste. In 1997, we reported that the Department had taken no samples in the Quebec region in 1995–96, none in the Pacific and Yukon region, and 12 in the Ontario region. Environment Canada reports that in 1998–99 four samples were taken in the Quebec region, three in the Pacific and Yukon region, and four in the Ontario region.

9.22 There have been some improvements in training. Environment Canada and the Canada Customs Revenue Agency (CCRA) collaborated to produce a computer-based module available to Customs inspectors. This self-teaching module is designed to assist Customs inspectors in recognizing hazardous waste. As of December 1999, no information was

available on the number of Customs officers who have taken the training, or on its effectiveness.

9.23 Controlling exports: the revised Memorandum of Understanding has not been finalized or implemented. To comply with procedures established for the Export and Import of Hazardous Wastes Regulation, exporters of hazardous waste are required to leave a copy of their documentation (letters of authorization, notice forms and manifests) with the Customs office when they exit. In 1997, we observed that the limited facilities to deal with exports hampered the efforts of Customs officers. We noted in 1997 that the Memorandum of Understanding (MOU) between Environment Canada and the Canada Customs and Revenue Agency (then Revenue Canada) was silent on Customs' responsibility to collect the documentation required for exports. The two parties committed to reaching a new agreement by 31 March 1998.

9.24 At the time of our follow-up, they had made very little progress. An omnibus MOU between the two organizations is still in draft form and there has been no notable progress on developing an appendix to specifically address hazardous waste issues. As a result, there is still no agreement that addresses Customs' responsibility for collecting documentation required for exports. Nor is there an action plan or timetable for improving the compliance of exporters required to leave documentation at the border.

9.25 Providing intelligence data. Environment Canada still has a very limited intelligence infrastructure. In 1997, we reported that Environment Canada was not providing Customs with information on shipments that should be subjected to inspections, largely because it lacked an adequate intelligence infrastructure. This situation has not improved. Environment Canada told us that it plans to hire intelligence staff to provide this information. Action plans are

Environment Canada still has a very limited infrastructure for providing intelligence data.

in the early stages of development and do not include timetables.

9.26 In 1997, we noted the advantages of a joint force operation approach that would capitalize on the existing expertise in Environment Canada, Customs Border Services, the RCMP and other agencies. At the time, Environment Canada agreed to provide the leadership needed to establish such an approach. Three years later, a joint force operation approach has yet to be implemented.

9.27 Analyzing the international agreement. In 1997, we recommended that once definitional issues were resolved, Environment Canada should determine whether it needed to analyze both the positive and negative environmental effects of a proposed ban on shipping recyclable hazardous waste from developed to developing countries. Environment Canada has completed that analysis and has participated actively in discussions on the shipment of recyclable waste. It reports that it assessed environmental and economic factors in developing its position. It has agreed to the lists of banned shipments included in the February 1998 annex to the Basel Convention.

9.28 Our assessment of progress made since our 1997 audit is summarized in Exhibit 9.2.

***Department's comments:** Environment Canada has been working to address the enforcement observations and issues raised in the chapters on Control of the Transboundary Movement of Hazardous Waste and Ozone Layer Protection: The Unfinished Journey. The national enforcement program has put in place a broad-based action plan that addresses policy, management, enforcement tools and resources. In 1999–2000, additional resources were reallocated to the program to allow some staffing and basic training to take place. The Budget 2000 confirmed increases to the ongoing resources for the enforcement program; these new resources will be directed to high priorities.*

The improvements to the enforcement program raised by the Commissioner are recognized by Environment Canada as necessary to ensure the overall effectiveness of the regulations. Both Export and Import of Hazardous Wastes and Ozone Depleting Substances regulations are priorities for Environment Canada's Enforcement Program. Additional staff are being recruited and trained to add to and strengthen the inspection, investigative and intelligence capacity of Environment Canada. Comments in this chapter about border-related data, intelligence, training and co-operation mechanisms with Canada Customs have been addressed or will be in the coming months.

A joint force operation approach has yet to be implemented.

Exhibit 9.2

**Control of the Transboundary Movement of Hazardous Waste —
Summary of Follow-up Findings**

Chapter Paragraph	Recommendation/ Observation	OAG Assessment	Comments
	Promoting compliance		
4.48	Improve rates of compliance with manifests and disposal certificates	✓	Import and export manifest and disposal certificate reporting has increased to over 90% in most categories
	Detecting illegal traffic		
4.56	Quantify illegal traffic	✗	EC reports that staff are being hired as of December 1999
4.59	Environment Canada (EC) to provide training	✓	Canada Customs intranet training available as of December 1999
4.63	Develop a strategy for analyzing samples	✗	Training being provided. Sampling frequency remains low
4.68	Quantify ship and rail traffic and determine potential illegal traffic	✗	December 1999 report identifies legal hazardous waste traffic by ship and rail. More analysis needed to determine potential illegal traffic
	Controlling exports		
4.86	MOU silent on exports	✗	Hazardous waste appendix to MOU not yet completed
	Providing intelligence data		
4.91	EC to provide intelligence information to Customs	✗	Not happening on a systematic basis. EC to hire intelligence staff
4.96	EC to lead in establishing joint force operations	✗	Recommendation not implemented. EC to hire necessary staff
	Analyzing the international agreement		
4.102	Once definitional issues resolved, EC to analyze effects	☆	International definitions have been resolved, analysis has been completed, Canada agreed to adopt Hazardous Waste lists

☆ fully addressed

✓ satisfactory progress

✗ unsatisfactory progress

Ozone Layer Protection: The Unfinished Journey — 1997, Chapter 27, Report of the Auditor General

Background

9.29 The depletion of the stratospheric ozone layer continues to be one of the most serious environmental issues confronting Canada and countries around the world. Ozone layer depletion results in increased levels of ultraviolet-B radiation at the Earth's surface, and this directly impacts the health of Canadians and their environment. Because of its northern location, Canada is one of the countries most at risk from the effects of ozone layer depletion. The most recent scientific assessment indicates that the ozone layer is still vulnerable. The United Nations Environment Program stresses the importance of continued global commitment if the ozone layer is to recover by 2050.

