

2004



Report of the
**Commissioner of the
Environment and
Sustainable Development**
to the House of Commons

The Commissioner's Perspective—2004

Main Points of Chapters 1 to 6



Office of the Auditor General of Canada

The 2004 Report of the Commissioner of the Environment and Sustainable Development comprises six chapters and The Commissioner's Perspective—2004. The main table of contents is found at the end of this publication.

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Commissioner of the Environment and Sustainable Development of Canada
Commissaire à l'environnement et au développement durable du Canada

Office of the Auditor General of Canada • Bureau du vérificateur général du Canada

To the Honourable the Speaker of the House of Commons:

On behalf of the Auditor General of Canada, I have the honour to transmit herewith my Report to the House of Commons for the year 2004, to be laid before the House in accordance with the provisions of section 23(3) of the *Auditor General Act*.

A handwritten signature in black ink that reads 'Johanne Gélinas'.

Johanne Gélinas
Commissioner of the Environment
and Sustainable Development

OTTAWA, 26 October 2004

To the reader:

I welcome your comments and suggestions on this Report and other issues related to the environment and sustainable development. I can be reached at the following:

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Foreword



Report of the Commissioner of the Environment and Sustainable Development—2004

Foreword

As Commissioner of the Environment and Sustainable Development, I am pleased to present the 2004 Report for tabling in the House of Commons.

This Foreword is followed by The Commissioner's Perspective—2004, and the Main Points from each chapter. The Report contains six chapters:

- 1 International Environmental Agreements
- 2 Canadian International Development Agency—Development Assistance and the Environment
- 3 Sustainable Development Strategies: Using the Tax System and Managing Office Solid Waste
- 4 Assessing the Environmental Impact of Policies, Plans, and Programs
- 5 Fisheries and Oceans Canada—Salmon Stocks, Habitat, and Aquaculture
- 6 Environmental Petitions



**The Commissioner's
Perspective—2004**

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Johanne Gélinas
Commissioner of the Environment
and Sustainable Development

Introduction

1. This is the eighth annual Report from Canada's Commissioner of the Environment and Sustainable Development, and my fourth Report as the Commissioner. The main purpose of our work (see Exhibit 1) is to assist Parliament, on behalf of Canadians, to hold the government to account for progress on its environmental and sustainable development commitments.
2. The environmental issues that we audit may sometimes seem remote from day-to-day life, but they are not. Ultimately, they are about the safety and beauty of the places where we live and play, the direction of our economy, and even what ends up on our dinner plates. Many of the issues are complex, and advances are often hard won. But the federal government can do much more to ensure that its environmental policies are working and its commitments are being met.

Exhibit 1 The work of the Commissioner

The Commissioner represents the environmental arm of the Office of the Auditor General. Our work involves the following activities:

Auditing for results

Our performance audits look at whether activities designed to respond to federal environment and sustainable development policies are being implemented effectively and are delivering results. We select audit topics based on a range of considerations and input. We also monitor departmental progress on recommendations from past audits, and we conduct follow-up audits of activities reported on previously.

Monitoring sustainable development strategies

Designated departments and agencies are required by law to prepare sustainable development strategies and update them every three years. These strategies are meant to be the main vehicle to drive responsible management, from an environmental and sustainable development perspective, throughout the federal government. We assess the quality of the strategies, and we monitor and report on the progress of departments and agencies in meeting selected commitments made in their strategies.

Managing the petitions process for Canadians

The petitions process was established by Parliament to make sure Canadians can get timely answers from federal ministers on specific environmental and sustainable development issues that involve federal jurisdiction. Petitions have prompted such action by federal departments as new environmental projects, follow-up on alleged violations, and changes or clarifications in policies and practices. A catalogue of petitions and responses is available at www.oag-bvg.gc.ca/domino/petitions.nsf/english.

Challenges and opportunities

3. Based on our findings this year, I have identified three areas where I think significant improvement is needed and possible. The federal government should

- make better use of decision making and public policy tools to support environmentally sound development;
- more consistently measure the results of federal efforts, so that all Canadians can assess what is being accomplished and what remains to be done; and
- do more to ensure effective accountability for results.

4. The need for such improvements in management practices resurfaces year after year in our audit work. They are critical to effective federal delivery on environmental and other sustainable development commitments. With the breadth of management experience in the federal government and the wealth of advice available, it is not a question of how to make such improvements, but a matter of priority and will.

5. I remain convinced that strong leadership is also needed to tap the enormous potential of the federal role to protect the environment and promote sustainable development. Nearly two decades after the term “sustainable development” first entered mainstream use, the concept has proved its staying power and value. Canada’s Parliament also embraced the concept, and parliamentarians have an important role to play in furthering meaningful progress.

6. Finally, I think it is important to reflect on the international context for environmental and sustainable development issues. Based on poll results, I believe that Canadians want their government to deliver on its international environmental commitments. Doing so is also consistent with Canada’s position and reputation in the world. These commitments usually require action both at home and abroad, since the environmental problems they deal with exist in Canada as well as elsewhere.

7. But I am concerned at signs that Canada’s environmental status and reputation may be slipping. For example, the Conference Board of Canada rated the relative performance of 23 member countries of the Organisation for Economic Cooperation and Development (OECD) on a range of environmental issues, using OECD data. On that basis, Canada’s overall environmental performance was downgraded from an already disappointing twelfth-place ranking in 2002 to sixteenth in 2003. Pollsters have also noted a decline in Canadians’ confidence that their country is showing strong leadership on world environmental issues.

8. Given the above, I pay particular attention this year to federal actions to respond to international environmental and sustainable development commitments. I also offer a reminder about some of the key elements of sustainable development that I will be paying attention to in the future.

Our audits show a need to get back to basics

9. Based on our audits this past year (Exhibit 2), the chapters in this Report identify some important accomplishments in federal programs. In the context of international dimensions of federal efforts, for example:

- Canada is meeting internationally agreed-upon targets to help protect the stratospheric ozone layer, and in response to a bilateral air quality agreement, is tracking emissions of pollutants that contribute to smog.
- In the overseas development projects we reviewed, the Canadian International Development Agency is responding to the expressed needs of communities by helping to provide access to water and protect and conserve water resources.

In addition, I note that a separate 2004 Report of the Auditor General shows that Export Development Canada has improved its environmental review processes for project-related export transactions it supports.

Departments are also continuing to provide answers to concerns raised by Canadians through our petitions process. And in most of the cases where we followed up on responses this year, we found that action has been taken on commitments made.

10. These kinds of results reflect dedication and hard work by federal employees. But our audits this year also identified some serious failures that point back to underlying weaknesses in management practices. Our past work makes clear that these weaknesses are not limited to the activities we audited this year. I am convinced that the government's failure to come to grips with some of the basics of good management—tools, measurement, and accountability—results in inefficiencies and undermines the potential for progress and future success.

