



House of Commons
CANADA

Standing Committee on Environment and Sustainable Development

ENVI • NUMBER 012 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Tuesday, December 7, 2004

—
Chair

Mr. Alan Tonks

All parliamentary publications are available on the
"Parliamentary Internet Parlementaire" at the following address:

<http://www.parl.gc.ca>

Standing Committee on Environment and Sustainable Development

Tuesday, December 7, 2004

•(0910)

[English]

The Chair (Mr. Alan Tonks (York South—Weston, Lib.)): Good morning to the committee and to our witnesses, ladies and gentlemen.

We will commence with the agenda, and I would like to welcome our witness, the Commissioner of the Environment and Sustainable Development, Ms. Gélinas.

Welcome, along with your officials.

For the record, the officials who are accompanying Ms. Gélinas are Neil Maxwell, principal of the audit operations; and John Affleck, John Reed, and Richard Arseneault, all principals accompanying the commissioner.

Pursuant to Standing Order 32.(5), the report of the Commissioner of the Environment and Sustainable Development for the year 2004 was referred to the committee on October 26, 2004, and the commissioner is appearing before us today.

Madam Commissioner, perhaps I'll just turn the floor over to you.

[Translation]

Ms. Johanne Gélinas (Commissioner of the Environment and Sustainable Development, Office of the Auditor General of Canada): Good morning Mr. Chairman and the members. Thank you for inviting us here today. It gives me great pleasure to be here.

Joining me today, as always, are my senior management team who have led the environmental audit work of my office for several years. You have given us an opportunity today to raise some issues from our recent report.

In my October report, I concluded that there was a lack of leadership, a lack of priority, and a lack of will on the part of the Government of Canada. It has failed to make real progress in sustainable development and environmental protection. This, in turn, has left gaps in leadership, gaps in implementation and the growing credibility gap.

I think this committee can play a significant role in addressing these gaps, and I will present some thoughts on how that might be done at the end of my remarks.

When I tabled my report in October, I informed you of the findings in each of the six chapters. Today, I want to focus on a few areas that I believe are key to making progress on environmental protection and sustainable development in the federal government.

The first key area is results measurement. We looked at five international environmental agreements to determine if the responsible federal departments know where the specific objectives are being achieved. We found that for three of the five agreements, the departments do not know if they are meeting the agreement objectives.

Another example in this area is the management of office solid waste. As the largest single enterprise in Canada, the federal government generates significant amounts of waste. Disappointingly, after 15 years, many departments do not know whether they have met the 50 per cent target to reduce office solid waste or whether they have met their more recent waste commitments in their sustainable development strategies, because they have not measured waste properly.

We know that establishing expectations and measuring results is a challenge, but it can be done. Two examples are the Montreal Protocol on substances that deplete the ozone layer and the Ozone Annex to the Canada—U.S. agreement on air quality. For both these agreements, appropriate measurement has allowed Environment Canada to demonstrate progress.

[English]

If departments do not clearly establish what they plan to accomplish and then measure to see how well they are doing, Parliament and Canadians are unable to assess progress. What is not measured cannot be managed, let alone managed well.

The second key area is effective accountability for results. Here we have three examples from this year's report, all from Fisheries and Oceans Canada. The department has made limited progress towards developing promised regulations on genetically engineered fish. It has not finalized the wild salmon policy, even though a draft policy was released in 2000. Finally, we are not satisfied with the progress the department has made in responding to the recommendations we made in three separate audits since 1997. I am pleased to note, however, that our concerns in this area are being addressed by the House committee on fisheries and oceans through hearings on our findings.

The third key area is better use of decision-making and public policy tools to support environmentally sound development. Strategic environmental assessment of policy, plans, and program proposals is one of the most important environmental decision-making tools in the federal government. It has been a requirement since 1990. It is supposed to ensure that environmental impacts are examined when new policies or programs are proposed, but after 14 years it is still not being used to guide policy, plans, and program development.

I was surprised that our audit found such a low level of commitment by departments to implementing a directive that came straight from cabinet.

Ministers are not getting the information they need before they make decisions with long-term environmental impacts, whether on an individual proposal or on something as important as the budget. Of course, if that is not happening, Parliament and Canadians, again, cannot be assured that proper environmental considerations are being included in the decision-making process.