9.30 Our 1997 chapter addressed several aspects of the federal government's program for protecting the ozone layer. It examined Canada's implementation of the international *Montreal Protocol on Substances that Deplete the Ozone Layer* (and related domestic controls on ozone-depleting substances), the federal-provincial National Action Plan on the Recovery and Recycling of CFCs, public education, and the management of ozone-depleting substances (ODS) in federal operations.

9.31 Overall, our 1997 audit reached positive conclusions about the federal government's ozone layer protection program. At the global level, ozone layer protection was characterized as a story of determination and achievement, and a demonstration of sustainable development in action. Our audit found that Canada was fully meeting its obligations to control ODS under the *Montreal Protocol*, and that its accomplishments compared favourably with, and in some cases exceeded, those of other countries. We

gave credit to Environment Canada for its progress in promoting the recovery and recycling of CFCs through the National Action Plan, and for its efforts in co-ordinating a complex activity to harmonize regulations across Canada.

9.32 The 1997 chapter also identified some weaknesses in the federal government's management of ozone layer protection, notably in the enforcement of regulations under the *Canadian Environmental Protection Act (CEPA)*, the need to better target public education, and the "not so greening" of federal operations. Perhaps most important, the subtitle of the chapter, *The Unfinished Journey*, reflected our strong belief that the job was not complete (and that future generations would have to cope with the legacy left to them). We made nine recommendations for improvement.

Conclusion

9.33 Overall, we are satisfied with the level of action departments have taken on our 1997 recommendations and observations. Environment Canada, the lead federal department, continues to show strong commitment and leadership, both internationally and domestically, in developing policies and programs aimed at eliminating or reducing ozone-depleting substances. Canada continues to meet its phase-out obligations (accurate to 1998) and financial obligations under the *Montreal Protocol* (10 percent of 1999 obligations remained outstanding at end of our field work). With the provinces, Environment Canada maintains a national program for the recovery and recycling of ODS. Public education programs are focussing more on vulnerable populations, such as school age children. Moreover, federal departments are now implementing environmental management systems. This should strengthen the

Ozone layer depletion remains a serious environmental issue. The journey is still unfinished.

Canada continues to meet its phase-out obligations and shows commitment and leadership.

Environment Canada's inspection program has significant weaknesses.

New regulations improve the control of ozone-depleting substances (ODS) in federal departments.

management of ODS in federal operations.

9.34 Some areas require further progress, notably enforcing the *CEPA* regulations on ODS, setting direction for federal departments, and planning for the future.

Observations and Summary

9.35 Enforcement of the *CEPA*. Environment Canada's inspection program still has the significant weaknesses that we cited in the 1997 chapter, including a lack of consistency in identifying the regulated community and in planning and implementing inspections. Environment Canada has analyzed its overall enforcement requirements (including those beyond ODS regulations) and has proposed plans to increase the number of full-time designated inspectors.

9.36 Canada's National Action Plan. In 1992, the Canadian Council of Ministers of the Environment published a *National Action Plan for Recovery, Recycling and Reclamation of CFCs*. In our 1997 audit we noted that many of the tasks set out in the 1992 plan had been accomplished, but there were a few weak areas. We recommended that Environment Canada, through the Federal-Provincial Working Group (FPWG), assess the economic and environmental significance of differences in provincial regulations that govern ODS use, recovery and recycling. Environment Canada informed us that it had proposed such a study to the FPWG, but the Group decided instead to study the notable differences in provincial regulations, without focussing explicitly on their economic and environmental significance. Environment Canada has advised us that an analysis has commenced but is not completed.

9.37 The not-so-greening of government operations. Substantial quantities of ODS are used and stored in federal facilities across Canada. Over the

past decade, the federal government has committed to leading the way by greening its own operations. In 1997, we noted that departmental ODS strategies did not support such leadership and were limited in their reach. Few departments, for example, had established early phase-out dates or set direction for using alternatives. Rather, departmental policies sought to minimize ODS emissions from operational equipment while maximizing the equipment's operational life. Departments report that this is still the case.

9.38 More encouraging, however, is that the federal government halocarbon regulation took effect on 1 July 1999. Environment Canada, National Defence, Transport Canada and Public Works and Government Services Canada report that they have prepared inventories of ODS equipment to support implementation of the regulations. Fisheries and Oceans has such an inventory for the Coast Guard but not for its other operations.

9.39 In 1997 we also noted the absence of government-wide direction. We recommended that the federal government assign responsibility and authority to Environment Canada or another department to clearly articulate its expectations for leadership in managing and eliminating ODS in federal operations. This recommendation has not been implemented. The federal halocarbon regulation requires departments to maintain their equipment so as to minimize releases and eliminate some but not all uses of ODS. In our view, this remains a serious gap.

9.40 Turning to the future. The challenges facing governments in their quest to solve ozone layer depletion have changed dramatically since the *Montreal Protocol* was introduced. Our 1997 audit examined how Environment Canada was assessing its options and priorities. We recommended that the National Action Plan be revised to include several components of effective accountability.

These would include a demonstration of the expected costs and benefits; more clearly articulated roles, tasks and responsibilities; development of measurable objectives, targets and outcomes; procedures for reliable reporting on performance; and mechanisms to provide for redress and necessary program adjustments.

9.41 We believe that Environment Canada has made important improvements in the accountability provisions of the new National Action Plan and note that the Plan now includes measurable objectives, targets and tasks for each level of government. It does not contain information on expected benefits and costs, procedures for reliably measuring and reporting on performance, or mechanisms to provide for redress and necessary program adjustments.

9.42 In 1997, we recommended that Environment Canada clearly articulate the federal government's position on the destruction of ozone-depleting substances and equipment that uses them. Environment Canada is working with the provinces to develop a national strategy for destruction of surplus ODS but the federal government has not yet developed a position of its own. In the absence of a federal or national position, individual departments are left to develop their own approach to the storage and management of surplus ODS.

***Department's comments:** With regard to the development of a federal government position on ODS destruction, a phase-out and disposal strategy is being developed nationally through the Federal-Provincial Working Group on ODS. It will address disposal issues for all jurisdictions, including federal entities. In addition, Environment Canada is preparing a disposal guide that will identify current and promising destruction technologies as well as appropriate performance parameters for destruction.*

9.43 Our 1997 chapter identified many new challenges facing governments around the world, describing this as an important juncture in the evolution of Canadian efforts to protect the ozone layer. We recommended that Environment Canada direct its available resources toward activities that maximize ozone recovery, aided in part by consultation with affected stakeholders and by structured analysis of opportunities to reduce risk. While Environment Canada has shown that it is responsive to evolving issues of domestic and international concern, we believe that opportunities still exist to more formally take stock of departmental ozone programs and adjust activities as appropriate.