Exhibit 2 Our 2004 audits

This year, we undertook audits of the following topics:

- five international environmental agreements (Chapter 1)
- official development assistance and the environment through the work of the Canadian International Development Agency (Chapter 2)
- commitments from the second round of sustainable development strategies related to using the tax system in the context of sustainable development and to managing office solid waste (Chapter 3)
- strategic environmental assessment (Chapter 4)
- salmon stocks, habitat, and salmon aquaculture (Chapter 5)
- commitments made in response to past petitions on offshore military dumpsites, genetically engineered fish, and an urban transit pilot project for federal public servants (Chapter 6)

A summary of main points from these audits is found at the end of this publication.

A report on the audit of the environmental review processes of Export Development Canada, conducted pursuant to the *Export Development Act*, was also tabled in Parliament this year.

Known tools are often neglected

Important decision-making tools are poorly used

11. A variety of assessment tools can be used to provide the information needed to make decisions that contribute to environmental, economic, and social sustainability. Our audits this year indicate that from high-level decision making to program and project planning, government is not making good use of some of the important decision-making tools available.

12. **The use of strategic environmental assessment is far from adequate to meet its promise in guiding policy and program development.** Strategic environmental assessment is the examination of policies and programs at the planning stage to ensure that before they are approved, their potential effects on the environment receive careful consideration. It provides a basis for deciding whether to proceed and how to maximize positive effects and minimize negative ones. It is potentially one of government's most powerful environmental decision-making tools.

13. Audits in 1998 and 2000 found slow and unsatisfactory progress in implementing a Cabinet directive to departments—first issued in 1990—to undertake strategic environmental assessments. The overall results of our audit this year suggest that most departments still have not made serious efforts to apply the directive. Thus, there is no assurance that decision makers have the information they need to take the environment into account when shaping Canada's future in important areas such as aquaculture, agriculture, and taxation.

14. **Project-level environmental assessment is also not fulfilling its potential in the international development projects we examined.** Environmental assessment was first developed as a project-level tool, and the Canadian International Development Agency has long recognized its importance at this level. But the Agency provides only limited guidance on environmental analysis for projects that fall outside the requirements of the *Canadian Environmental Assessment Act*. These projects, where environmental analysis is suggested but discretionary, account for about 90 percent of Agency initiatives. Even for the projects we examined where the Act does apply, environmental assessment was treated as a paper exercise rather than an effective project planning tool.

15. **Fisheries and Oceans Canada has not used a risk-based approach to manage potential impacts on fish habitat in the Pacific Region.** A wide range of development projects—from aquaculture operations to coastal logging facilities to shoreline projects—are referred to the Department, which has a responsibility to assess whether they should be allowed to proceed, and under what conditions. The absence of a risk-based approach means the Department has had no basis for focussing on projects and areas that pose the greatest risk to fish habitat in the Pacific region.

Policy tools to influence behaviour

16. The federal government also has access to a range of tools to prompt individuals and organizations to improve the sustainability of their behaviour and activities. These tools range from regulations to financial measures to

voluntary agreements and social marketing. I continue to believe that the federal government needs to use the full range of its regulatory, economic, and other powers to deliver on its commitments. This year's audit work reveals failures to use available levers.

17. For example, we found cases where undertakings by the government to develop regulations or other controls have not yet been fulfilled. Regulations related to genetically engineered fish, first promised by Fisheries and Oceans Canada more than a decade ago, have not yet been completed. And there has been a lack of progress on determining how to control, through regulatory or other means, the release of substances from aquaculture operations that can cause harm to fish stocks and habitat.

18. **Finance Canada has not done a systematic job of assessing opportunities and options for using the tax system to advance sustainable development.** Finance Canada's role is to provide advice and analysis; yet it has not assessed the extent to which the tax system impedes or favours sustainable development. Nor has it been clear about the results it intends to achieve with the tax-related commitments it made in its 2001–2003 sustainable development strategy.

19. In other words, the federal government has not established a systematic basis for deciding whether and how to tap the potential of the tax system to help shift Canada toward a sustainable economy. For at least 10 years, the federal government has acknowledged the important role that economic instruments—including tax measures—can play in making progress on sustainable development. The Organisation for Economic Cooperation and Development (OECD)—a prominent and respected international organization of which Canada is a member—has also repeatedly noted that Canada needs to make more use of economic instruments and, in particular, “green” tax reform, for environmental improvement. As acknowledged by the Government of Canada, some other OECD countries have made much greater use of economic instruments.

Measuring results

Are we on the right track?

20. One of my ongoing frustrations as Commissioner is the difficulty we face in finding information on actual outcomes of the programs and activities we audit. Are federal environmental and sustainable development initiatives achieving their intended results? Are they fixing the problems they were meant to solve or promoting the positive changes intended? Is the condition of the environment improving? Measuring the effectiveness of actions and determining trends in complex environmental issues will always be challenging tasks. But the government can and must do more to meet the challenges if we are to be confident that it is making the right decisions about where to invest resources and efforts.

21. **This year's audits yielded some examples of good measurement for results.** Under two of the international environmental agreements we audited (the Montreal Protocol and the Ozone Annex of the Canada–U.S. Air Quality Agreement) expected results are clearly defined, and

Environment Canada is measuring and reporting results against these expectations. And Fisheries and Oceans Canada knows the status of the straddling and highly migratory fish stocks we looked at as part of our examination of the United Nations Fish Stock Agreement, though it cannot always demonstrate that conservation objectives for these stocks are being achieved.

22. But good measurement seems to be more the exception than the rule. In many cases, we found that little information exists about what is happening on the ground and whether federal activities are driving desired changes. Transport Canada doesn't know the extent of oil pollution from ships in the Canadian Atlantic. Environment Canada does not know how well our internationally designated wetlands are being conserved. Significant gaps remain in Fisheries and Oceans Canada's information on Pacific salmon stocks and habitat and in its knowledge about the potential effects of salmon aquaculture on aquatic ecosystems and wild salmon stocks. And in all but one of the development assistance projects we audited, indicators were not in place to monitor environmental sustainability. Numerous audits from previous years have found similar weaknesses in other programs.

23. Information on results is lacking even in the federal government's management of its own office solid waste. Though many initiatives are in place to recycle such waste, departments do not have the information needed to assess actual progress. The government as a whole does not know whether its 1990 target to reduce waste by 50 percent by 2000 has been met. Of the six departments and agencies we audited, only one—Canada Customs and Revenue Agency—could demonstrate that it is meeting specific commitments on solid waste management that it made in its sustainable development strategy. Cost-effective sampling approaches are possible, but most departments have not even defined how they propose to measure progress. The continued lack of ability to show progress brings into question the government's commitment to lead by example in its own operations.