In the context of making better use of available tools, let me turn to the audit we did on Finance Canada's commitment in their sustainable development strategy regarding the integration of the economy and the environment in the tax system.

The tax system has a huge potential to create incentives or disincentives and to influence the behaviour of individuals and corporations. Finance Canada is in a unique position to influence sustainable development in Canada, for example, through the budget and taxation policies. It committed itself to examining the tax system to better integrate the economy and the environment.

In 1995 your committee made recommendations on how to proceed with a baseline study on federal taxes, grants, and subsidies to identify possible barriers and disincentives to sound environmental practices. The phase approach outlined in the government's response was not applied in a comprehensive manner.

We found that Finance Canada has analysed a number of individual tax measures, but it has not looked enough at the overall tax system. It is looking at the trees, not the forest. The department is unable to demonstrate that it was meeting its commitments, and consequently it cannot report to Parliament or Canadians on the influence the tax system is having, for good or bad, on the attainment of sustainable development.

We know that Finance Canada has only recently begun to do strategic environmental assessments. Moreover, we have doubts about its capacity to do them well.

It appears that the department has not accepted our recommendations. It has not committed to any actions beyond those already in place. For example, the department has not committed to acting on our recommendation for a systematic analysis of the impacts of the tax system on environmental and sustainable development.

This is not sufficient. Finance Canada is dragging its feet when it should be showing leadership. There are many questions that remain unanswered. I would be pleased to discuss our findings in more detail with you today.

● (0915)

So why is progress so slow in implementing sustainable development and environmental protection in the federal government? After all, the mandates and commitments are there, the knowledge of what to do and how to do it is there, and it can be done. Some of our findings proved that.

[*Translation*]

I have been Commissioner of the Environment and Sustainable Development for four years now. In that time, I have observed that whenever a parliamentary committee asks questions of a department or requests reports on issues we raised, it generates action. In short, committee attention raises priority and instills the will to act.

In cases this year where departments have made significant commitments in response to our recommendations, for example, with respect to international environmental agreements and strategic environmental assessment, this committee could request regular progress reports.

In the case of Finance Canada, the committee might consider a report of its own that addresses the root causes of inaction.

Finally, on another matter, I would like to remind the committee that there were clear mandates given to the deputy ministers' Committee on Environment and Sustainable Development to develop an action plan following up on the many commitments that Canada made at the World Summit on Sustainable Development in Johannesburg, South Africa, in 2002. That committee was also to pursue the idea of a federal sustainable development strategy and the issue surrounding water. These initiatives have been promised, but to date there has not been anything delivered.

[*English*]

In pursuing some of these issues, this committee can help close the gaps in leadership, implementation, and credibility. Together we can get Canada moving on the path to sustainable development, one to which we are all committed.

Mr. Chairman, this concludes my opening statement. We welcome any questions the committee may have at this time.

Thank you.

The Chair: Thank you. Merci, Madame.

I think we'll go immediately to questions.

Mr. Richardson.

Mr. Lee Richardson (Calgary Centre, CPC): Thank you, Mr. Chairman.

Thank you, Madam Gélinas, for appearing again and for your insightful report, as usual.

I wanted to start with one quick question, and that was with regard to your appointment. I'm surprised when we hear your report or that of the Auditor General that you're as candid as you are sometimes. I wanted to understand the terms of your employment so I can be sure you're going to be around for a while.

I think it's a ten-year appointment with the Auditor General. Is that similar with your role?

• (0920)

Ms. Johanne Gélinas: In my case it's a little bit different. I was chosen, I should say, by the Auditor General at the time, Mr. Denis Desautels, and I guess as long as I do a good job I can stay as long as I want to. It's not a fixed-term appointment by Parliament.

Mr. Lee Richardson: Good. I'm sure you speak for all those with you, as you often do.

In your latest report you investigated Canada's commitments to international agreements. We've heard a few of them recently. We talked here about MARPOL—the convention for the prevention of marine pollution from ships—and the Montreal protocol on ozone. Those are two examples.

Can you comment on the government's shortcomings in this area and perhaps provide some insight into the Kyoto Protocol and the news we're hearing lately from government sources that we won't be able to meet the targets as set by the Kyoto Protocol?

Ms. Johanne Gélinas: Let me start at the last part of your question.