9.44 Our assessment of progress made since our 1997 audit is summarized in Exhibit 9.3.

A federal position on the destruction of ODS is still missing.

Opportunities still exist to improve the ozone program.

Exhibit 9.3

Ozone Layer Protection: The Unfinished Journey — Summary of Follow-up Findings

Chapter Paragraph	Recommendation/Observation	OAG Assessment	Comments
Meeting our international obligations			
27.39	Meet and exceed commitments under <i>Montreal Protocol</i>	☆	Canada continues to meet its commitments and continues to show leadership
27.50	Environment Canada (EC) should formalize its bilateral assistance efforts	✔	Full-time staff hired in December 1999. Several projects implemented but activities with CIDA not formalized
Enforcing the CEPA			
27.58	EC's inspection plans should identify in a consistent manner companies subject to inspection	✗	EC has not yet consistently identified companies for inspection
27.59	EC should apply its criteria for selecting companies to inspect consistently across all regions	✗	EC has yet to apply consistent selection criteria across all regions
27.60	EC should determine/carry out the level of inspection coverage necessary to ensure compliance	✗	No progress. EC has not demonstrated the level of effort necessary to ensure compliance
Canada's National Action Plan			
27.70	EC should undertake an economic and environmental study to assess the significance of differences in provincial legislation	✔	The FPWG agreed to assess "significant differences." This assessment has commenced but is not completed
Public education			
27.81	Health Canada and EC should assess the significance of surveys and communication activities directed at high-risk groups	✔	EC has assessed surveys; as a result, it has increased its emphasis on targeting youth. Health Canada's and EC's planning activities point to an increased focus on pre-teens
Greening of government operations			
27.93	ODS strategies are limited in their reach	✔	Halocarbon regulations were promulgated July 1999. Most departmental plans include use of ODS equipment to the end of its economic life
27.103	Federal government should assign authority to articulate its expectations for leadership in management of ODS in federal operations	✗	No department has been assigned the role of articulating the federal position on leadership. Halocarbon regulations address procedures for using ODS equipment
Turning to the future			
27.110	The Revised National Action Plan should include components of effective accountability	✔	Revised NAP, developed January 1998, includes measurable objectives, targets and tasks but not costs, benefits, performance measurement or redress mechanisms
27.121	EC should clearly articulate government position on ODS destruction	✗	EC has commenced work with provinces but federal position has not been developed
27.128	EC should direct efforts toward activities that maximize benefits	✔	EC did internal analysis of ways to optimize activities. We believe opportunities still exist

☆ fully addressed

✔ satisfactory progress

✗ unsatisfactory progress

Canada's Biodiversity Clock Is Ticking — 1998, Chapter 4, Report of the Commissioner of the Environment and Sustainable Development

Background

9.45 In 1992, at the Earth Summit in Brazil, Canada signed the *United Nations Convention on Biological Diversity* and, later that year, ratified it. This Convention was developed in response to international concern over the global loss of plant and animal species and their habitats.

9.46 Our 1998 chapter on biodiversity reviewed progress the federal government had made in implementing the commitments of the Convention. At that time, developing the Canadian Biodiversity Strategy was Canada's primary response to the Convention. The implementation of the Strategy was still in its early stages and we noted that progress was slower than projected and that deadlines had been missed.

9.47 Our chapter cited the need for a federal implementation plan as a tool to achieve national goals and measure performance. We also concluded that future reporting at the international, federal and provincial levels needed to reflect progress toward predetermined and measurable targets.

Conclusion

9.48 Overall, we are satisfied that progress has been made in addressing the findings of our audit. Our follow-up work noted advances in three areas. First, departments are developing performance measurement frameworks for biodiversity. Second, Canada is participating in several important initiatives, including the development of an international reporting framework. It is also involved in efforts to increase the participation of Indigenous peoples in biodiversity conservation. Finally, new partnerships have been formed to enhance co-operation, and the

mandates of older committees are being reviewed where renewed focus is needed.

9.49 In certain areas, however, departments are not meeting their projections. Specifically, three of eight federal biodiversity modules and the federal implementation plan remain unfinished. The completed modules lack elements that we had identified as key to their effectiveness.

9.50 In addition, we were told that adequacy of resources remains a concern, particularly for scientific capacity and for making biodiversity information more available. For example, the federal government is still not able to report on the overall state of biodiversity in Canada. Departments recognize that continued effort is required at the federal and national level. In the future we will revisit the federal government's actions to address the issue of biodiversity.

Observations and Summary

9.51 Biodiversity modules. The deadline for the completion of the eight federal modules was April 1997. Currently, three remain unfinished: aquatic diversity, ecological management and international co-operation. Since our 1998 audit, three modules have been completed: education, protected areas and wildlife. However, they do not adequately incorporate the key elements of time frames, resources to be allocated, expected results and performance indicators (see Exhibit 9.4). Without these elements, we believe that Canada's ability to deliver and report on biodiversity initiatives is compromised.

9.52 Federal implementation plan. There is no federal implementation plan for biodiversity. As noted in our 1998 audit, such a plan is a fundamental component of Canada's efforts to meet its international and domestic biodiversity

Three federal biodiversity modules remain unfinished.

There is no federal implementation plan for biodiversity.

The government has no ministerial “home” for biodiversity.

commitments. Environment Canada states that this plan will summarize all eight modules. It is still our view that the completed set of modules will not constitute an adequate federal implementation plan unless all the elements identified in Exhibit 9.4 are addressed.

9.53 Performance measurement and reporting. Efforts are now under way in Agriculture and Agri-Food Canada, Environment Canada and Natural Resources Canada to develop and implement departmental performance measurement frameworks for biodiversity. The goal is for these departmental performance frameworks to form the basis of a federal framework, under which individual departmental results can be consolidated and reported to Parliament and Canadians. These efforts are in response to our 1998 observation that the absence of some key elements from the modules limits their usefulness as a basis for a federal implementation plan.