Accountability

Performance, results, and consequences

24. This year's audits bring fresh evidence of pervasive holes in accountability for environment and sustainable development. A definition was proposed in the December 2002 Report of the Auditor General:

Accountability is a relationship based on obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used.

25. One of the first critical links in the accountability chain—clearly defined expectations regarding performance and results—is often weak or missing. For example, in 1997, the Auditor General identified a need for more explicit operational objectives and targets for the sustainability of salmon stocks. In the continuing absence of a policy on wild salmon, Fisheries and Oceans Canada still lacks clear overall objectives and direction for salmon fisheries and resource management, despite evidence over the years that some salmon populations are in trouble.

26. In some of this year's other audits—those on official development assistance, international environmental agreements, and commitments to consider uses of the tax system—we also found that expectations had not been defined or were poorly framed. These findings echo past reports.

27. Subsequent links in the accountability chain are reviewing performance and results and taking corrective action. Our audit of international environmental agreements found that some departments could not demonstrate how they carry out their management oversight and review responsibilities. Our audit of strategic environmental assessment indicated that after 14 years, a good basis for improving the application of this tool has not been established because no formal evaluation has been made of impacts, barriers, or success factors. And a transit pass project, piloted by the federal government in response to a petition submitted to our Office, is being expanded without evaluating the costs relative to the benefits.

28. **Who takes responsibility, and what happens next, when results are not delivered?** Accountability is not sufficiently anchored in consequences for responsible officials. I am especially troubled when we find a lack of consequences for failing to implement direction that comes from the very centre of the federal government. The feeble response by many departments to Cabinet's directive on strategic environmental assessment is such a case. Our audit found that departments showing the most progress were those where senior management commitment was evident. Yet, in the 14 years since the directive was first issued, the federal government has not promoted this commitment by systematically reviewing whether departments are complying and by holding deputy ministers to account.

Looking forward: Leadership to match opportunity

Leadership is needed at all levels to overcome inertia and improve effectiveness

29. **One way that leadership can be shown is in taking action to fix the problems identified in our reports.** Providing clear and constructive responses to the recommendations in our reports is a step in demonstrating leadership. Against this criterion, the quality of the responses to this year's recommendations varies considerably. The departmental responses to our recommendations on the international environmental agreements we audited are generally clear and constructive, as is the overall Government of Canada response—a commitment to improve reporting and accountability for results of international environmental agreements in general. Assuming sufficient leadership to ensure implementation, these commitments should help the government better translate international environmental obligations into results for Canadians.

30. Similarly, responses to recommendations in our chapter on strategic environmental assessment show promise for fulfilling the potential of this important tool. For example, the accountability of senior officials for delivering on Cabinet's directive was clearly affirmed, and the Privy Council

Office (PCO) has committed to ensuring that by 2008 an evaluation of the Cabinet directive is completed that will include the status of its implementation. By taking a larger role in ensuring accountability for performance and results, central agencies such as the PCO and the Treasury Board Secretariat can stimulate departmental progress on environmental and sustainable development responsibilities.

31. At the same time, responses to some of the other recommendations from this year's audits suggest a lack of willingness to show leadership. For example, Finance Canada has indicated that it does not intend to go beyond the status quo in analyzing the potential of the tax system to advance sustainable development. Yet the tax system is clearly an important avenue for such advancement, and Finance Canada's departmental sustainable development strategy, like those of other departments, is meant to be a tool to promote convergence of the environmental and economic agendas. As another example, responses to our recommendations on office solid waste are silent on renewing the government's targets for waste management and are unclear in other respects.

32. Systemic weaknesses in defining and delivering on environmental objectives can also be resolved with stronger leadership by senior departmental officials. Our audits this year and in past years reveal wide-ranging inadequacies in relation to some important management basics. But we have also seen that where there is senior leadership there are benefits, including better sustainable development strategies and more decisive efforts to deliver on environmental commitments. No single department or agency provides a consistently strong example, but in our work over the years we have found Industry Canada and Natural Resources Canada among the departments that have often performed relatively well on these fronts.

33. But management is simply the means to an end. Leadership is also needed to better define the ends themselves—a sustainable Canada for Canadians! In the words of Prime Minister Paul Martin, "Sustainable development cannot be only a pious wish . . . it must be a fundamental pillar underlying the nature of economic growth." As many before have pointed out, this will require profound shifts from business as usual. Notwithstanding impressive pockets of innovation and progress, I do not see a lot of evidence of systematic efforts to promote such shifts or to encourage creative, entrepreneurial public servants who can recognize and exploit opportunities to advance sustainable development through their own organizations.

34. In sum, from what I have observed there is a pressing need for strong leadership to shift the government as a whole beyond a culture of incrementalism, to drive and harness creativity and innovation and to ensure results.

Charting a clear course for departmental sustainable development strategies

35. I believe that the sustainable development strategies required of federal departments (Exhibit 3) can be an important means of implementing the government's stated commitment to sustainable development. This was the

intent when the government made the strategies a cornerstone of its approach and gave the Commissioner the mandate to monitor and report annually on progress against its commitments. But the government is not doing enough to ensure the growing or even the continued relevance of the strategies.

36. The federal government provided a good base for the first round of strategies in the 1995 *Guide to Green Government*, which was developed to help departments identify their sustainable development objectives and develop the action plans to achieve them. It was signed by the then-prime minister and his cabinet. It seems to me that since then, the quality of direction from the centre has not kept pace with needs and opportunities. No real successor to the Guide—reflecting its quality, direction, and profile—has been produced in the last 10 years.

37. My feeling, and I have heard the same from more than a few senior managers, is that if departments' investment in their strategies is to be effective, the government needs to send a stronger signal about the destination it intends to reach and the key milestones along the way.

Exhibit 3 The new round of sustainable development strategies

The third round of departmental sustainable development strategies was tabled in Parliament in February 2004. We reviewed the new strategies to determine the extent to which they met the expectations I outlined in 2003 (*Sustainable Development Strategies—Making a Difference*).

The quality of the strategies still varies widely. On the positive side, several of the strategies reflect a keener sense of clear, actionable direction. The majority include a vision statement, which in many cases indicates intended long-term outcomes. And targets in quite a few of the strategies are more clear and time-bound than in previous rounds. But to be able to assess progress, greater specificity is still needed in many cases, especially on the magnitude of change intended.

I note that some departments have been trying different approaches to make their strategies more effective, including linking them more directly to business planning. Innovation is generally a sign of engagement, so I am encouraged when I see signs of it. But it is important that sustainable development objectives and commitments not be lost in the shuffle. More broadly, I think it is critical that the government review lessons learned about process, content, and implementation in the years since the first strategies were introduced. It is important this be done soon, so that results will be available to improve the next round of strategies.

