

**The Commissioner's
Observations — 2000**

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The Commissioner's Observations — 2000

Main Points

1. Although the federal government has repeatedly stated its commitment to sustainable development — striking a viable balance between economic, social and environmental goals, now and for future generations — it continues to have difficulty turning that commitment into action.
2. The pursuit of sustainable development is complicated by the fact that responsibility for it is widely shared between departments, between governments and with other partners. Typically, a number of organizations are responsible for one aspect of the issue or another but none is responsible for the whole. They need to work together to develop and implement a co-ordinated approach. But managing these working relationships has proved difficult.
3. **Smog — our health at risk.** For example, over the last decade the federal government has often said that Canada's smog problem is a major health issue and one that poses a serious threat to the environment. Ten years ago, federal, provincial and territorial ministers of the environment recognized the serious consequences of ground-level ozone — a key component of smog — and endorsed a plan to reduce it. The goal was to “fully resolve” the problem by 2005.
 - Governments started on the right foot, but failed to take the next steps. They agreed on a plan, but did not implement it. Past improvements in air quality are slowly being eroded by the increased emissions from more vehicles and growing energy use. And pollutant levels once thought safe are now being questioned.
 - Canada's smog plan failed because the partnership that underpinned it did not work. While the federal government did most of what it said it would do, it failed in its most important task — to lead the national effort to reduce smog. Canada's smog problem is far from resolved. A new approach is needed.
4. **Smog is not an isolated case.** In earlier reports, we identified persistent problems with the federal government's management of key issues like climate change, toxic substances and biodiversity. Problems included unclear objectives and roles and responsibilities, poor performance measurement and reporting and inadequate provision for review and audit. As a result, commitments made to Canadians were not being met.
5. **Accountability is crucial to building effective working relationships.** This Report provides a number of examples of successful working relationships — those that combine credible reporting, effective accountability mechanisms, transparent processes and protection of the public interest. Too often, however, entering an agreement is seen as an end in itself, rather than a means of delivering results for Canadians in an efficient and effective manner. And too often, many of the accountability factors that are critical for an effective working relationship are not “top of mind” when partnerships are being built. Central agencies have important roles to play in ensuring that the elements of a good working relationship are understood and used by departments.
6. **Other key issues:**
 - **Government support: renewable and non-renewable energy investments.** Historically, most energy-related federal spending and tax incentives have been directed to non-renewable resources, the predominant source of energy in Canada. Today, with a few exceptions, government support for energy investments does not particularly favour one sector over the other. However, a survey of investors found

that many renewable energy and energy efficiency projects do not currently have characteristics that make them attractive to investors. The federal government may want, therefore, to reconsider its strategy for achieving its renewable energy and energy efficiency objectives.

- **Sustainable development strategies.** Departments reported that they had implemented 20 percent of the commitments set out in their strategies, compared with 11 percent last year. They are also improving the management practices that support strategy implementation. Their second strategies will be tabled in the House of Commons by December 2000; I expect to see a significant improvement in their quality at that time.
- **Greening government operations.** A decade ago, the federal government committed to demonstrating leadership by reducing the environmental consequences of its own operations. Today, however, there is only rudimentary information available about the government's operations and their environmental consequences. No organization has been given the responsibility, or sees itself as the lead, to establish a coherent approach to greening government operations and reporting on progress.

7. Follow-up on earlier work. This Report also presents the first follow-up we have done since the position of Commissioner was established. Follow-up helps us determine whether departments have adequately addressed our earlier observations and recommendations. Overall, progress has been slow. After two years, only five percent of recommendations have been addressed fully; on 53 percent, progress is unsatisfactory. Departments need to accelerate their efforts.

Introduction

8. This chapter highlights the key issues that I believe should be brought to the attention of the House of Commons. Previous reports have identified three key weaknesses in the federal government's management of environmental and sustainable development issues (see Exhibit 1). This Report focusses on the challenges of working in areas where responsibilities are widely shared.

Managing interdependence

9. Some of the most pressing challenges facing governments today — including protecting the environment and promoting sustainable development — cut across departmental mandates and political jurisdictions. Typically, a number of government organizations are responsible for one aspect of an issue or another, but none is responsible for the whole. They need to work together to develop and implement a co-ordinated response.

10. Partnerships can offer the potential for more innovative, cost-effective and efficient delivery of programs and services. But partnering is not without risks. The risks include arrangements poorly defined, commitments not met, insufficient attention to protecting the public interest,

too little transparency and inadequate accountability. Too often, entering an agreement is seen as an end in itself rather than a means of delivering results for Canadians in an efficient and effective way. As our previous reports have indicated, managing these types of working relationships — within governments, between governments and with other partners — has proved to be a challenge.

11. When organizations work together, the accountability relationship — the obligation to answer for a responsibility conferred — becomes more complex. Ten years ago, the Auditor General asked, "Who is minding the store?" when it came to responsibility for Canada's environmental well-being. He noted that the Department of the Environment, which has general responsibility for co-ordinating federal environmental policies and programs, could not act effectively on broad issues except in concert with other departments and other governments. While recognizing that shared responsibility in government is difficult to deal with, he argued that what must be prevented is a diffusion of responsibility to the point where effective accountability is lost.