9.54 Agriculture and Agri-Food Canada’s performance measurement framework for its biodiversity module is noteworthy. In addition to the elements we identified in 1998 as critical, the Department’s framework is linked to business lines, incorporates key result areas, and identifies lead personnel for

specific departmental actions. Departmental officials told us that the framework has facilitated reporting and that biodiversity is now viewed as an important component of the Department’s core business.

9.55 It is our view that performance measurement frameworks are necessary to implement the modules that have been completed to date. An opportunity exists to develop performance frameworks in tandem with the modules yet to be completed.

9.56 Federal-provincial-territorial co-ordination. There is still no ministerial “home” for biodiversity. Biodiversity receives only limited attention by ministerial committees because of the many other competing agenda items. The new Canadian Endangered Species Conservation Council will address issues such as species at risk and their habitat; however, other important elements of biodiversity may be overlooked. Environment Canada informed us that discussions have been initiated with the provinces to rejuvenate commitment to the Canadian Biodiversity Strategy at the ministerial level.

9.57 The Federal-Provincial-Territorial Working Group on Biodiversity also provides an opportunity for interjurisdictional action on biodiversity. Since the release of the Canadian Biodiversity Strategy in 1996, provincial-territorial attendance at Working Group meetings has been very low; often only one or two provinces are represented. However, Working Group members are trying to increase participation. At its 7 October 1999 meeting, the Working Group decided that a greater focus on domestic implementation is needed, as well as a program of work leading to tangible federal-provincial-territorial outputs.

9.58 International reporting framework. To improve international reporting, Canada’s Biodiversity Convention Office (BCO) is participating with representatives of eight other

Performance measurement frameworks are being developed.

Exhibit 9.4

Biodiversity Modules Completed Since 1998 and Elements They Address

Module	Time Frame	Resources to be Allocated	Expected Results	Performance Indicators
Protected Areas	Addressed	Not Addressed	Addressed	Addressed*
Wildlife	Addressed*	Not Addressed	Addressed	Addressed*
Education	Not Addressed	Not Addressed	Not Addressed	Not Addressed

*Addressed, but to a very limited extent.

countries in an initiative to develop and test a revised international performance reporting matrix. This matrix will form the basis of the next Country Reports of the 176 parties to the Convention, expected in 2001.

9.59 Maximizing resources — Biodiversity Convention Office (BCO).

The BCO is a focal point for Canada's biodiversity efforts. Given its small resource base, however, it faces a daunting challenge to meet the public's expectations to advance and report on domestic implementation as well as to continue to monitor and co-ordinate Canada's international commitments to the *United Nation's Convention on Biological Diversity*. It is addressing this challenge by encouraging Environment Canada to integrate biodiversity into its planning, priority-setting and resource allocation decisions. In addition, the BCO is trying to achieve a broader recognition of biodiversity by encouraging other federal departments and various stakeholder groups, such as Indigenous peoples, to place it on their agendas.

9.60 Maximizing resources — other federal departments. By its very nature, biodiversity cuts across departments and jurisdictions. Limits on resources have created the need to find innovative ways to co-ordinate efforts and maximize opportunities. For example, under the Federal Biosystematics Partnership, Agriculture and Agri-Food Canada, Environment Canada, Fisheries and Oceans, Natural Resources Canada and the Canadian Museum of Nature have agreed to share data and resources. Other federal efforts include re-examining the mandates of existing biodiversity committees to maximize their potential.

9.61 Biodiversity science capacity.

The federal government needs to enhance its capacity for biodiversity research, which is highly complex and wide-ranging. Biosystematics is one area where a concerted effort has been made to address this need. For example, the Federal Biosystematics Partnership is

developing a needs assessment to identify gaps in the federal capacity to do biosystematics research. The Partnership has also prepared a proposal for joint funding to acquire taxonomic and bioinformatics specialists. These personnel would be distributed among partners involved in the proposal.

9.62 In 1998, we recognized that biological data were often not in a standardized or accessible format. In response to this observation, three federal departments and one Crown corporation — Agriculture and Agri-Food Canada, Environment Canada, Natural Resources Canada, and the Canadian Museum of Nature — formed the Canadian Biodiversity Information Initiative. This initiative led to the development of an electronically accessible "prototype" database on "Butterflies of Canada". Recently, the MOU among the federal government's five natural resource departments identified the further development of this initiative as one of six priorities under the title "The Biota of Canada Information Network".

9.63 In an appendix to the 1998 chapter, we reported specific challenges being encountered by Agriculture and Agri-Food Canada. We indicated that some kind of indicator was needed for the long-term economic security of the sector — which depends, in part, on having a range of products. The Department is making significant progress in most of these areas but still needs indicators of domesticated biodiversity. Agriculture and Agri-Food Canada is addressing this challenge by working in collaboration with other OCED countries to develop such indicators at the international level. The Department views this as the most appropriate approach because most of the biodiversity that has been domesticated and is available as a resource for use in Canada is widely dispersed throughout the world.

9.64 Our assessment of progress made since our 1998 audit is summarized in Exhibit 9.5.

Biodiversity research needs to be enhanced.

Exhibit 9.5

Canada's Biodiversity Clock Is Ticking — Summary of Follow-up Findings

Chapter Paragraph	Recommendation/Observation	OAG Assessment	Comments
4.17, 4.23	Complete biodiversity modules	✗	Three of eight modules not yet complete. Deadline for completion was 1997
4.20	Develop an international reporting framework	✓	Canada participating in developing and formalizing a framework for international reporting
4.24, 4.33	Develop a federal implementation plan	✗	Not yet developed; requires completion of all modules
4.27, 4.31	Maximize resources 1. Biodiversity Convention Office 2. Other federal departments 3. Biodiversity science capacity	✓	1. Encouraging integration of biodiversity into a variety of committees 2. Progress made in developing new committees and renewing existing ones to maximize use of resources; creation of the Federal Biosystematics Partnership 3. Challenges still exist, particularly for research and availability of scientific information
4.28, 4.29	Federal-provincial-territorial co-ordination	✗	Still no ministerial "home" for biodiversity; Federal-Provincial-Territorial Working Group on Biodiversity is working to define a national focus and improve turnouts for meetings
4.30, 4.34	Performance measurement and reporting	✓	Development and implementation of departmental performance measurement frameworks; efforts under way to develop a federal performance measurement framework for reporting
Appendix	AAFC's Biodiversity Action Plan 1. Content 2. Scientific information 3. Indicators of domesticated biodiversity 4. Integration with other departments	✓	The Department is making significant progress in most of these areas; however, indicators of domesticated biodiversity are still needed