As you can appreciate, I cannot really comment on Kyoto. As we speak, we haven't done audit work in this area. As I said when I issued the 2004 report, in our planning for the upcoming years the 2006 report will be devoted to climate change, so at that time we will be able to report on progress made by the federal government in this area.

I'm looking forward to any suggestion on your side, as we were just exploring which aspects of climate change we will be looking at. Certainly the Kyoto Protocol will be a component of that.

With respect to the first part of your question, regarding the international accord, I should say that beyond the five international agreements we looked at, we also did a survey of what was going on in the departments, and we highlighted a couple of observations.

I will ask John Affleck, who was responsible for this audit, to talk to you a little bit more about the shortcomings.

Mr. John Affleck (Principal, Office of the Auditor General of Canada): The reasons for the slippage, if you will, or the shortcomings that we found basically boil down to the fact that key elements or principles of accountability weren't always present. This would apply for any international agreement, including Kyoto.

In fact, in 2003, last year, we did a chapter on road transportation in urban areas—accountability for reducing greenhouse gases—and these were the same messages we were saying.

So good accountability...it's very simple—define the roles and responsibilities, set those performance expectations, measure and report on the results, and then review and adjust them.

As we conclude in our audit report, two elements of accountability are indispensable, and those are setting the performance expectations and measuring against them.

I guess I could point out that in the case of the Ozone Annex and the Montreal Protocol we were pleased to see Environment Canada was clearly accountable for the results of these two agreements, because it clearly specified up front what it intended to do. It put in place what's referred to as a results-based management accountability framework. And then the department does a good job on measuring results.

So this is what we'd like to see in the future on a go-forward basis for all international agreements.

Mr. Lee Richardson: Thank you.

Mr. Bob Mills (Red Deer, CPC): I have a question around the tax department and the greening of the tax laws. I find it interesting that you imply there are dragging feet and not many examples of where they've been using that.

Then I look at the climate change portfolio and I see that we have spent and allocated \$3.7 billion toward it. It would just seem to me that... Again, I've been trying to find that \$3.7 billion, and I'm into a \$1.5 billion sort of thing.

Obviously, the taxpayers want to know where that money's gone and how well it's working. We're told that with the sale of Petro-Canada there will be another \$800 billion in the upcoming budget, which we anticipate will be in some form of incentives, etc.

Can you comment on that failure? We seem to have difficulty getting the finance minister to come before our committee—we've always had that difficulty—and getting him to justify how he uses that money. Where is that money?

• (0925)

Ms. Johanne Gélinas: I cannot answer your question. We will try. It's also difficult for us, when we do an audit, to follow the money.

For the climate change issue, considering that there's so much money involved, we will really try hard to track the dollars and report back to this committee on where the money went and what the results were for the different investments that were made to attain some of our Kyoto objectives. But as we speak, unfortunately, I cannot give you more detail on that.

If I may, though, make a comment, I think we will all benefit—I mean parliamentarians and Canadians—by at some point getting clarity from the Department of Finance on what Canada's position is with respect to ecological fiscal reform.

When you look at the chapter we did, it became clear that what the department is doing is studying and analyzing, but you cannot do that forever. You have to come clear on what your position is and what you plan to do.

What we have said is that even though there are commitments that were made in their sustainable development strategy, it's not clear what they are trying to achieve in the area of ecological fiscal reform. So I'm as curious as you to hear more from the department.

Mr. Bob Mills: I think, Mr. Chair, that's where we have to aim—to get the finance minister to tell us what his views of this greening process of the tax system might be.

The Chair: You have two minutes, Mr. Jean, and then I'll go to Mr. Bigras.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you for appearing here today.

I'm wondering—and I've thought this for quite a while—there seems to be a lack of will or lack of money, and it seems to be a little bit of both on the part of the government at this stage. Is there any way to look outside the box and look at innovative ways to maybe change...? Instead of top down, is it possible to look at a bottom-up scenario to encourage recycling, for instance, a national recycling program, things of this nature, and leave it with the people who are actually most concerned with it? Because I believe there is a general will among Canadians to be environmentally friendly.

Is it possible that we're looking at the wrong way to implement this? Because certainly it's not working and it hasn't worked for a while, primarily, I think, because of will and money.