12. Based on work since then, the Auditor General has identified desirable attributes of working arrangements — where partners work together to meet

Responsibilities for the achievement of sustainable development goals are widely shared. Managing shared responsibilities has been a challenge.

Gaps between commitments made and concrete action taken. Canadians have been at the forefront of thinking about environmental and sustainable development issues, domestically and internationally. We have been less effective at turning those thoughts and words into action — in finishing what we start. In many areas, the federal government's performance falls well short of its stated objectives.

Lack of co-ordination among departments and across jurisdictions. Some of the most pressing issues facing governments today cut across departmental mandates and political jurisdictions. Effective co-ordination is essential for meeting our sustainable development challenges — governments are not very good at it.

Inadequate review of performance and provision of information to Parliament. Good information is critical for good decisions: for setting priorities, designing policies and programs, assessing progress and reporting on accomplishments. Our current information base is not up to those tasks.

Exhibit 1

Key Weaknesses in the Federal Government's Management of Environmental and Sustainable Development Issues

Source: Report of the Commissioner of the Environment and Sustainable Development, 1999

common objectives (see Exhibit 2). Credible reporting, effective accountability mechanisms, transparent processes and protection of the public interest are basic elements of such a framework.

Focus of this Report

13. This Report maintains our focus on the challenges the federal government faces in managing its environmental and sustainable development agenda. Partnerships have figured prominently in the federal government's approach. In the past decade, numerous commitments have been made that require co-operation and

co-ordination across departments, between governments and with other partners if objectives are to be met.

14. In looking at issues like smog, acid rain, protected areas, biotechnology and greening of government operations, we identified the key ingredients for building and sustaining effective working relationships. Those ingredients can serve as a basis for assessing current initiatives, for modifying them, and for designing new ones.

Smog: Our Health at Risk

Smog is a serious threat to our health and the environment

15. We examined the federal government's efforts to reduce levels of the air pollutants that are the main components of smog; Chapter 4 presents our results. While air pollution is not new, it does have important consequences for our health, our environment and our economy. People first used the term "smog" to describe the mixture of smoke and fog in the air above cities. Today, the term is used to describe a broader "basket" of air pollutants. Most of those pollutants are caused by industrial activities and the burning of fossil fuels — oil, natural gas and coal — in our motor vehicles and in our homes, thermal power plants and factories.

16. Over the last decade, the federal government has stated repeatedly that Canada's smog problem is a major public health issue and one that poses a serious threat to the environment. While recognizing the difficulty of drawing a direct link, the government has estimated that air pollution is responsible for 5,000 premature deaths a year in 11 major Canadian cities. If that figure is correct, more Canadians die each year as a result of air pollution than die as a result of motor vehicle accidents, breast cancer, prostate cancer or melanoma. In addition, many more Canadians suffer from

Exhibit 2

A Governing Framework for New Working Arrangements

To ensure credible reporting:

- Clear public objectives
- Concrete performance expectations
- Appropriate performance measurement and reporting regime

To establish effective accountability mechanisms:

- Clear roles and responsibilities
- Performance expectations that are balanced with capabilities
- Well-defined management structure
- Appropriate monitoring regime
- Partner dispute resolution mechanisms
- Specific evaluation provisions
- Procedures to deal with non-performance
- Appropriate audit regime

To ensure adequate transparency:

- Public access to information
- Communication of information on key policies and decisions

To protect the public interest:

- Citizen complaint and redress mechanisms
- Public consultation/feedback mechanisms
- Policies to promote pertinent public sector values

Source: Report of the Auditor General of Canada, 1999
Involving Others in Governing: Accountability at Risk (Chapter 23)

respiratory or other problems that can place a significant burden on our health care system. And the agriculture sector loses millions of dollars each year due to the effects of common air pollutants on crops.

17. There have been downward trends in some air pollutants, and overall air quality in Canada has improved over the past 30 years as a result of efforts made by federal and provincial governments and by industry. However, past improvements in air quality are slowly being eroded by the increased emissions from a greater number of vehicles and growing energy consumption and production. Environment Canada expects that air quality will continue to deteriorate unless strong action is taken. In addition, pollutant levels once thought safe are being questioned.

Starting on the right foot — but failing to take the next steps

18. In 1990 the Canadian Council of Ministers of the Environment recognized the serious consequences of ground-level ozone and endorsed a plan to reduce it. This plan was a major achievement for the federal, provincial and territorial governments and provided sound strategic direction for addressing Canada's smog problem. The goal was to "fully resolve" the ozone problems by 2005.

19. After endorsing the plan, however, the partners never agreed on how to implement it — on who would do what and by when. As a result, the plan was destined to fail. And 10 years later, many of the basic elements of good management are still missing. The federal government now acknowledges that progress has been slower than planned, and that the original target date will likely not be met.