☆ fully addressed

✓ satisfactory progress

✗ unsatisfactory progress

Environmental Assessment: A Critical Tool For Sustainable Development — 1998, Chapter 6, Report of the Commissioner of the Environment and Sustainable Development

Background

9.65 Environmental assessment (EA) is the examination of planned projects, programs, policies or activities to ensure that potential impacts on the environment receive careful consideration before decisions are made or actions taken. The *Canadian Environmental Assessment Act (CEAA)* came into force in 1995 and prescribes the conditions under which federal departments and agencies must conduct an environmental assessment. Departments and agencies (hereinafter referred to as departments) are responsible for ensuring that an EA of a project is conducted under the *CEAA* before they take certain actions with respect to that project. The Canadian Environmental Assessment Agency (the Agency) administers the *CEAA* and provides guidance and advice to federal departments. While the *CEAA* focusses on projects, there is also a Cabinet directive in place that calls for an environmental assessment of federal policy and program initiatives.

9.66 In 1998 we examined the implementation of the *CEAA*, the roles of the Agency and other responsible federal departments, and the extent of compliance with the Cabinet directive. In addition to the Agency, nine federal organizations were included in the scope of the audit.

9.67 The chapter identified a number of weaknesses in the implementation of the *CEAA*. We concluded that environmental assessments (EAs), conducted by departments did not consider all of a project's elements or potential environmental effects, nor did departments do sufficient monitoring of mitigation measures and environmental follow-up. In addition, information for the public was deficient in environmental

assessment reports and in the Federal Environmental Assessment Index. We concluded that departments and agencies had been slow to implement the 1990 Cabinet directive on environmental assessment of policies and programs.

9.68 The Agency took the lead in preparing the federal government's response to our recommendations and in working with departments to implement them. Recommendations directed to the Agency focussed on increasing the level of guidance it provides. Most of the recommendations were directed to departments and focussed on improving the quality and consistency of EAs. In our view, improvement in the quality of EAs requires co-operation between the Agency and departments.

Conclusion

9.69 We believe that the Agency has taken reasonable steps to respond to our 1998 audit findings. Following the release of the chapter, the Agency, in tandem with a mandatory five-year review of the *CEAA* and in collaboration with departments, conducted a Compliance Monitoring Review of EAs (see paragraph 9.71). It also issued guidance documents and launched other initiatives based on our recommendations.

9.70 However, we are not satisfied that departments are making sufficient progress to fully correct the deficiencies we noted. Although eight federal entities have taken some action to improve the way they conduct EAs, they report relatively little change in their practices. These departments have also reported that they participate in committees established by the Agency. This is certainly a first step, but not enough to improve the quality of federal EAs. Even though the Agency has a lead role in developing new

The 1998 chapter identified a number of weaknesses in the implementation of the *Canadian Environmental Assessment Act*.

The Agency has taken reasonable steps but departments are not making enough progress.

Some action has been taken to improve the quality of environmental assessments.

Departments have done little overall to correct the problems identified in our audit.

tools — such as operational policy statements, guidelines and training — the ultimate responsibility for good EAs in Canada rests with departments.

Observations and Summary

9.71 The Compliance Monitoring Review (CMR). To address the majority of the recommendations in our chapter, the Agency undertook a Compliance Monitoring Review (CMR) of EAs conducted by federal entities. The purpose of this review was to examine the quality of EAs and to assess the degree to which they complied with the *CEAA*. Eleven departments participated in the CMR, including seven of the nine federal entities we audited in 1998. As part of the review, the Agency recommended that the entities evaluate 20 EA reports according to the Agency's Compliance Monitoring Framework.

9.72 The CMR, completed in the summer of 1999, confirmed many of the observations identified in our 1998 chapter, namely:

- the need for more direction on a project's scoping;
- the need to improve screening reports with better environmental description;
- the requirement to integrate EAs earlier in project planning; and
- the need to monitor mitigation measures.

9.73 In our view, the CMR was an important step in further identifying weaknesses in the EA process, and an additional means of improving the quality of EAs. However, as already noted, we are concerned that departments have done little *overall* to correct the problems identified in our audit.

9.74 Two departments and two agencies took the initiative to improve their internal procedures and practices after completing their CMR. For example, Environment Canada developed specific

guidelines for its EA activities. Parks Canada took advantage of the CMR to begin updating its internal procedures for improved quality of EAs. The Atlantic Canada Opportunities Agency established a new procedure for ensuring that follow-up is carried out where appropriate. The Habitat Management and Environmental Science Directorate of Fisheries and Oceans has developed an electronic screening form as a guide to completing environmental assessments.

9.75 The other departments told us that they have limited their actions to participating in the CMR and in the upcoming Quality Assurance Program, the next phase of the Agency's initiative to improve the quality of EAs. However, none of them provided us with any evidence that they have actually changed their practices in response to their CMR results.

9.76 Scoping of project and environmental effects. The 1998 audit found inconsistencies in the way departments scoped their projects and environmental effects. Scoping is still a confusing area for federal authorities. Three entities, Environment Canada, Parks Canada and Fisheries and Oceans, have analyzed court decisions on scoping, and the Agency has developed an Operational Policy Statement on scoping. However, organizations will need to develop scoping guidelines adapted to their specific activities. We noted that Environment Canada, Agriculture and Agri-Food Canada and Parks Canada have developed such guidelines; at the time of this audit, the Parks Canada guidelines were in draft form only.

9.77 Cumulative effects. Our chapter identified the need for guidance on addressing cumulative effects of projects. The *CEAA* requires departments to address cumulative effects, and this requirement has been stressed in recent legal decisions. Departments now have access to the Agency's *Reference Guide: Addressing Cumulative Environmental Effects* and to its Operational Policy Statement. The Agency also provides

training to departments. We noted that two departments have tried to better integrate cumulative effects into their EAs.