I'm wondering whether it wouldn't be better to put the program and incentives down at the level for all Canadians to achieve, and they'd receive tax benefits through that. Has some program like that been looked at?

Ms. Johanne Gélinas: I guess I will say first that there's no silver bullet to achieve sustainable development and protect the environment; every action is important at the individual, corporate, and governmental levels.

When you talk about a bottom-up approach, it's interesting because it is clearly the approach taken by the federal government with respect to sustainable development. If you look at those sustainable development strategies, basically we were asking all departments to develop their own strategy, and then we would be able to have an overarching approach to address sustainable development. Keep in mind that this was a clear requirement, which was reaffirmed in Johannesburg in 2002, that every country should come with a national sustainable development strategy. As we speak, we are still looking for that strategy in Canada.

So we have that kind of bottom-up approach, where we try to develop programs, policies, and plans to move toward a sustainable path. The problem is that those strategies are not taken seriously by almost everybody. When we decide to pay attention to those action plans, which basically are those strategies, we may be able to see a path and to comment on that path to see if it will take us where we want to be. But as we speak, we don't even know where we want to be twenty years from now. So there's still a lot of work that needs to be done.

With respect to the question of willingness and money, I guess both are part of the root causes of why progress is so slow, but I cannot go into detail and tell you where the money is missing and where the will is not really there.

• (0930)

The Chair: Thank you.

Mr. Jean, I'll put you down for the second round, as we're out of time in this round. Thank you.

Mr. Bigras.

[*Translation*]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Thank you very much, Mr. Chairman.

Ms. Gélinas, thank you for coming this morning. I would first like to ask you a question about the role of the Finance Minister, someone whom you've been rather hard on, probably with good reason. You stated that the department has not shown that it is living up to its commitments, that it cannot report on its activities to Parliament and to Canadians, that it has not agreed to respond to your recommendations and that, in short, it is dragging its feet.

Mr. Chairman, that is why a few weeks ago I tabled a motion calling on the Minister of Finance to appear before this committee, a motion that the committee endorsed. However, we are now in the same situation as the Commissioner of the Environment: we have not received an answer and we have not been assured that the Minister of Finance will appear before us.

I will soon follow up on the motion we adopted. If we succeed in having the Minister of Finance appear before this committee—especially given that we will probably soon be reviewing the Kyoto Protocol—what do you think we should focus on in order to ensure that the Finance Minister does in fact report to this committee and provides assurances that a genuine sustainable development strategy will be put in place? It's my impression that there is one club here: a club made up of members who have no answers and who even refuse to appear before our parliamentary committee. What are should we be focusing on in order to compel the Finance Minister to make a true report to the parliamentary committee and to all Canadians?

Ms. Johanne Gélinas: First off, I'd like to come back to sustainable development strategies. Our audit showed that the strategy itself was not clear. The strategy has to be the department's action plan. If the plan is not clear, I think our questions for the Finance Minister must be: first, what is your role within the federal government and second, what is your action plan for the next few years in terms of funding and expenditure sharing for advances in the area of sustainable development?

It is truism to say that economic instruments are tools that are essential to sustainable development. On page 9 in Chapter 3 of our report, you'll find a model for using revenue from environment-related taxes. You can see that Canada has levels that are quite close to those of the United States. In some European countries, investments are much more significant in that area. It's not up to me to dictate to the Finance department the measures it should or should not take. However, I am certain that we're not alone in asking what the Finance department is doing, what its role is and to what extent it plans to contribute to the attainment of Canada's sustainable development goals. The Kyoto Protocol and climate change are only a small part of the overall plan.

To answer Mr. Bigras' question, with your permission I will turn the floor over to my colleague, Neil Maxwell, who is responsible for that area and who will be able to suggest other issues on which you may want to specifically question the Department of Finance.

[English]

The Chair: Mr. Maxwell.

Mr. Neil Maxwell (Principal, Audit Operations Branch, Office of the Auditor General of Canada): Thank you, Mr. Chair.