In the end, of course, what is important is not just how the strategies are built and positioned but what they contain and whether they are implemented. At first blush, I see some significant objectives and commitments. I also note that some strategies are still targetting formative efforts such as raising awareness among employees. I don't discount the need for such groundwork, but by the third round it is reasonable to expect more substantive goals and targets.

In 2005 and beyond, my focus in part will be on how the strategies are used to address selected issues that cut across departments, and how they tie into other federal action on these issues. I will continue to look at whether commitment—the nuts and bolts of the strategies—are being met.

Creating a federal sustainable development vision and strategy

38. It is simply not realistic to address all existing federal sustainable development commitments on an equal footing. While each department must scan a broad range of possible sustainable development issues and identify those relevant to its particular mandate, a clearly defined set of near-term and long-term federal priorities would ease the burden of sifting through the daunting mix of possibilities. It would also help to integrate direction on a range of related initiatives (Exhibit 4) and prompt more concerted attention to core issues across departments.

39. And so, at the risk of *déjà vu* among readers of previous years' reports, I strongly encourage the federal government to prepare both a compelling, explicit vision of a sustainable Canada and a government-wide strategy to realize the vision. Ministers, parliamentarians, public servants at all levels, and Canadians at large must be engaged in this work.

40. Mine is far from the only voice calling for a coherent strategy. In fact, the federal government itself has committed to a comprehensive strategy in key international forums. The task is challenging, but achievable. National governments of many countries (such as the United Kingdom, Germany, Sweden, Norway, Denmark, and Poland) and some regional organizations (the Baltic States, the European Union) have prepared and begun to implement government-wide, national, or regional strategies. Canada can join the ranks of these countries and regions.

Exhibit 4 World summit commitments need to be addressed

By definition, a federal sustainable development strategy should reflect relationships to other relevant policies and initiatives. The two global summits on sustainable development—the first held in Rio de Janeiro in 1992 and the second in Johannesburg in 2002—are key examples. The federal government deserves recognition for some positive contributions at these summits. It is also among the minority of governments that have been relatively consistent in responding to the reporting criteria of the Commission on Sustainable Development (the United Nations organization that is mandated to ensure follow-up on the summit agreements).

Unfortunately, there is still little evidence of a coherent plan to implement commitments made at Johannesburg. Since this summit, I have been tracking senior-level engagement in this issue. This has not been difficult. After two years, there is still no government-wide plan in place to address the commitments of priority to Canada. Though implementation of commitments from the summit was identified as one of three Government of Canada priorities for the new round of sustainable development strategies, only a handful of departments included specific summit commitments that they intend to address through their strategies.

In my 2002 Report, I called for a plan of action to implement commitments. At a minimum, as is the intended approach of some other countries, steps toward meeting key commitments can be explicitly built into the government-wide strategy.

Parliamentarians and senior government decision makers have important roles to play

41. **Parliament's role in holding the government to account is vital to progress on sustainable development.** Departments pay attention to parliamentary committee hearings. Committees can make a significant difference in progress on environmental and sustainable development issues, particularly when they regularly follow up to make sure departments take action.
42. Our reports are one tool to assist Parliament in holding government to account for environmental and sustainable development responsibilities. Thus, I am encouraged that parliamentary use of our work has been growing. Over the past year, House of Commons and Senate committees have held hearings on all four of our 2003 chapters. The Standing Committee on Environment and Sustainable Development has shown especially strong interest in our reports. I want to take this opportunity to thank the past chair of this committee, Charles Caccia, for his attention to our work.
43. The sustainable development strategies tabled in Parliament can be another important tool to track departments' roles in sustainable development. Given the range of departments and agencies required to prepare them, the strategies are relevant to most parliamentary committees. Committee hearings on departmental strategies could prompt departments to give them more weight.
44. **Parliament needs more and better information.** Based on our audits, I have concerns about constraints on the availability and quality of information for parliamentarians. For example, our findings indicate that parliamentarians can be put in the position of having to review proposed legislation without adequate information on potential environmental effects; and when they wish to determine progress on particular issues, information on results in relation to established objectives is often missing or weak. The audit chapters in this Report make recommendations to help address these problems.
45. **It is time for the deputy ministers' Environment and Sustainable Development Coordinating Committee to deliver.** A committee of deputy ministers—the Environment and Sustainable Development Coordinating Committee (ESDCC)—has overall responsibility for leadership and co-ordination of the government's efforts to promote sustainable development. This is a unique and powerful mandate, coming directly from the Clerk of the Privy Council. In my view, the Committee is falling short of its potential.
46. In addition to carrying out its stated intention to deliver a federal strategy, the Committee could take steps to make the departmental strategies more influential, relevant, and useful; for example, by championing a lessons learned exercise to help guide development of the next round of strategies. More generally, the Committee's leadership could help address some of the weaknesses identified in my reports, such as the underutilization of strategic environmental assessment.

Linking my work to global sustainable development initiatives

47. The federal government has endorsed many globally shared notions about key elements of sustainable development. Exhibit 5 highlights a handful of these elements that I think need serious attention if we are to build a sustainable future for Canada. As part of my planned 10-year retrospective in 2007, these elements will provide a basis for reflection on what our audits and related activities, taken together, tell us about federal progress on sustainable development.

48. Canada's engagement internationally has done more than connect us to a set of shared ideas about the elements of sustainable development—it has established concrete commitments to action. In our future work, we will continue to examine progress on selected international commitments, including those from the global summit process.

Did you know?

A growing number of national audit offices around the world are explicitly addressing environmental and sustainable development issues. Over the last three years, these offices collectively have undertaken about 400 environmental audits. We foster relationships with these offices through an international organization of audit offices and, in particular, through its environmental working group that we currently chair (www.environmental-auditing.org). To build broader awareness and understanding, we also network with other international institutions interested in the role of audit in sustainable development.

Exhibit 5 Some key globally defined elements of sustainable development

Precautionary approach. Where there are threats of serious or irreversible damage, cost-effective measures to prevent environmental degradation should not be postponed because of lack of full scientific certainty.

Coherent approach to sustainable production and consumption. Waste, pollution, and resource use in production processes must be reduced. But equally, consumption patterns of relatively wealthy populations of the world must be addressed.

Integrated approach to land and water resource management. Essential human needs, agricultural and industrial demand, and environmental protection should be addressed in balance; and planning and development processes must reflect natural boundaries.

Tools and levers. Extensive and effective use must be made of specific tools to improve decision making (such as environmental assessment) and to change behavior (including fiscal and economic measures such as tax restructuring and other incentives or disincentives).

Science and information. Understanding of environment-development interactions must be continuously improved, and this knowledge must be used more extensively and effectively in decision making and management.