Environment Canada has developed a departmental position statement and provided training on cumulative effects. The Northern Affairs Program of Indian and Northern Affairs Canada, together with a working group of representatives from the settled claim areas, is developing a cumulative impact monitoring program for the Mackenzie Valley pursuant to the *Mackenzie Valley Resource Management Act*. We note that environmental assessment is an evolving area and assessing cumulative effects of a project remains a challenge for responsible authorities, but these tools should assist them.

9.78 Mitigation measures and follow-up. Mitigation measures reduce the significance of adverse environmental effects. In our 1998 chapter, we noted that while departments often attached mitigation measures to project approvals, they conducted little monitoring of these measures. Based on the information we received during our follow-up, it is still not clear if departments are monitoring these measures to see if they are respected. The departments who issue permits or licences to project proponents told us that they look at the mitigation measures when they have to monitor adherence to permit conditions, but not for every permit because of resource constraints.

9.79 Follow-up of EA is recommended when environmental effects are uncertain. The Agency has created an interdepartmental working group to identify options and tools for improving follow-up. The report *Options and Tools for Improving Follow-Up: A Discussion Paper* identifies nine root causes of follow-up problems but is primarily aimed at identifying steps for improving the process, with an action plan and target dates. The Agency is now developing an

Operational Policy Statement on follow-up. The steps above have contributed to the identification of problems with follow-up, but more work is needed to ensure that departments prescribe follow-up when necessary.

9.80 Information for the public. The computerized Federal Environmental Assessment Index (the Index) was aimed at informing the public, at an early stage, of environmental assessments conducted by responsible authorities. As stated in our original chapter, the Index was not user-friendly for either the departments or the public. Since the May 1998 tabling of our chapter, the Agency has worked to improve the Index's functionality. It is still too early to determine if this will improve the entry of EA information by the departments and facilitate access by the public.

9.81 We noted in 1998 that the Index information was very basic and did not adequately inform the user about projects and their environmental effects. Since then, Environment Canada has begun to post its EA reports on its Web site, the "Green Lane".

9.82 An updated Cabinet directive. In 1998, our chapter identified as a major weakness the lack of compliance with the 1990 Cabinet directive on EA of policies and programs. The Agency, in collaboration with an interdepartmental team, made efforts to strengthen and clarify the Cabinet directive. Those efforts resulted in an updated directive in June 1999. It now requires an environmental assessment of plans as well. However, we have no evidence of improved compliance with the Cabinet directive. Moreover, during our interviews we found that two departments were still unaware of this updated directive, or thought it did not apply to them.

9.83 Our assessment of progress made since our 1998 audit is summarized in Exhibit 9.6.

It is not clear whether departments are monitoring mitigation measures.

We found no evidence of improved compliance with the Cabinet directive.

Exhibit 9.6

Environmental Assessment: A Critical Tool for Sustainable Development — Summary of Follow-up Findings

Chapter Paragraph	Recommendation/ Observation	OAG Assessment	Comments
Looking at the right issues			
6.28	Compliance measures need to be strengthened to ensure that all proponents apply for permits and licences	✗	In general, no clear action by departments to address this recommendation
6.33	Fisheries and Oceans needs to apply the <i>Fisheries Act</i> more consistently	✔	In 1998, Fisheries and Oceans produced new guidelines to bring more consistency to application of section 35 (2) of the <i>Fisheries Act</i> ; developing training and additional guidelines
6.35	Integrate EA early in the project, not at the last minute	✗	Confirmed by Compliance Monitoring Review (CMR)
6.38 & 6.39	Some federal activities are not reviewed under the <i>CEAA</i>	✔	By a new regulation, Canada Port Authorities projects now reviewed under <i>CEAA</i> . Agency working with Transport Canada to develop an EA regime for local airport authorities
6.45	Departments should develop guidelines on scoping of projects in conjunction with the Agency	✗	Agency developed an Operational Policy Statement on scoping. Recent legal decisions did not clarify. Only Environment Canada and Agriculture and Agri-Food Canada developed specific scoping guidelines. However, AECB has developed guidelines for two specific projects, which could be applied to similar projects
6.48	Information on existing project environmental assessments is often deficient	✗	Confirmed by CMR
6.50	Departments need to consider a wider range of effects for EAs of projects that require permits	✗	In general, no clear action by departments to address this recommendation
6.59	Agency should accelerate its work with departments and others to encourage assessment of cumulative effects	✔	Agency has published guidelines and provided training. Response by departments has been mixed
Providing adequate information			
6.64 & 6.65	Index should have quicker data entry, easier access and improved search tools	✔	Agency faced technical difficulties with its system. Improved search tools, but room for additional improvement
6.68	Departments need better information in screening reports	✗	Confirmed by CMR
6.73	Agency's annual report should describe the challenges in implementing the <i>CEAA</i>	✔	More of Agency's challenges addressed in its Performance Report than previously

☆ fully addressed

✔ satisfactory progress

✗ unsatisfactory progress

(continued)

Exhibit 9.6

(continued)

Chapter Paragraph	Recommendation/ Observation	OAG Assessment	Comments
	Improving efficiency		
6.79	Class screenings could be used more to improve efficiency of EA process	✓	Two published; 11 being developed, 6 of them by INAC
	Going beyond project approval		
6.87	Departments should monitor mitigation measures	✗	No substantial progress
6.90	Departments need to ensure follow-up of environmental effects	✗	“Options and Tools for Improving Follow-up” paper suggests best practices and proposes an action plan. No clear indication that departments ensure follow-up
6.92	Agency should establish a framework for reviewing provisions and operation of the Act and collect information needed for conducting the review	✓	Agency, with participation of departments, has launched different initiatives to address this issue; among them are the Compliance Monitoring Review (CMR) and its Compliance Monitoring Framework (CMF) and the Ongoing Monitoring Program
	Achieving quality control of decentralized implementation		
6.94	Agency and departments should establish procedures to: <ul style="list-style-type: none"> • monitor whether EAs are conducted in accordance with the <i>CEAA</i> • ensure that the <i>CEAA</i> is applied consistently from region to region 	✗	Agency developed a Compliance Monitoring Framework, which could help departments ensure more consistency. However, only Environment Canada has developed draft procedures in this area
	Setting the tone with policy and program assessments		
6.101	Improve compliance with Cabinet directive on EA of policies and programs	✗	Agency has developed new guidelines. Improved compliance yet to be demonstrated

☆ fully addressed

✓ satisfactory progress

✗ unsatisfactory progress

Common Themes and Messages

9.84 Each of the audits addressed in this follow-up chapter dealt with a separate subject. The international movement of hazardous waste, the depletion of the world’s stratospheric ozone layer, the pre-project assessment of environmental impacts, and the preservation of biological diversity each present unique environmental and health threats, and therefore require unique government programs and policies.