I'd make two points to elaborate a bit on the comments of the commissioner. The first one is in terms of her point that the commitments in the sustainable development strategy really aren't very clear at all. That's a problem for your committee, and really for all of us, because it means it's very difficult to hold the department accountable for whether or not they've actually achieved that commitment. The way they have structured the commitment, for example, is to say things like "continue to analyze". Well, it's very hard to know if somebody has done that or not. If you analyzed one thing during the course of a year, you could argue that you've actually accomplished that. So our concerns about their commitments were a lot about the fact that it's not possible for someone to hold that department accountable. We look at many different sustainable development commitments during the course of our work, and I would say these were among the least clear we've seen when we do that work among departments. So that's the first point.

The second point is simply to support what the commissioner was saying about the need for more clarity from the government in terms of its position with respect to ecological fiscal reform. When we looked at other countries, we saw examples where governments have been quite clear about what they're trying to achieve in greening the tax system. For example, several years ago in the United Kingdom the government issued a statement on environmental taxation. And that's important, because it provides a signal to everyone about what the goals and objectives are.

We, as auditors, obviously don't have a role in commenting what those statements should say or not say, but we do know through the course of our work that the absence of that kind of direction or statement really does impact on the ability of the departments to move forward. When we did the work in Finance Canada, for example, officials would often point to the absence of that type of statement as one of the reasons why they hadn't made more progress on their commitments.

Thank you, Mr. Chairman.

●(0935)

The Chair: Ms. Gélinas.

Ms. Johanne Gélinas: Mr. Chair, if I may, you should keep in mind that in paragraph 25 the Department of Finance will say it's a government decision to move towards ecological fiscal reform; it's not a prerogative of the Department of Finance per se. So what we have said here is that:

[Translation]

Finance Canada officials told us that the government has not officially endorsed ecological fiscal reform as a guiding principle, though it has implemented a variety of measures that are consistent with this approach.

[English]

My understanding is that it's a government decision to move toward ecological fiscal reform, and you may want to ask the department why it's so.

And if I may just add one last point, Mr. Chairman, even if the department does not come here, my experience with this committee in the past is that you can always send very straightforward questions to them and ask for a written report on those questions. So we shouldn't give up, even if the department does not testify before the committee in the near future.

The Chair: Mr. Simard, you have a few minutes.

[Translation]

Mr. Christian Simard (Beauport—Limoilou, BQ): Thank you.

In another life, when I was doing a lot of work with environmental groups, every time someone use the term "sustainable development" without reference to a concrete way of implementing it, they had to put a dollar in a pot. I have heard a great deal of talk about the sustainable development of the oil and petrochemical industries, which is often much more like sustained development on the company's part than sustainable development. In government policies on sustainable development, I seem to be seeing this deliberate ambiguity again, with directives that are less than clear.

In one section of your report, you discuss Bill C-48, which lowered the rate of taxation charged to natural resources companies from 28 per cent to 21 per cent. You state the following:

We found that Finance Canada did not conduct a strategic environmental assessment of the environmental implications, negative or positive, of the changes set out in Bill C-48. Such an analysis is required by Cabinet directive.

This seems to contradict somewhat an answer you just gave, Mr. Maxwell, when you said that there were no clear directives or guiding analytical principle. Here, you're clearly saying that such an analysis is required but was not carried out in the case of a major project. We're talking about the taxes charged to the natural resource industry being reduced from 28 per cent to 21 per cent. We're talking about millions and millions of dollars. I don't want to exaggerate, but the actual figure must be close to a billion dollars. It's significant, beyond the percentages. Can anything be done when this directive is not enforced? What types of analysis should have been done before Bill C-48 was passed and what is the procedure for analyzing such a project?

• (0940)

Ms. Johanne Gélinas: I will answer the question about possible recourse if the directive is not followed, and I will let my colleague, Richard Arseneault, talk about the procedures for strategic environmental assessment.

This is one of the problems attributed to the lack of leadership. When a department undertakes to follow the directive and another does not, ultimately, the result is the same. There is accountability, but there are no consequences for not following the directive. In my opening remarks, I mentioned how surprised I was to discover that even a directive from the highest government authority, namely the Privy Council, has not been followed for more than 14 years throughout the ranks of the federal public service. It was a rather disturbing fact to learn. What steps need to be taken to ensure that the directive is followed seriously?

In the context of strategic environmental assessment, when we did the audit, we realized that this was the last chance. This committee had suggested a few years ago—and Mr. Bigras will remember this—that strategic environmental assessment regulations be brought in, because this field was not being regulated.