Informing and engaging stakeholders. Education and capacity-building are underlying requirements for sustainable development. The needs range from promoting awareness of the impacts of personal choices to providing access to information on development impacts and options to enhancing local capacity to manage resources. Ultimately, it is about ensuring that people can participate in decisions affecting their environment.

Conclusion

49. Our audits this year indicate a need for senior management leadership in the public service to improve the use of decision-making and policy tools, monitoring and measurement, and accountability for results. In the absence of such leadership, future audits will continually re-identify these and similar issues. It is up to senior departmental officials to better use the opportunities available to advance sustainable development. In fact, current federal policies and commitments demand that they do so.

50. Just as important, the profound shifts needed to move sustainable development from a pious wish to a reality require

- a bold and compelling vision of a sustainable Canada that will engage Canadians,
- clear priorities for the federal government, and
- a demonstrated determination to make the vision real.

51. I am convinced this is possible—and essential, if Canada's economy is to remain innovative and competitive and if the quality of life enjoyed by Canadians is to remain among the highest in the world. I look forward to the day when leadership and creativity on environmental issues and sustainable development are found not just in pockets of the federal government but across it.

Appendix Auditor General Act—Excerpts

An Act respecting the Office of the Auditor General of Canada and sustainable development monitoring and reporting

INTERPRETATION

Definitions	2. In this Act,
"appropriate Minister"	"appropriate Minister" has the meaning assigned by section 2 of the <i>Financial Administration Act</i> ;
"category I department"	"category I department" means <ul style="list-style-type: none"> (a) any department named in Schedule I to the <i>Financial Administration Act</i>, (b) any department in respect of which a direction has been made under subsection 24(3), and (c) any department, set out in the schedule;
"Commissioner"	"Commissioner" means the Commissioner of the Environment and Sustainable Development appointed under subsection 15.1(1);
"sustainable development"	"sustainable development" means development that meets the needs of the present without compromising the ability of future generations to meet their own needs;
"sustainable development strategy"	"sustainable development strategy", with respect to a category I department, means the department's objectives, and plans of action, to further sustainable development.

DUTIES

Examination	5. The Auditor General is the auditor of the accounts of Canada, including those relating to the Consolidated Revenue Fund and as such shall make such examinations and inquiries as he considers necessary to enable him to report as required by this Act.
Idem	6. The Auditor General shall examine the several financial statements required by section 64 of the <i>Financial Administration Act</i> to be included in the Public Accounts, and any other statement that the President of the Treasury Board or the Minister of Finance may present for audit and shall express his opinion as to whether they present fairly information in accordance with stated accounting policies of the federal government and on a basis consistent with that of the preceding year together with any reservations he may have.
Annual and additional reports to the House of Commons	7. (1) The Auditor General shall report annually to the House of Commons and may make, in addition to any special report made under subsection 8(1) or 19(2) and the Commissioner's report under subsection 23(2), not more than three additional reports in any year to the House of Commons <ul style="list-style-type: none"> (a) on the work of his office; and, (b) on whether, in carrying on the work of his office, he received all the information and explanations he required.

- Idem** (2) Each report of the Auditor General under subsection (1) shall call attention to any thing that he considers to be of significance and of a nature that should be brought to the attention of the House of Commons, including any cases in which he has observed that
- (a) accounts have not been faithfully and properly maintained or public money has not been fully accounted for or paid, where so required by law, into the Consolidated Revenue Fund;
 - (b) essential records have not been maintained or the rules and procedures applied have been insufficient to safeguard and control public property, to secure an effective check on the assessment, collection and proper allocation of the revenue and to ensure that expenditures have been made only as authorized;
 - (c) money has been expended other than for purposes for which it was appropriated by Parliament;
 - (d) money has been expended without due regard to economy or efficiency;
 - (e) satisfactory procedures have not been established to measure and report the effectiveness of programs, where such procedures could appropriately and reasonably be implemented; or
 - (f) money has been expended without due regard to the environmental effects of those expenditures in the context of sustainable development.

STAFF OF THE AUDITOR GENERAL

- Appointment of Commissioner** **15.1** (1) The Auditor General shall, in accordance with the *Public Service Employment Act*, appoint a senior officer to be called the Commissioner of the Environment and Sustainable Development who shall report directly to the Auditor General.
- Commissioner's duties** (2) The Commissioner shall assist the Auditor General in performing the duties of the Auditor General set out in this Act that relate to the environment and sustainable development.

SUSTAINABLE DEVELOPMENT

- Purpose** **21.1** The purpose of the Commissioner is to provide sustainable development monitoring and reporting on the progress of category I departments towards sustainable development, which is a continually evolving concept based on the integration of social, economic and environmental concerns, and which may be achieved by, among other things,
- (a) the integration of the environment and the economy;
 - (b) protecting the health of Canadians;
 - (c) protecting ecosystems;
 - (d) meeting international obligations;

- (e) promoting equity;
- (f) an integrated approach to planning and making decisions that takes into account the environmental and natural resource costs of different economic options and the economic costs of different environmental and natural resource options;
- (g) preventing pollution; and
- (h) respect for nature and the needs of future generations.

Petitions received **22.** (1) Where the Auditor General receives a petition in writing from a resident of Canada about an environmental matter in the context of sustainable development that is the responsibility of a category I department, the Auditor General shall make a record of the petition and forward the petition within fifteen days after the day on which it is received to the appropriate Minister for the department.

Acknowledgement to be sent (2) Within fifteen days after the day on which the Minister receives the petition from the Auditor General, the Minister shall send to the person who made the petition an acknowledgement of receipt of the petition and shall send a copy of the acknowledgement to the Auditor General.

Minister to respond (3) The Minister shall consider the petition and send to the person who made it a reply that responds to it, and shall send a copy of the reply to the Auditor General, within

- (a) one hundred and twenty days after the day on which the Minister receives the petition from the Auditor General; or
- (b) any longer time, where the Minister personally, within those one hundred and twenty days, notifies the person who made the petition that it is not possible to reply within those one hundred and twenty days and sends a copy of that notification to the Auditor General.

Multiple petitioners (4) Where the petition is from more than one person, it is sufficient for the Minister to send the acknowledgement and reply, and the notification, if any, to one or more of the petitioners rather than to all of them.

Duty to monitor **23.** (1) The Commissioner shall make any examinations and inquiries that the Commissioner considers necessary in order to monitor

- (a) the extent to which category I departments have met the objectives, and implemented the plans, set out in their sustainable development strategies laid before the House of Commons under section 24; and
- (b) the replies by Ministers required by subsection 22(3).

Commissioner's report (2) The Commissioner shall, on behalf of the Auditor General, report annually to the House of Commons concerning anything that the Commissioner considers should be brought to the attention of that House in relation to environmental and other aspects of sustainable development, including

- (a) the extent to which category I departments have met the objectives, and implemented the plans, set out in their sustainable development strategies laid before that House under section 24;

(b) the number of petitions recorded as required by subsection 22(1), the subject-matter of the petitions and their status; and

(c) the exercising of the authority of the Governor in Council under any of subsections 24(3) to (5).