20. We concluded that the federal government did most of what it said it would do under the first phase of the plan.

However, it failed at its most important task — to lead the national effort to reduce smog. Consequently, the bulk of potential emission reductions — which were expected to come from others — were not attained. I believe the federal government has a responsibility that goes beyond its own smog-reduction activities. It also has to collaborate with the provinces and territories and work with its other partners to develop effective national strategies and plans. If the existing approach is not working, a new one needs to be devised.

Accountability depends on the quality of reporting on performance

21. The federal government also failed to provide the public and Parliament with appropriate information about action on the promises it made to Canadians in 1990 and about the results of national efforts. To be useful, information must be relevant, credible and understandable. It should help the public and members of Parliament scrutinize both intentions and results, and it should be available to them on a timely basis. The failure to provide that information meant that the public and Parliament could not determine whether Canada was addressing its smog problem at a reasonable pace.

Next steps

22. Canada is continuing to address the smog issue through the Canada-Wide Standards process. This process is to include the commitments that each jurisdiction will make to specific action on smog. If air quality is to improve, the lessons learned in the last decade need to be applied to this process. In particular, parliamentarians and all Canadians should expect to see agreements specifying who will do what and by when, a system for monitoring and reporting results to assess progress, and provision for midcourse corrections as required. If these key elements of good management are not put

Canada's smog problem is a major public health issue.

The plan to resolve Canada's smog problem was never implemented.

in place, it will be difficult for the Canada-Wide Standards process to succeed.

Working Together: Partnerships for Sustainable Development

Canada's smog plan failed because the partnership that underpinned it did not work.

23. Canada's smog plan failed because the partnership that underpinned it did not work. Yet smog is not an isolated case:

- In 1998 we reported on Canada's National Action Program on Climate Change. By the federal government's own assessment, instead of moving toward stabilization at 1990 levels, Canada's greenhouse gas emissions were headed in the wrong direction. We found that many of the elements of a good partnership were missing. There was no clear assignment of roles and responsibilities, no implementation plan, limited monitoring of progress and no consolidated, summary-level reporting to Parliament.

- Protecting biodiversity requires action by ministries at both the federal and provincial levels. In 1998 we reported that progress was slow, due in part to weaknesses in co-ordination within the federal government and between governments.

- Our 1999 audit found significant weaknesses in the federal government's management of toxic substances. We noted in particular that federal departments were deeply divided on many key issues. The behaviour displayed by some departments was a major impediment to the effectiveness of federal programs.

- Finally, in 1999 we audited seven federal-provincial environmental agreements and found that they were not working as well as they could.

24. The federal government recognizes that managing what has

become known as "horizontal" government is an important issue and that a better job must be done. Because the resolution of many environmental and sustainable development issues requires effective working relationships, we have looked at building and sustaining them. Chapter 5 provides an overview, Chapter 6 reports on working together in the federal government, Chapter 7 on federal/provincial/territorial relationships and Chapter 8 on working with the private sector. These chapters together present the results of 17 case studies of organizations working co-operatively to meet common objectives in areas like biotechnology, acid rain, forestry and mining.

25. These case studies illustrate the importance of co-operation and co-ordination to meet common policy objectives and improve program efficiency and effectiveness. The case studies also illustrate that there are common attributes of effective working relationships, whether between departments, between governments or between the public and private sectors.

26. We found, however, that many of the accountability factors that are critical for an effective working relationship are not "top of mind" when people think of building a successful partnership. Surveyed participants in the arrangements we looked at focussed on five key success factors: clear and realistic objectives and expectations for results; shared or complementary goals; effective and committed individuals; clear benefits for participating organizations; and senior management interest, support and commitment.

27. These factors are important, but so are the other elements needed for accountability — clear roles and responsibilities, balance between expectations and capacities, provision for monitoring, reporting and evaluation — and participants placed these elements well down the list.

Accountability is not "top of mind" when people think of successful partnerships.

28. To manage their working relationships effectively, departments need to take a broader view of what constitutes success, giving greater weight to accountability. People involved in partnerships do know how to develop and maintain working relationships and what is needed for accountability. The challenge is to turn that knowledge into action.

29. The case studies also demonstrate that the partners need the discipline to follow all the necessary steps during the life cycle of an agreement. In the earlier stages — before entering the agreement — prospective partners need to pay particular attention to developing the relationship. Partners need to be convinced that the issue is important and that a partnership is the best way of dealing with it. In the later stages — designing the agreement itself and during the life of the agreement — more weight needs to be placed on accountability. Developing the relationship and ensuring accountability are both essential for a good working relationship intended to achieve common objectives.

30. The cases we examined also provide examples of a “tight-loose” form of working relationship — “tight” on the results to be achieved by intergovernmental agreement, and “loose” on the means of achieving them in the particular circumstances of each jurisdiction. In the 1985 Eastern Canada Acid Rain Program, ministers agreed on sulphur dioxide emission limits to protect moderately sensitive aquatic systems. Provincial governments decided how to achieve the reductions; they took different approaches but met their objectives.