Following the audit, I can tell you that regulations are still not in place. Some day, parliamentarians will have to take a stand on this matter. But in point of fact, whether or not a department follows the Cabinet directives, there are no consequences. Some departments are more respectful of, more involved in and do more to promote sustainable development. Transport Canada is one department that should be emulated when it comes to strategic environmental assessment. There has to be some advantages to adopting this approach because the department has implemented it. However, there are other departments, many other departments, that are not on board.

I will let Richard give you a few details about how strategic environmental assessment is done.

Mr. Richard Arseneault (Principal, Office of the Auditor General of Canada): Your question pertained to two issues: the current tax regime and the analysis of the ecological reform of this tax regime. We dealt with this matter in one of our chapters. We analyzed what the department was doing and, in our estimation, the work that was done was inadequate.

Bill C-48 is a new tax measure. Although the Cabinet directive on strategic environmental assessments applies, the department ignored it. We observed how the Department of Finance carried out its strategic environmental assessments. Despite the fact that the directive has been in existence for 14 years, the department has only now implemented a system and has done so because we were conducting an audit on the matter. Consequently, in this department, strategic environmental assessment, which is a Cabinet directive, has not evolved as it should have. Indeed, the nerve centre of government asked the department to act and it failed to do so. It is just now starting to take action and the results aren't that impressive. As far as Bill C-48 is concerned, it has taken no action whatsoever.

What should have been done? We are referring here to the natural resources industry sector. If there is one sector capable of having a significant environmental impact, it is certainly this one. We feel that

the department should have verified the impact of its measures: there is more money destined to line the pockets of industry and more development may occur. We need to take a look at these issues. This has not been done.

[English]

The Chair: Thanks for that, and thanks for the response.

I'll go now to the other side, to Mr. Wilfert, Mr. McGuinty, and Ms. Ratansi.

Mr. Wilfert, ten minutes.

Hon. Bryon Wilfert (Richmond Hill, Lib.): Mr. Chairman, before I give my 9 minutes and 38 seconds to Mr. McGuinty, I want to inform you that although I'm not the parliamentary secretary to the Minister of Finance, I did speak to the Minister of Finance, and he is prepared to come to this committee. However, given the timeframe, and given the work currently going on with the budget, it was suggested that in early February, I think February 6 or 8, he would be quite happy to appear before the committee and go through any questions members may have.

The Chair: Thank you.

Hon. Bryon Wilfert: That's just as a point of information to the chair and to the members.

The Chair: We'll try to leave some time at the end of the meeting to pursue that further.

Mr. McGuinty.

Mr. David McGuinty (Ottawa South, Lib.): Thank you, Mr. Chairman.

Good morning, Madam Gélinas, and good morning, gentlemen. It's good to see you all again.

I'd like to make a few comments, and through those comments put some questions to the panel with respect to this report and maybe some of what I believe are the systemic challenges in the way in which we are pursuing this elusive notion of sustainable development.

I've been looking at this notion for 25 years now. I still have no idea of exactly what it means—and that's fine. I've often described it as a 50,000-piece puzzle. The problem is that there's no cover on the puzzle box. There's no picture or diagram that tells you how to assemble the pieces. Slowly we're assembling the pieces, 50, 100, and 200 at a time. I think we've made some enormous progress over the last decade, although there are some challenges that remain, obviously, with climate change.

The first thing I wanted to share with you, through the chair, is that I'm trying to find out, from a global performance basis, which nation-state, which jurisdiction, has done a better job of intersecting an economic and environmental policy. It's very easy to say, as this government has, that we're going to perform a massive examination of the fiscal regime that governs this country, which I would assume would have to embrace federal, provincial, and municipal policies. It's one thing to say that. It's another matter entirely to actually do it.

In this respect, Mr. Chairman, I need your guidance on where we can look to find out which nation-state has done a better job at poring over its fiscal regime in a global, rules-based, trading international system. That's one.

Two, with respect to climate change, I've always found this to be the quintessential sustainable development challenge for this country, because it is so horizontal in nature. It embraces everything. We're talking here about a revolution. It's health care, it's economic policy, it's transport, it's oceans and beyond.