Submission and tabling of report

(3) The report required by subsection (2) shall be submitted to the Speaker of the House of Commons and shall be laid before that House by the Speaker on any of the next fifteen days on which that House is sitting after the Speaker receives it.

Strategies to be tabled

24. (1) The appropriate Minister for each category I department shall cause the department to prepare a sustainable development strategy for the department and shall cause the strategy to be laid before the House of Commons

(a) within two years after this subsection comes into force; or

(b) in the case of a department that becomes a category I department on a day after this subsection comes into force, before the earlier of the second anniversary of that day and a day fixed by the Governor in Council pursuant to subsection (4).

Updated strategies to be tabled

(2) The appropriate Minister for the category I department shall cause the department's sustainable development strategy to be updated at least every three years and shall cause each updated strategy to be laid before the House of Commons on any of the next fifteen days on which that House is sitting after the strategy is updated.

Governor in Council direction

(3) The Governor in Council may, on that recommendation of the appropriate Minister for a department not named in Schedule I to the *Financial Administration Act*, direct that the requirements of subsections (1) and (2) apply in respect of the department.

Date fixed by Governor in Council

(4) On the recommendation of the appropriate Minister for a department that becomes a category I department after this subsection comes into force, the Governor in Council may, for the purpose of subsection (1), fix the day before which the sustainable development strategy of the department shall be laid before the House of Commons.

Regulations

(5) The Governor in Council may, on the recommendation of the Minister of the Environment, make regulations prescribing the form in which sustainable development strategies are to be prepared and the information required to be contained in them.



**Main Points of
Chapters 1 to 6**

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International Environmental Agreements

Chapter 1 Main Points

1.1 International environmental agreements reflect key government policies on important environmental issues, and Canadians should know what has, or has not, been achieved as a result of these agreements. We looked at five international environmental agreements to determine if the responsible federal departments know to what extent specific objectives of the agreements are being achieved. We noted that the departments have varying degrees of information on whether they are achieving the environmental objectives and results of their respective agreements.

1.2 We observed that for both the Montreal Protocol on Substances that Deplete the Ozone Layer and the Ozone Annex to the Canada-U.S. Agreement on Air Quality, the expected environmental results were defined and Environment Canada measures actual results against these expectations. In these two cases, the Department knows the extent to which it is achieving the environmental objectives we examined.

1.3 In the case of the International Convention on the Prevention of Pollution from Ships, the various federal pollution prevention programs and activities do not provide Transport Canada sufficient information on the status of ship oil pollution in Atlantic waters within Canadian jurisdiction. The issue with the United Nations Fish Stock Agreement is that although Fisheries and Oceans Canada knows the status of the fish stocks we looked at, it cannot always clearly demonstrate if stock conservation or rebuilding objectives are being achieved or if they are at the desired or sustainable level. The key challenge with the Ramsar Convention on Wetlands of International Importance is that Environment Canada has not clearly translated the Convention's conservation objective into what is expected to be achieved for Canada's 36 designated wetland sites.

1.4 Setting clear and quantifiable results expectations and then measuring results against those expectations can be a daunting challenge when dealing with complex environmental issues. Nevertheless, our examination of five international environmental agreements illustrates that

- where results expectations are well defined, departments are better positioned to know the extent to which agreement objectives and desired results are being achieved;
- where there are significant constraints or challenges to achieving the desired environmental results, better transparency is required in defining and communicating what results can reasonably be achieved; and

- while setting performance expectations and measuring results with respect to environmental issues can be difficult, it is nonetheless possible.

Background and other observations

1.5 International environmental agreements are important because they enable countries to work together to address vital environmental issues that are transboundary or global in nature, such as air pollution, climate change, protection of the ozone layer, and ocean pollution. In Canada, the quality of our environment depends not only on what we do at home but also on activities outside our borders. Our domestic actions alone are often insufficient to protect our environment, our resources, and our health. We need to work with other countries to develop common solutions to international environmental problems that impact us directly.

1.6 In recent years, the federal government embarked on an agenda to improve the effectiveness of public sector management and accountability, and committed to focus more on the results achieved through the use of public funds. Consistent with this, we looked at accountability for results in the context of five international agreements.

The departments have responded. The departments concerned—Environment Canada, Transport Canada, and Fisheries and Oceans Canada—accept our recommendations. The responses of each department, which follow the recommendations in the chapter, indicate what future action they plan to take to address these recommendations.

The Government of Canada has responded. As well, the Government of Canada accepts our recommendation pertaining to the accountability of lead federal departments for international environmental agreements. The government's response is presented following this recommendation (Chapter 1, paragraph 1.130).



Canadian International Development Agency

Development Assistance and the Environment

Chapter 2 Main Points

2.1 Access to safe and adequate water is one of the most pressing needs faced by people in developing countries. The Canadian International Development Agency (CIDA) has a number of projects and activities related to meeting this need. The projects we reviewed are changing the lives of beneficiaries for the better and are responding to identified community needs. Throughout our fieldwork, many people told us that CIDA was responsive to countries' needs. We found that CIDA programming documents reflect the expressed environment and sustainable development needs and priorities of the countries we visited.

2.2 CIDA is experimenting with different ways to ensure the long-term sustainability of its projects. It is seen to use a participatory approach to designing and implementing projects that emphasize local ownership and capacity development. The Agency now needs to monitor the long-term success of these experiments.

2.3 CIDA's overall approach to water issues lacks coherence. The Agency has not set out specific expectations and guidance for what it wants to accomplish, particularly in relation to water-related commitments contained in international agreements. There is little evidence that these commitments have had an explicit influence on country programming. Field personnel are unclear about which of the many, varied CIDA policy commitments they are expected to reflect in country programs and in projects. CIDA needs to update and rationalize its priorities and expectations and direct its efforts toward producing tangible results.

2.4 CIDA has made efforts to integrate environmental sustainability into its decision making, but it has not taken sufficient action to achieve its policy objectives. The processes and documentation we reviewed did not provide assurance that the projects we reviewed were designed in an environmentally responsible way. We observed examples of CIDA personnel doing a good job of incorporating environmental considerations into their projects. However, the Agency needs to develop tools and guidance to examine the environmental sustainability of all its projects and country programs.

2.5 CIDA lacks the performance measurement and reporting framework to reliably measure its overall progress on commitments related to water and environmental sustainability. The projects we reviewed identify indicators to measure immediate and long-term results and benefits, but there is no provision for actually doing the long-term measuring. Thus, the Agency cannot be sure of the sustainability of project results.