31. We conclude that when the key factors related to a good working relationship are combined with the main elements of an effective accountability arrangement, successful working relationships are more likely to be developed and common objectives are

more likely to be met. Conversely, the absence of these factors and elements increases the risk of failure.

The role of central agencies

32. Central agencies can contribute to the more effective management of cross-cutting issues. The Privy Council Office and the Treasury Board Secretariat have important roles to play in ensuring that the principles and elements of a good working relationship are understood and used by departments, and in co-ordinating horizontal initiatives.

Government Support for Energy Investments

33. The consumption and production of fossil fuels are major contributors to smog and to other environmental problems. Some believe that federal government support for energy investments is biased in favour of non-renewable energy sources, particularly fossil fuels, and that the bulk of this support is hidden in the tax system. In Chapter 3 we report on the findings of a study we did to provide information on government support for energy investments and to determine whether this support favours the non-renewable energy sector. We were particularly interested in support provided through the tax system because it is less transparent than direct support. We also wanted to learn why, apart from large-scale hydro-electric projects, energy from renewable resources makes up a small portion of Canada's energy mix. Is the tax system a major contributor to this situation?

34. Historically, governments have supported the development of energy sources and encouraged energy efficiency for a variety of reasons, including securing the supply of energy, developing regional economies and addressing environmental concerns. In 1996, the federal government stated in its Renewable Energy Strategy that it wants to increase investments in

To get results, departments need to place more weight on accountability.

Central agencies can contribute to the more effective management of cross-cutting issues.

Renewable energy and energy efficiency projects are competing against many other investment opportunities.

renewable energy. It has also stated for many years that it wants Canadians to use energy more efficiently.

35. In the past, most federal spending and tax incentives have been directed to non-renewable resources, the predominant source of energy in Canada. Today, however, with a few exceptions, government support for energy investments does not particularly favour the non-renewable sector over the renewable sector. We also found that the income tax system does not encourage some investments in energy efficiency.

36. From an investor's perspective, renewable energy and energy efficiency projects are competing against many other investment opportunities. Most investors we surveyed find that many renewable energy projects do not provide an adequate rate of return to make them a desirable investment. They tend to lack the established markets and good track records that attract investors. The payback period is often too long for renewable energy and energy efficiency investments to make them the preferred investment choice. Given these barriers, the federal government may wish to consider new strategies for achieving its renewable energy and energy efficiency objectives.

The government has committed to making itself a model of environmental excellence.

Turning Talk Into Action

Implementing sustainable development strategies

37. Departmental strategies are an important element of the federal government's overall sustainable development agenda. Monitoring and reporting on progress toward sustainable development is a key part of our mandate. Our objective is to help parliamentarians understand and exercise oversight of the strategy process, and to help departments understand their management obligations and best practices for meeting them. Chapter 1 of this Report provides our

second assessment of sustainable development strategies. The strategies remain a work in progress.

38. When we conducted our audit this year, departments were about halfway through the period covered by their strategies. According to their own reports, departments had completed about 20 percent of what their strategies said they would do, compared with 11 percent last year. They are making some progress in implementing their action plans.

39. However, the quality of the information that most departments provided to Parliament in their second annual progress reports on sustainable development strategies continues to fall well short of the standard asked by the Treasury Board. It remains difficult to judge whether the strategies are on track or whether corrective action is required.

40. Departments are still in the early stages of establishing a systematic approach to strategy implementation. We examined the management practices of six departments and noted that there has been some improvement since last year. On average they were applying half of the practices needed to provide reasonable assurance that they would achieve their intended results. As Exhibit 3 illustrates, last year the departments we looked at had established only about one third of these management practices.

41. The exhibit also shows that departmental practices continue to be strongest at the early stages of the management cycle, and become progressively weaker as departments move into implementation, monitoring and improvement. Departments need to establish sound management systems to support the implementation of their strategies.

Greening federal government operations

42. A decade ago, the federal government committed to demonstrating

leadership by reducing the environmental consequences of its own operations. In the October 1999 Speech from the Throne, the government again committed to making itself a model of environmental excellence.

43. In 1996, we reviewed progress and found an absence of leadership for the greening process, both government-wide and within individual departments and agencies. We also found that reporting on progress had been selective. No overall report had been produced, and there were no plans for aggregate reporting in the future.

44. Last year, we reported that departments were not yet in a position to track their environmental performance and there was no basis for reporting to Parliament on government-wide progress in the “greening” of operations. Chapter 2 of this Report revisits this issue, focussing on departments’ progress in measuring the environmental performance of their internal operations.

45. The federal government is the largest enterprise in Canada. It has 224,000 employees, 21.4 million hectares of land under direct management,

59,000 buildings and facilities, more than \$8 billion in purchases of goods and services and 25,000 motor vehicles. How it manages those resources has significant environmental and financial consequences.