We've made a couple of small moves recently that I think are important. We have struck an ad hoc cabinet committee that brings together six line department ministers in one location. The last time we heard talk of this in Ottawa was when Jean Charest was leader of the Conservative Party. At that time, in a national election campaign, he put forward the notion that three or four line departments should be collapsed into one. At least now we have some location where six ministers are beginning to pore over the consequences of their policies and the decision-making in a more centralized fashion. I'd like to get your response on that ad hoc cabinet committee.

The third point I want to make, Mr. Chairman, and perhaps get a response to, is the following. I have been saying, personally and professionally, for five years that at the Privy Council Office we need an undersecretary of cabinet with specific responsibility for sustainable development. Somewhere the line of accountability must end. There can only be one minister, in my estimation, responsible for sustainable development, given its horizontality. In my estimation, that should be the Prime Minister. The PCO, in its steering role, not its rowing role, has been reluctant, I think, to examine this option in the past.

The next point I want to make, and perhaps get comments on, is the following. Are deputy ministers in the federal government now evaluated in their performance contracts on their performance with respect to sustainable development? If they aren't, why aren't they?

Next, is it possible that we should examine the notion of, as I call it, an interdepartmental environment and economy SWAT team? I'm talking about an interdepartmental group of officials, outside the ambit of the Department of Finance, whose responsibility is to develop real options, bankable options, operational options—not fictitious ones, but real ones—that could be put to the test in terms of helping the government shift the direction of the ship of state one degree at a time.

● (0945)

A team of eight or ten departments working in collaboration, preferably with PCO, could start making suggestions that are robust and backstopped by economic analysis, environmental analysis, and social analysis. They could put forward to cabinet and the ministers through PCO some real options going forward.

● (0950)

The Chair: Mr. McGuinty, I wonder if we could cut it off there.

Mr. David McGuinty: That's fine, Mr. Chair. I was hoping to leave that with them and then come back.

The Chair: Good. Thank you.

There are several substantive questions there. Would you like to respond, please?

Ms. Johanne Gélinas: Let me give it a try on those main questions, and Neil will take over on some of those related to ecological fiscal reform.

Let me start first with the new ministerial cabinet committee on sustainable development. When Mr. Dion testified before the Senate committee two weeks ago, he told the senators that when he first introduced my position to his colleague in that committee, nobody really knew about me. I'm still looking for an invitation to introduce myself to those ministers. So, Mr. McGuinty, if you ever play a role in that, I will be more than happy to come and talk about who I am, what I'm doing, and some of the root causes that we think are significant and are an impediment in some ways to moving toward sustainable development.

Concerning the role of that committee, I think we should all acknowledge it's a must. As an auditor, I will wait for the results and report back to you on progress that has been made toward this committee.

On the role of the Privy Council, we have asked many times through our recommendations to have the PCO play more of a leadership role. Every time their response has been that all departments are responsible and there's some structure, like having interdepartmental committees and so on, to make sure good integration is happening. At some point I guess some clear direction needs to come from the highest level, and PCO obviously has a role to play there. But my position is not to say to PCO what should be done, but to make some suggestions and recommendations.

Concerning performance expectations—if I got your question right—of deputy ministers, for example, we have heard many times that if it were there it could make a difference. I don't know the answer to that. But this year, through some work we're doing on governance, we will look at that and at least report back to parliamentarians on whether it's there or not. You will obviously be able to get that information.

You were talking about a SWAT team, and before I give the mike to my colleague to talk about how to integrate the environment and the economy, in order to get there the Department of Finance will have to be more active and not just be an observer. In all the areas in which we have seen the Department of Finance involved, they have always considered themselves to be an observer rather than a key player. If we want to integrate the two, the Department of the Environment cannot be a leader and an active player on the one hand, while the department responsible for the economy is just an observer. You have to jump up and be part of the game if you really want to get into the integration.

On the first aspect of your question on ecological fiscal reform and benchmarking, I will let Neil give you more detail.

I hope, Mr. McGuinty, those questions will also be asked to other witnesses, because this really gets to the root causes of why progress is so slow. You have very good ideas that should be brought to the attention of others.

The Chair: Mr. Maxwell, you have just one minute, please.

Mr. Neil Maxwell: I'll be very fast.

On your first question, whether other jurisdictions are doing this well in integrating the economy and the environment, we haven't looked systematically at that. Certainly in the finance work we did we saw some examples, but I don't think there's a single jurisdiction that anybody in the community holds up as having done well in all regards. I think the lesson for Canada is that there are bits and pieces to be learned from different jurisdictions.