9.85 Reporting on these audits in a single follow-up chapter, however, was an opportunity for us to examine these subjects from a fresh perspective. We looked for common issues, themes and potential lessons learned. This section describes four common themes — closing the implementation gap, filling information gaps, demonstrating leadership, and managing relationships — using examples from the audit chapters to support them.

9.86 These themes reinforce many key principles of management systems thinking, as shown in Exhibit 9.7. While they are perhaps neither profound nor new, these principles do serve as reminders for departments to pay constant attention to the fundamentals of good management.

Closing the Implementation Gap

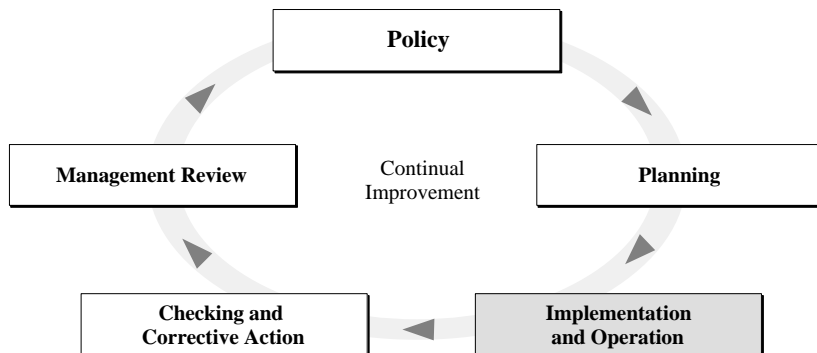
9.87 The “implementation gap” — the gap between the government’s performance and its stated commitments and objectives — is one of the most common findings in reports of the Auditor General and the Commissioner of the Environment and Sustainable Development. In fact, most of the observations and recommendations made in the chapters on hazardous waste, biodiversity and environmental assessment were related to implementation gaps. As we have noted in detail in previous sections of this chapter, in our opinion the overall rate of progress in addressing these gaps has been disappointing. The federal government is weak in the implementation and operation component of a management systems approach (Exhibit 9.7). More details of this approach are presented in Chapter 1 of this report, Exhibit 1.7.

Filling Information Gaps

9.88 Each of the four audits illustrated, in different ways, the importance of information to support good decision making. This is a recurring theme in reports of the Auditor General and the Commissioner of the Environment and Sustainable Development. The audits also demonstrated that different kinds of information are needed at different times but in all cases, timely, credible and pertinent information is a key building block of good management. Information can be used to identify environmental and

The gap persists between stated commitments and government performance.

Exhibit 9.7
A Management System Approach



health impacts and risks, as a core ingredient of policy and program design, to set priorities for action, and to measure the effectiveness of policies and programs.

9.89 The importance of good information is perhaps best illustrated when it is absent. In this sense, the four audits also demonstrated that “information gaps” — that is, gaps between information needed and information available — impede decisions, program development and program delivery.

9.90 Identifying risks and impacts.

The chapter on environmental assessment illustrated how information is used to identify environmental risks and impacts. At its foundation, environmental assessment is a process of developing, sharing and considering information about the environment, projects and programs. Yet fundamental gaps in the information necessary to the federal environmental assessment process — portions of projects excluded, incomplete knowledge of the environment, significant effects ignored, difficulties in assessing cumulative effects, incomplete monitoring, and federal programs and policies not fully assessed — were at the very heart of the weaknesses identified in our audit of the environmental assessment process.

9.91 Information as a core ingredient.

The chapter on ozone protection perhaps best demonstrated the importance of information as a core ingredient of program development and success. Characterizing ozone layer protection as a success-in-progress, the chapter noted the worldwide reliance on solid scientific and technological information to support regulatory controls. The importance of exchanging scientific evidence and information and technology were specifically cited as key global lessons learned.

9.92 As a relatively new and still evolving issue, particularly for policy makers, core information is critical to

Canada’s biodiversity programs. Yet as we reported in 1998, and as the Biodiversity Convention Office acknowledges, scientific information for biodiversity is not as advanced as it is for other environmental issues. Information gaps identified in the chapter on biodiversity continue to seriously impede program development. Although encouraging attempts have been made to close some of those gaps, such as the Canadian Biodiversity Information Initiative, there is still a serious lack of information and most existing information is not readily accessible.

9.93 Setting priorities and measuring compliance.

Information is also critical to understanding compliance with commitments, measuring program effectiveness, and adjusting program priorities. The overall conclusion of the chapter on hazardous waste — that Canada did not know (and it still does not know) the extent to which it is complying with the requirements of the international Basel Convention — was directly linked to deficiencies in inspection and enforcement practices and intelligence information. The ozone chapter also identified information gaps related to the inspection of companies, the gathering of intelligence data and enforcement of *Canadian Environmental Protection Act* regulations.

Demonstrating Leadership

9.94 Leadership is another recurring theme in reports of the Auditor General and the Commissioner. In his first report to Parliament, the Commissioner emphasized that governments must provide “strong leadership” and “clear vision,” suggesting that an important component of leadership is setting direction. In this section, we view leadership as actions taken by a department above and beyond its stated mandate, authority or role.

9.95 While the four chapters illustrated the importance of leadership in

Gaps in information impede decisions, program development and delivery.

Leadership is needed globally, domestically and within the federal government.

Gaps in leadership within the federal government remain a serious and vexing concern.

general, they also demonstrated that different circumstances require different kinds of leadership. Sometimes leadership is needed globally, sometimes domestically (in partnerships with provincial governments, for example) and nearly always within the federal government. Some of the chapters cited positive examples of leadership by federal departments, supporting the notion that leadership is integral to achieving success. But perhaps it is because the importance of leadership is so well understood that gaps in leadership are often noticed. The four audits also identified areas where the federal government could provide stronger leadership.