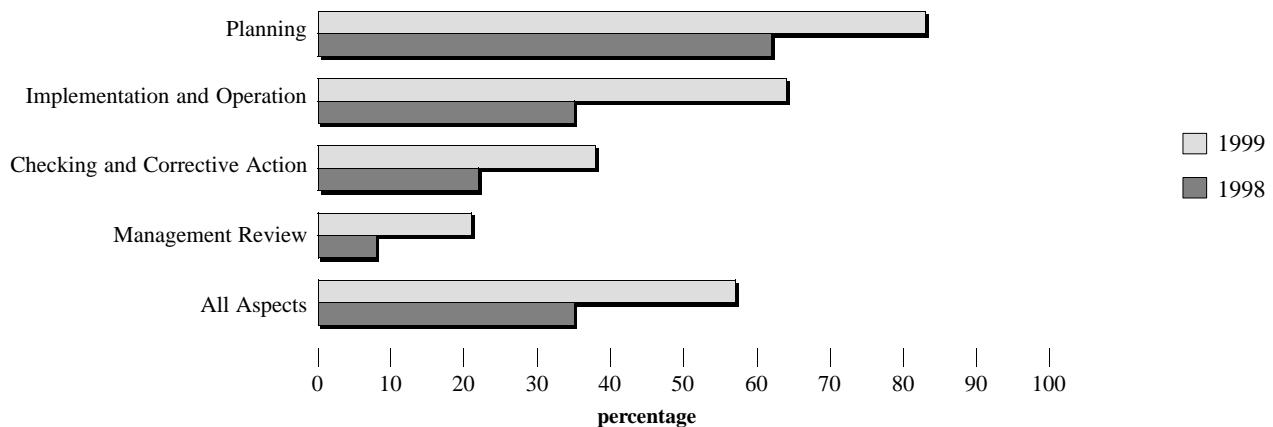
46. And yet there is only rudimentary information available on the government’s vast operations and their environmental consequences. The federal government does not know the environmental impacts and costs of its operations — and it should. Progress has also been slow and uneven in developing either an environmental performance measurement system or common performance measures for departments. There are still no aggregate performance reports.

47. While there are a number of interdepartmental initiatives under way, leadership is fragmented. No organization has been given the responsibility, or sees itself as the lead, for establishing a coherent approach to greening government operations and reporting on progress. Central agencies have an important role to play in developing government-wide standards.

Exhibit 3

Established Management Practices Compared With the ISO 14001 Standard — Average for the Six Departments We Examined in 1999 and the Six We Examined in 1998

See Chapter 1 for more information.



Overall, progress in addressing our observations and recommendations from previous reports has been slow.

Follow-up of Previous Audits: More Action Needed

48. Follow-up is an important part of our audit process. It allows us to keep Parliament informed of the progress departments are making in response to our reports. Chapter 9 presents the results of the first follow-up we have done since the position of Commissioner was established. The purpose of this follow-up was to determine whether departments had adequately addressed our recommendations and observations.

49. We focussed on four audits presented in 1997 and 1998 report chapters: Control of the Transboundary Movement of Hazardous Waste (April 1997), Ozone Layer Protection: The Unfinished Journey (December 1997), Canada's Biodiversity Clock Is Ticking (May 1998), and Environmental Assessment: A Critical Tool for Sustainable Development (May 1998).

50. I am satisfied with the progress that the government has made to date in acting on our observations and recommendations in the ozone and biodiversity chapters. Environment Canada continues to show commitment and leadership in developing policies and programs to eliminate or reduce ozone-depleting substances. International obligations are being met. Departments are developing biodiversity performance frameworks and Canada is participating in the development of an international reporting framework. New partnerships have been formed to enhance co-operation.

51. I am not satisfied with progress on 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 at the border and

does not have an action plan to address significant gaps in enforcement.

52. The Canadian Environmental Assessment Agency has taken reasonable steps to respond to our audit findings. The Agency conducted a compliance review with departments and issued guidance documents, as we had recommended. However, we are not satisfied with the progress made by other departments and agencies. Even departments that have taken some action to improve their assessment processes report little change in their actual practices.

53. Overall, progress in addressing our recommendations has been slow. Gaps in implementation, information, leadership and managing of relationships are apparent. Only five percent of our recommendations have been addressed fully; progress on 53 percent is unsatisfactory. We believe the recommendations remain pertinent and valid; departments need to accelerate their efforts. We will continue to monitor their progress.

Our Work Plan

54. Our work program is divided into four broad areas: the review of departmental sustainable development strategies and their implementation; audits of the federal government's management of environmental and sustainable development issues; studies aimed at improving understanding and strengthening management practices; and the monitoring of petitions. Exhibit 4 summarizes our work plan for next year.

Review of sustainable development strategies

55. Departmental strategies are an important tool for advancing sustainable development across the federal government. They set out each department's objectives and the steps it will take to meet them. Departments released their first strategies in 1997. They are now developing their second strategies

for presentation to the House of Commons by December 2000.