Background and other observations

2.6 As Canada's aid agency, the Canadian International Development Agency gave almost \$2 billion in official development assistance to developing countries and multilateral organizations in 2002. These funds were targeted in a broad range of sectors, such as education, health, transport, energy, agriculture, and forestry. Sustainable development is at the core of CIDA's mandate.

2.7 CIDA operates in an international context, contributing to and working in collaboration with many other aid agencies, non-governmental organizations, international financial institutions, and UN agencies. The audit focussed on its country-based programming. The Agency has made and endorsed many commitments in support of environment and sustainable development through various conventions, protocols, declarations, and summits. These have established broad environmental goals and, in many cases, imposed obligations on developed countries such as Canada to assist developing countries.

2.8 Water concerns are prominent in several agreements, including Agenda 21 from the 1992 United Nations Conference on the Environment and Development, the Convention to Combat Desertification, and the Millennium Development Goals. These called for concerted action in the areas of drinking water supply, sanitation, water conservation, and integrated water resource management. Water issues have been a long-standing area of programming within CIDA.

2.9 The environment is a crucial part of development assistance. Within CIDA, the environment is both a sector of programming (for example, addressing biodiversity and pollution) and a formal cross-cutting theme. In its 1992 Policy for Environmental Sustainability, CIDA committed to integrating environmental considerations in all of its decision making and activities. Aid projects of all types have the potential to cause unintended harm and must therefore be properly planned and delivered. Moreover, aid projects and country programs present opportunities to advance other project goals through close attention to interactions between the environment, local economies, and societies.

The Agency has responded. The Agency has agreed with our recommendations. The Agency's responses, including the actions it is taking or intends to take to address the recommendations, are set out in the chapter.



Sustainable Development Strategies Using the Tax System and Managing Office Solid Waste

Chapter 3 Main Points

3.1 The federal departments and agencies we audited need to do more to meet their sustainable development commitments in two key areas: examining ways to use the tax system to better integrate the economy and the environment, and managing solid waste generated by federal offices.

3.2 Using the tax system. Finance Canada has analyzed a range of issues associated with its tax-related commitments. However, it has not clearly stated what it is trying to achieve with these commitments, in terms of the performance that is targeted or is expected to occur. Its approach to implementing these commitments has been piecemeal and fragmented, because key steps such as pinpointing the main areas that need analysis are missing. Consequently, it is not in a position to tell Parliament and Canadians the extent to which it has analyzed how the tax system impedes or favours the attainment of sustainable development.

3.3 A systematic review, based on risk, of key opportunities for using the tax system to better integrate the economy and the environment is an important step toward using the tax system as a tool for sustainable development.

3.4 Managing office solid waste. The six departments and agencies we examined made specific commitments to manage office waste in their 2001 sustainable development strategies. We found that all the offices we visited were recycling; however, the departments cannot demonstrate that they are meeting all of their commitments.

3.5 Waste management initiatives in departments are products more of provincial legislation, municipal programs, and the commitment of individuals, than of direction from the federal government. Due to a lack of reliable measurements and inconsistent feedback to building occupants on their waste management performance, departments and agencies are not likely achieving the level of performance that is possible. This is not the model of excellence the government desires.

3.6 In 1990 the federal government set a target to reduce its waste by 50 percent by 2000. No government-wide measurement strategy was implemented and responsibilities were not assigned. Today, the government does not know if it met its target. Central leadership is needed to set government-wide priorities and develop guidance, tools, and practices for managing solid waste within the context of greening government operations.

Background and other observations

3.7 The Commissioner of the Environment and Sustainable Development monitors and reports to Parliament on the progress of federal departments and agencies in implementing their sustainable development strategies.

3.8 Using the tax system. The tax system, by influencing the actions of Canadians, can have important direct and indirect impacts on the environment and sustainable development. As the department responsible for analysis and advice on the structure of the tax system, Finance Canada has the opportunity to influence sustainable development in Canada by better integrating the economy and the environment. In its 2001–2003 *Sustainable Development Strategy*, the Department made three tax-related commitments for that purpose.

3.9 As part of the 2002 World Summit on Sustainable Development Plan of Implementation, the Government of Canada along with other countries agreed to pursue certain commitments to address environmental issues, while recognizing that the tax system can affect the environment.

Finance Canada has responded. The Department's responses to our recommendations are included in this chapter. The Department does not commit to any actions beyond those already in place or previously planned. These actions were already taken into account in our conclusion and recommendations. Consequently, the Department does not appear to accept our recommendations.

3.10 Managing office solid waste. As the largest single enterprise in Canada, the biggest landlord, and the largest owner of office property, the federal government generates significant amounts of waste, including recyclable materials such as paper, cardboard, metal, and glass. We audited the Canada Customs and Revenue Agency (now the Canada Revenue Agency and the Canadian Border Services Agency), Department of Justice, Environment Canada, Natural Resources Canada, Public Works and Government Services Canada, and Veterans Affairs Canada.

The Government of Canada has responded. The Government of Canada's responses to our recommendations are included in this chapter. The government has indicated the actions it is taking or planning to take to address our recommendations. However, it has not clarified whether and how it plans to address the specifics of our recommendations. For example, the government does not address the renewal of its targets on waste management.



Assessing the Environmental Impact of Policies, Plans, and Programs

Chapter 4 Main Points

4.1 Overall, our audit found a low level of commitment in departments and agencies toward conducting strategic environmental assessments, despite the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals, which was first issued 14 years ago. The results of our audit, taken together, suggest that most departments have not made serious efforts to apply the directive. In fact strategic environmental assessment is far from meeting its promise in guiding policy, plan, and program development.

4.2 We found major gaps in how the directive is being applied. A number of the 12 departments we examined have put in place few of the basic management systems needed to comply with the directive. The three departments we evaluated in detail have conducted few strategic environmental assessments in the years we examined (2000, 2001, and 2002), and their completeness varies. Tracking of assessments has been inadequate, so departments cannot show that they have conducted all of the strategic environmental assessments required.

4.3 The overall application of the directive does not provide assurance that environmental issues are assessed systematically, so ministers and the Cabinet can receive sufficient information to make informed decisions on proposed policies, programs, and plans. Knowing the potential environmental impacts in advance would provide an early opportunity to adjust or modify their approach to protect the environment and human health, and to reduce future economic costs.

4.4 A number of main factors are adversely affecting the performance of departments and agencies in implementing this directive. We found insufficient commitment by senior management in some departments, which impedes the development of necessary management systems to implement the directive. In addition, no central department or agency has been tasked with the responsibility and authority to monitor the departments' and agencies' compliance with the directive and to ensure that there is adequate quality control of the assessments that are undertaken. There is limited integration of assessments into decision making.

4.5 The 1999 Cabinet directive does not require assessments to be made public, but in January 2004 a public reporting requirement was introduced. Since 1999, few of the assessments completed have been made public.