9.96 Global leadership. The chapter on ozone protection credited the federal government, and Environment Canada in particular, for global leadership in developing and supporting international controls on ozone-depleting substances. Indeed, the very name *Montreal Protocol on Substances that Deplete the Ozone Layer* symbolizes Canada's leadership on this issue. The chapters on hazardous waste and biodiversity also noted selected examples of international leadership by Canada.

9.97 Some chapters also credited the federal government for its leadership in setting direction with organizations outside of the federal government. As noted in paragraphs 9.58 and 9.59, Canada's Biodiversity Convention Office recently demonstrated leadership by participating in an initiative to develop and test a matrix for international performance reporting. It has also made efforts to incorporate and encourage participation by Indigenous peoples in biodiversity conservation.

9.98 Leadership in the federal government. Notwithstanding examples of the leadership we have cited, in our view, gaps in leadership within the federal government remain a serious and vexing concern. Many of the weaknesses

identified in the chapters have their roots in the need to determine and commit to appropriate leadership roles within the federal government. Examples include the lack of a ministerial home for biodiversity, the lack of direction in phasing out and disposing of ozone-depleting substances from federal operations, Environment Canada's problems in providing federal enforcement agencies with intelligence data on hazardous waste and, perhaps most alarming, the "wait-for-the-Environmental Assessment Agency-to-act" attitude of federal departments toward correcting deficiencies in environmental assessments.

Managing Relationships

9.99 Each of the audits addressed in this chapter demonstrated that managing relationships effectively is critical to the success of a program. In some cases relationships, like leadership, are required among federal departments. The importance of relationships in program delivery is demonstrated by the fact that many of the recommendations in the four chapters were directed toward several departments. But the chapters also illustrated that relationships can be critical between federal and provincial governments and between the federal government and non-government stakeholders. As the examples that follow show, establishing and sustaining effective partnerships can be a challenge.

9.100 Multi-stakeholder relations. As noted in the chapters on hazardous waste and ozone protection, relationships with non-government organizations are important. One feature contributing to the reduction of ozone-depleting substances was the high level of consultation with affected stakeholders and partnering with industry to develop and implement solutions. Similarly, improving the relationship between Environment Canada program staff and industry was key to achieving increased compliance rates for the hazardous waste manifests.

9.101 In other cases, sustaining relationships has been a challenge. For example, after signing the *United Nations Convention on Biological Diversity*, a multi-stakeholder advisory body to the federal government — the Canadian Biodiversity Forum — successfully worked together to establish the Canadian Biodiversity Strategy. However, since the release of the Strategy, the Forum has lacked a clear product on which to focus its attention.

9.102 Relations among federal departments. Working relationships among federal departments present ongoing challenges. The chapter on hazardous waste identified weaknesses in the ability of federal departments to work together to enforce the *CEPA* Export and Import of Hazardous Wastes Regulation. An MOU between Environment Canada and the Canada Customs and Revenue Agency to clarify roles and responsibilities remains unsigned. There has been little progress on developing an appendix specifically intended to address hazardous waste issues. As a result, there is little evidence of improvement in the control of illegal shipments of hazardous waste at the border.

9.103 The need for federal departments to work co-operatively with each other was identified as a significant issue in the chapter on environmental assessment. It underscored the need for the Canadian Environmental Assessment Agency and

the responsible departments to work together more closely to interpret the assessment requirements consistently and to share best practices. The Regional Environmental Assessment Committees have reportedly provided a valuable forum for co-operation.

9.104 Federal-provincial-territorial relations. The Federal-Provincial-Territorial Working Group on Biodiversity is struggling to find a focus and a shared vision. Present members believe they are concentrating too much on preparing for international meetings and not enough on the domestic front. Shifting attention to federal and national concerns could improve the Working Group's cohesion and advance its efforts.

9.105 As we reported in the chapter on ozone protection, successful partnerships have been vital to the success of the *Montreal Protocol* globally and to the Canadian ozone layer protection program specifically. Most notable is the long-standing and positive relationship between the federal and provincial governments in the National Action Plan for the Recovery and Recycling of ODS. This partnership was founded on a shared vision and has been sustained over 10 years. Provinces consistently participate in Federal-Provincial Working Group meetings. Shared goals and sustained momentum have been key to this successful partnership.

Managing relationships effectively is critical to the success of a program.

Effective partnerships have been vital to the success of the *Montreal Protocol* both globally and domestically.



About the Follow-Up

Objective

The primary purpose of follow-up is to ascertain whether recommendations and observations have been addressed by entities, and to provide information to Parliament on an entity's progress.

Approach

We asked the entities to provide an update of actions they have taken to address the recommendations and significant observations in the original audits. To supplement their responses, entities provided documentation as evidence of their actions. We reviewed that information and also conducted interviews with departmental officials where necessary.

Scope

Follow-up work on Control of the Transboundary Movement of Hazardous Waste (Chapter 4, April 1997) focussed on Environment Canada and the Canada Customs and Revenue Agency.

We conducted follow-up work on Ozone Layer Protection: The Unfinished Journey (Chapter 27, December 1997) in the following six departments and one agency: Canadian International Development Agency, National Defence, Environment Canada, Fisheries and Oceans, Health Canada, Public Works and Government Services Canada and Transport Canada.

Follow-up work on Canada's Biodiversity Clock Is Ticking (Chapter 4, May 1998) was conducted in the following four departments: Agriculture and Agri-Food Canada, Environment Canada, Fisheries and Oceans and Natural Resources Canada.

We conducted follow-up work on Environmental Assessment: A Critical Tool for Sustainable Development (Chapter 6, May 1998) in the following 10 departments and agencies: Agriculture and Agri-Food Canada, Atlantic Canada Opportunities Agency, Atomic Energy Control Board, Canadian Environmental Assessment Agency, Parks Canada Agency, Environment Canada, Fisheries and Oceans (Habitat and Coast Guard), Indian and Northern Affairs Canada (Northern Affairs Program, Indian and Inuit Affairs Program), Public Works and Government Services Canada and Western Economic Diversification Canada.

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