56. The sustainable development strategy update. In December 1999 we issued a document setting out expectations for the second round of sustainable development strategies. Departments were asked to focus their efforts on three areas:

- **assessing** their first strategies — determining what the first strategy has achieved, what has changed, and what needs to be done differently — and making those assessments available in the consultations leading to the second strategies;
- strengthening the **planning** of strategies — drawing clear links between the departments' activities, the significant impacts of those activities and the departments' priorities for action; and
- accelerating the development of the **management systems** needed to turn the strategies from talk into action.

57. In each of these areas, the support, involvement and commitment of senior management will be critical to

move the organization up the learning curve. In keeping with this Report's theme — working together — the December document also indicated that departments need to work together in areas of shared responsibility.

58. Implementing sustainable development strategies. Since the release of their strategies, departments have turned their attention to delivery. In 1998 and 1999 they issued progress reports on their strategies. The progress reports are intended to help parliamentarians, the public and the departments themselves judge whether the strategies are on track or whether corrective action is required.

59. We will continue to report each year on the extent to which departments have done what they said they would do in their strategies. We will also continue to examine departments' capacity to deliver their strategies, using the ISO 14001 standard as our benchmark.

60. Establishing clear and measurable targets. In 1998 we recommended that departments establish a clear set of benchmarks to judge whether their strategies are being implemented

Departments are now developing their second sustainable development strategies for presentation to the House of Commons by December 2000. I expect a significant improvement in their quality.

Task	2001
Departmental sustainable development strategies	Conduct audits of: <ul style="list-style-type: none"> • second sustainable development strategies • strategy implementation
Integrating the fourth "E" into the work of the Office of the Auditor General Has money been spent with due regard to economy, efficiency, effectiveness and environmental effects of those expenditures?	Conduct audits of: <ul style="list-style-type: none"> • management of the environmental and sustainable development issues in the Great Lakes and St. Lawrence River Basin including water management, species and habitats, fisheries and agriculture Follow up previous audits of: <ul style="list-style-type: none"> • climate change • energy efficiency
Studies	Conduct a study of: <ul style="list-style-type: none"> • social dimension of sustainable development
Petitions	Monitor on behalf of the Auditor General

Exhibit 4

Environment and Sustainable Development Issues: Our Work Plan

successfully, and present them to the House of Commons in the spring of 1999. An assessment of those targets is presented in Chapter 1 of this Report. This year, 45 percent of departments presented targets. Half of those targets now have clearly stated criteria or measures of success and an expected completion date. But departments continue to use terms like “enhance”, “improve”, “promote”, “assist” and “facilitate” rather than specifying what is to be achieved and when.

Audits of the management of environmental and sustainable development issues

61. Through its own strategy, the Office of the Auditor General is working to make sustainable development integral to what we do as an Office, and how we do it. Over the last year, the Auditor General has conducted a number of audits with an important environmental or sustainable development component (see Appendix B).

62. Over the next year, we will be looking at other issues:

- **Management of environmental and sustainable development issues in the Great Lakes and St. Lawrence River Basin.** The 2001 Report will focus on the federal government's management of issues in the Great Lakes and St. Lawrence River Basin. The Basin constitutes the largest freshwater system in the world. It has provided energy, drinking water, transportation, fish, and agricultural and recreational opportunities for people on both sides of the border for centuries. It is also one of the most heavily populated and industrialized regions in North America. The audit work will concentrate on aspects such as water, species and their habitats, fisheries and agriculture. It will examine issues like performance measurement, partnerships, accountability, and information for decision making.

- **The social dimension of sustainable development.** To date, most of our work has focussed on the environmental and economic dimensions of sustainable development. The social dimension is also important but is not understood as well. Over the next year, we will review current thinking on the social dimension of sustainable development and will present the results to Parliament in 2001. This study will serve as the basis for establishing our future work program in this area.

The petition process

63. Amendments to the *Auditor General Act* in 1995 created the position of Commissioner of the Environment and Sustainable Development and required ministers to prepare sustainable development strategies. The amendments also established a petition process — a vehicle for Canadians to register their concerns about specific environmental and sustainable development issues that fall under federal jurisdiction, and to obtain a response to those concerns.

64. Under the process, a Canadian resident can send a petition to the Auditor General. The petition is then forwarded to the appropriate federal minister for response. The minister has 120 days to respond to the petitioner.

65. The number of petitions fell during the year ended 31 March 2000. Two new petitions were received and sent to ministers for a response, compared with 9 in 1999 and 10 in 1998. One of the new petitions dealt with the use of toxic substances and the other with information on sustainable development in Canada's national parks. A third petition was received late in 1998 and responded to in early 1999. Appendix C provides information on the nature and status of the petitions. Over the next year, we will conduct a review of the petition process to determine how it might be strengthened.

Our 2001 Report will focus on the federal government's management of environmental and sustainable development issues in the Great Lakes and St. Lawrence River Basin.