4.6 Some departments have made progress in implementing the directive since 1999. We observed examples of senior management commitment and leadership in some departments (Transport Canada, Industry Canada,

Natural Resources Canada, and the Department of Foreign Affairs and International Trade). We also observed some examples of good practices that could be emulated by departments and agencies to improve their compliance with the directive.

Background and other observations

4.7 The federal government has indicated it is committed to environmental excellence in its own operations and to the goal of sustainable development. According to the Clerk of the Privy Council, “the Government of Canada is committed to integrating sustainable development in its plans, policies and programs.” He notes that “this requires that decision-makers have good information and advice on the potential environmental, social and economic impacts of proposed initiatives.”

4.8 In line with these commitments, the Cabinet directed federal departments and agencies, through a directive, to conduct the environmental assessment of new proposed policies, programs, and plans, so that informed decisions can be made about them.

4.9 Within the directive, ministers expect federal departments and agencies to assess the potential environmental impact of initiatives bound for Cabinet or ministerial approval. They “expect strategic environmental assessments to be conducted . . . when a proposal may result in important environmental effects, either positive or negative.”

The government has responded. The departments and agencies have generally agreed with our recommendations. Their responses, including the actions they are taking or intend to take to address the recommendations, are set out in the chapter.



Fisheries and Oceans Canada

Salmon Stocks, Habitat, and Aquaculture

Chapter 5 Main Points

5.1 Overall, we are not satisfied with the progress made by Fisheries and Oceans Canada in responding to the recommendations we made in the three previous audits in 1997, 1999, and 2000. While many stocks are abundant, some Atlantic and Pacific salmon stocks are in trouble. We continued to identify significant gaps in managing risks.

- The Department has not finalized the Wild Salmon Policy, which would set out clear objectives and guiding principles. The policy would also bring together biological, economic, and social factors—for fisheries and resource management, habitat protection, and salmon enhancement.
- There are shortcomings in information on salmon stocks and habitat and scientific knowledge on the potential environmental effects of salmon aquaculture in aquatic ecosystems.
- There are weaknesses in regulatory approvals, enforcement, and monitoring of salmon aquaculture operations. This includes approving aquaculture site applications, assessing cumulative effects, and monitoring salmon aquaculture operations to prevent harmful destruction of habitat.
- There has been inadequate co-ordination between federal and provincial governments in managing fish habitat, undertaking research, approving aquaculture site applications, and sharing information.

Background and other observations

5.2 Atlantic and Pacific salmon are a vital part of life on the east and west coasts of Canada. They generate a wide range of economic, social, and cultural benefits for Canadians. Maintaining biologically-diverse and abundant salmon stocks is important in preserving this unique part of Canada's heritage.

5.3 Management of the salmon resource and its fisheries is very complex. This complexity is due to several factors: the biology and behaviour of salmon; the large number of stocks; the competing demands and diverse interests of environmental organizations, First Nations, the commercial fisheries industry, the recreational communities, and other stakeholders; ongoing First Nations treaty negotiations; changing climatic and ocean conditions; and changes to wild salmon habitat. In addition, the recently enacted *Species at Risk Act* introduces new protection requirements.

5.4 Fisheries and Oceans Canada has the responsibility and legislative authority under the *Fisheries Act* to ensure that salmon and their habitat are

protected. The Department is also the lead federal agency for the development of aquaculture. In British Columbia, the federal and provincial governments share responsibility for conserving and protecting wild salmon and their habitat. The federal and provincial governments also share responsibility for regulating salmon aquaculture in British Columbia and New Brunswick.

5.5 In previous years, we conducted three audits on the management of Pacific salmon. In 1997, we reported that Pacific salmon stocks and habitat were under stress. In 1999, we found that Pacific salmon fisheries were in trouble. The long-term sustainability of the fisheries was at risk because of overfishing, habitat loss, and other factors. In 2000, we reported that Fisheries and Oceans Canada was not fully meeting its legislative obligations to protect wild Pacific salmon stocks and their habitat from the effects of salmon aquaculture operations.

5.6 In 2003, we revisited the Department to assess its progress in conserving and protecting salmon stocks and their habitat, ensuring sustainable use of salmon fisheries resources, and regulating salmon aquaculture in British Columbia. We also looked at salmon aquaculture in New Brunswick as well as the current situation with Atlantic salmon stocks in the Maritime provinces.

5.7 In response to the financial pressures it faces, the Department completed a Departmental Assessment and Alignment Project to assess all its policies, programs, and activities during our audit. As well, it has been working to assess all its expenditures, to identify ways to work more efficiently, and to modernize management and financial planning processes. These activities are expected to result in a more risk-based approach to managing areas such as stock assessment, habitat, and aquaculture. We did not audit these activities.

The Department has responded. Fisheries and Oceans Canada's responses to our recommendations are included in this chapter. The Department has accepted all our recommendations and has provided individual responses. The responses include statements of actions already under way or planned to address the recommendations.



Environmental Petitions

Chapter 6 Main Points

6.1 In most cases, departments have responded to complaints raised in petitions about alleged violations of federal environmental laws by promising to launch investigations. However, petitioners are seldom informed of the outcome of these actions and the end result of their petition.

6.2 The audits we conducted of strategic environmental assessment and the management of salmon, which are discussed in chapters 4 and 5 of this report, provided an opportunity to verify departmental claims in selected petition responses. We found that in these cases, some departments portrayed a more positive situation in their petition response than was warranted.

6.3 Our audits of commitments from past petition responses concerning historic military dumpsites off Canada's Atlantic Coast and a pilot project to encourage federal public servants to use urban transit found that progress had been made in translating commitments into concrete action. However, our audit of a commitment stated in a petition response by Fisheries and Oceans Canada revealed that the Department had made limited progress toward developing regulations on genetically engineered fish.

Background and other observations

6.4 This is our annual report to Parliament on the environmental petitions process as required by the *Auditor General Act*. The Commissioner of the Environment and Sustainable Development co-ordinates the petitions process on behalf of the Auditor General.

6.5 Our Office received a total of 40 petitions this year (compared with 38 last year). They came from most parts of the country, with the majority from individuals and local groups and some from national organizations. The petitions covered issues such as trawler dragging on the ocean floor, biotechnology, and pesticide advertising. New issues included the quality of drinking water and other environmental problems on an Aboriginal reserve, environmental fines under the federal tax system, and a hazardous waste incinerator project. The full text of petitions and responses can be found in the petitions catalogue on our Web site (www.oag-bvg.gc.ca/domino/petitions.nsf/english).

The departments have responded. Fisheries and Oceans Canada and Transport Canada have accepted our recommendations. Their responses, which follow the recommendations in the chapter, indicate the actions they intend to take and when these will be completed.