Conclusion

66. This year's Report maintained our focus on the challenges the federal government faces in managing its environmental and sustainable development agenda. Partnerships have figured prominently in the federal government's approach. In the past decade, numerous commitments have been made that require co-operation and co-ordination across departments, between governments and with other partners if objectives are to be met.

67. In earlier reports, we have identified persistent problems with the federal government's management of key

issues like climate change, toxic substances and biodiversity. Problems included unclear objectives, roles and responsibilities; poor measurement and reporting of performance; and inadequate provision for review and audit. And the commitments made to Canadians were not being met.

68. In looking at issues like smog, acid rain, protected areas, biotechnology and greening of government operations, we identified the key ingredients for building and sustaining effective working relationships. Those ingredients can serve as a basis for assessing current initiatives, for modifying them, and for designing new ones.

Partnerships have figured prominently in the federal government's approach.

Appendix A

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
	(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, as defined in the <i>Financial Administration Act</i> , 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
	(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 anything 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	<p>(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</p> <p>(a) one hundred and twenty days after the day on which the Minister receives the petition from the Auditor General; or</p> <p>(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.</p>
Multiple petitioners	<p>(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.</p>
Duty to monitor	<p>23. (1) The Commissioner shall make any examinations and inquiries that the Commissioner considers necessary in order to monitor</p> <p>(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</p> <p>(b) the replies by Ministers required by subsection 22(3).</p>
Commissioner's report	<p>(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</p> <p>(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;</p> <p>(b) the number of petitions recorded as required by subsection 22(1), the subject-matter of the petitions and their status; and</p> <p>(c) the exercising of the authority of the Governor in Council under any of subsections 24(3) to (5).</p>
Submission and tabling of report	<p>(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.</p>
Strategies to be tabled	<p>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</p> <p>(a) within two years after this subsection comes into force; or</p> <p>(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).</p>
Updated strategies to be tabled	<p>(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.</p>
Governor in Council direction	<p>(3) The Governor in Council may, on that recommendation of the appropriate Minister for a department not named in Schedule I to the <i>Financial Administration Act</i>, direct that the requirements of subsections (1) and (2) apply in respect of the department.</p>

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.

Appendix B

Environmental and Sustainable Development Work by the Office of the Auditor General, 1999

Reference	Key Conclusions
Fisheries and Oceans — Managing Atlantic Shellfish in a Sustainable Manner, Chapter 4	In October 1997, we reported on problems associated with the Department's management of the Atlantic groundfish fisheries. In the current audit, we found that many of these problems also exist in the Department's management of the Atlantic shellfish fisheries. For example, we noted increases in harvesting capacity and the encouragement of increased fisher participation through open access licensing in the shellfish fisheries. In addition, we found weaknesses in the information used in making resource decisions, and gaps in monitoring, control and surveillance. The full impact of these problems is not obvious, as most shellfish fisheries are currently recording high landed values. However, in our view these are significant concerns that must be addressed to ensure that the shellfish fisheries are managed in a sustainable manner. (paragraph 4.1)
The Atlantic Groundfish Strategy Follow-up, Chapter 8	We believe the government's efforts to implement the recommendations in our October 1997 Report Chapter 16 on The Atlantic Groundfish Strategy (TAGS) have been satisfactory. New fishery restructuring and adjustment measures are being implemented. In contrast to our observations of 1997, the eligibility criteria for the new measures are clear, logical and applicable. The accountability framework established for the measures corrects the shortcomings we had identified in TAGS: it clearly defines the responsibilities of the organizations involved, sets out an overall strategic plan and provides for a formal co-ordination mechanism. (paragraphs 8.1 and 8.2)
National Defence — Hazardous Materials: Managing Risks to Employees and the Environment, Chapter 13	Our audit at 10 Canadian Forces bases found widespread, frequent and recurring instances in which National Defence did not meet the legal and policy requirements that govern hazardous materials. Such instances may put employees and the environment at increased risk. The Department has made efforts to improve its management of hazardous materials. While there are few clear measures of the impact of these efforts, we did find that injury rates for hazardous material injuries that require at least one day off work declined by more than half from 1993 to 1997. Nevertheless, not all lapses in compliance result in accidents — some could damage employee health or the environment over the long term. (paragraphs 13.1 and 13.2)
Canada Infrastructure Works Program — Phase II and Follow-up of Phase I Audit, Chapter 17	The follow-up to our 1996 audit chapter indicates limited progress overall in addressing the range of deficiencies we identified in Phase I of the Canada Infrastructure Works Program. The main area of improvement was in undertaking environmental assessments before federal approval of infrastructure projects. However, weaknesses remained in the identification and monitoring of mitigation measures where those were required. (paragraphs 17.88 to 17.94)
Fisheries and Oceans — Pacific Salmon: Sustainability of the Fisheries, Chapter 20	The Pacific salmon fisheries are in trouble. Catches have declined overall, but the commercial catch has plummeted. The long-term sustainability of the fisheries is at risk because factors like overfishing, habitat loss, and declining ocean productivity have eroded the resource base. The result is a fisheries management crisis that has cast a cloud of uncertainty over the future of the salmon fisheries. Salmon fishing will continue, but more stringent controls are needed in the short term to ensure that salmon survive for the benefit of future generations. (paragraph 20.1)

Appendix C

Summary of Petitions Received and Ministers' Responses

Subject of Petition*	Petitioner:	Federal Department:	Date of Petition	Date Response Received	Response
19. Enforcement. The petitioner requested an investigation of the non-enforcement of environmental protection legislation by the federal departments of Fisheries and Oceans and Environment concerning past and ongoing operations of the Pine Falls Paper Company in Pine Falls, Manitoba.	Alice Chambers	Fisheries and Oceans	30 November 1998	23 April 1999	The Minister of Fisheries and Oceans provided information on the Canadian Coast Guard inspection of Pine Falls Paper Company's bridges. The Canadian Coast Guard determined that 14 of the company's 26 bridges that are over navigable waters do not pose a hazard to navigation and no further action is warranted. Environmental assessments were required for 9 of the bridges and have been conducted and approved, with the exception of the ongoing assessment of the Manigotagan Bridge. Given the timeframe between the construction of these bridges and the point at which Fisheries and Oceans became aware of any potential impacts to fish habitat, it would be difficult to prove that harm to fish habitat took place at the sites. Fisheries and Oceans hopes to address any future potential fish habitat impacts associated with these bridges through identified mitigation measures for maintenance and decommissioning.

* Petitions 1 to 7 were included in our 1998 Report and 8 to 18 in our 1999 Report.

Subject of Petition	Petitioner:	Federal Department:	Date of Petition	Date Response Received	Response
		Environment Canada		21 April 1999	<p>The Minister of the Environment referred to a previous letter from Environment Canada to the petitioner explaining why charges were not laid against the mill under the <i>Fisheries Act</i>. That letter explained that the Environmental Effects Monitoring requirements were being implemented for the first time in Canada. Problems at the Pine Falls Paper Mill were not solely attributable to the company. Government participants had to take some responsibility. As a result, it was decided that a lengthy legal process would be unlikely to succeed and a poor use of taxpayers money. Instead, the focus was on resolving all administrative and technical problems. The Minister explained that the Department believed that compliance with the Pulp and Paper Effluent Regulations could be achieved with the installation of a secondary treatment system. The Minister also explained that prosecution for one of the company's spills was warranted while in other cases it was not, based on the nature of the violation, the effectiveness in achieving the desired result, and consistency in enforcement.</p>

Subject of Petition	Petitioner:	Federal Department:	Date of Petition	Date Response Received	Response
<p>20. Toxic Substances. The petitioner expressed concerns about the use of pesticides, herbicides and fertilizers on ginseng farms throughout central British Columbia. The petitioner was concerned about the impact of these products on the land, the river systems and the health of farm workers and others indirectly related to the farms.</p>	<p>Nelson A. Riis, Member of Parliament for Kamloops, Thompson & Highland Valleys on behalf of the residents of the Kamloops, British Columbia region.</p>	<p>Health Canada</p>	<p>25 August 1999</p>	<p>27 October 1999</p>	<p>The Minister of Health assured the petitioner that Canada has one of the most stringent pesticide regulatory systems in the world. Pest control products are regulated under the <i>Pest Control Products Act</i> and registered by the Pest Management Regulatory Agency (PMRA). Products are registered only if sufficient scientific data have been provided to assess the safety and value of the product. The assessment must conclude that the human health and environmental risks associated with the prescribed use of the product are acceptable, and that the product is effective for its intended use. Products registered for application on ginseng have been assessed for their safety and value and can be employed for their intended use. No undue harm to human health and the environment will occur when the label directions are carefully read, understood and adhered to. The PMRA has recently completed a program directed at ginseng growers that was intended to familiarize them with the pesticide regulatory system and to inspect for pesticide use. Recent inspections showed that ginseng growers use the proper products and are aware of the importance of careful and judicious use of pesticides. Worker exposure to pest control products during application, and to residues upon re-entry into treated fields, is also considered in the assessment of control products. The PMRA is currently involved in two initiatives related to re-entry exposure.</p>

Subject of Petition	Petitioner:	Federal Department:	Date of Petition	Date Response Received	Response
<p>21. Sustainable Development. The petitioner expressed concerns that Parks Canada has not developed information on the three dimensions of sustainable development — economic, environmental and social. The petitioner alleged that the Banff-Bow Valley Study, the Jasper Management Plan and the Jasper Community Plan lack social and economic data. The petitioner also alleged that the National Parks Revenue Policy, which states that science is to be funded only from appropriations, is ignored within Jasper National Park with moneys being directed to science programs rather than the maintenance of capital assets and visitor services.</p>	Pat Crowley	Parks Canada	10 January 2000	Pending	

Appendix D

Panel of Advisors to the Commissioner of the Environment and Sustainable Development

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