The Chair: Thank you.

Ms. Ratansi, I'll come back to you and Mr. McGuinty. I have to go on to Mr. Cullen now.

Mr. Cullen, please.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair.

I'm trying to approach this as a new parliamentarian, not in the direction of what it is to work within government. If I came into a company or organization that had an auditor's report like this, as a consultant or outside observer I would be in a state of panic that the company was in its demise. I'm trying to maintain that perspective, because it's generally speaking very discouraging to look over the history of what's been said, directives from cabinet, the grand importance, and the amount of so-called political will that's been present, and then see the extraordinarily disappointing results we get out the other end.

I know there have been some places of encouragement—maybe we're recycling in a few more offices. But overall in strategic direction this is a complete failure—that's what this report says to me—in terms of where the government is going. It's non-responsive.

My first question is around the fiscal reform. I think the direction of this committee to get the minister in front of us is good. The only disappointment I have with it is on the ability to affect the budget, which will clearly be too late.

It seems to me your auditor's report has been rejected or ignored by the finance department, and you say something to that effect. Are there other examples of a major department within government simply refusing or rejecting an auditor's report?

• (0955)

Ms. Johanne Gélinas: My colleagues who have been in the office longer than I can add to this, but to my knowledge it's really the first time our recommendations have been so clearly denied. On the other hand—and we have examples from this year too—you may find some departments that will be willing to work on our recommendations, but when you do the follow-up on the implementation part you will see that progress has been very slow. Fisheries and Oceans is a good example. So we have to be careful not to pay too much attention to a positive response to our recommendations, because it doesn't mean the department will walk the talk.

Having said that, it's the first time I've faced a situation like this. That's why I think there's cause for concern. Having the minister is a very good thing. I'm also happy to hear from the parliamentary secretary for the environment minister. But the ones involved in that were the bureaucrats at the highest level. So it may be interesting still for you to have the deputy minister, the associate deputy minister, or

the ADM come to answer why they are not ready and willing to move forward with our recommendations.

Mr. Nathan Cullen: So at least the finance department is being honest about rejecting the reports, rather than giving any temporary sense of lip service. The committee will be happy to know there are efforts in the works to get the deputy minister in front of us prior to Christmas, to ask some specific questions like that.

I guess my frustration and concern is that if the government's response to Ms. Fraser's report last December, January, and February had been the same... In her statements—this is part of your department—she came up with some conclusions about the amount of money missing or not accounted for properly...\$200 million, or whatever it happened to be. It pales in comparison to the amount of money we're losing as a nation, the amount of money we're essentially throwing away, from the conclusions I'm reading in your report.

I don't see it yet, but it seems that a lot of the issues this committee will be facing have an integration component to them. Mr. McGuinty mentioned it—the different levels of government involved. Leadership is often spoken about in your report. It seems to me that for proper integration around something like climate change, SARA, or any of these larger components, it's not just horizontal; there's a serious vertical component to this—the ability of the federal, provincial, and municipal governments to work effectively together.

I don't see any specific recommendations in your report, and maybe I've missed them. Have you looked at that component of the government's ability to integrate its actions with the other levels of government involved?

Ms. Johanne Gélinas: No. We looked only at what was going on in the federal family. But we have said that leadership should be expressed at every level, and there's a need for integration.

This year we are looking, as we speak, at the integration of horizontal issues, but once again it is within the federal government. So we're not looking at partnerships or integration at the municipal, provincial, or federal level.

• (1000)

Mr. Nathan Cullen: I would like just for a moment to head back to fisheries and oceans. I sat in committee on Friday in Vancouver looking at their work, or lack of work, on the Fraser River, and the few million missing salmon there. I'm wondering, in your report, have you spoken to...? The Department of Fisheries and Oceans is one of the most besieged departments, just in terms of its application on the ground. It's not liked. I wouldn't put a fisheries and oceans department sticker on my car driving around my riding. My tires wouldn't be long for this world. Is there something within the culture that you're looking at? What is it specifically that you've been able to find within the Department of Fisheries and Oceans that they have been so ineffective in bringing forward some of these principles of environmental stewardship?

Ms. Johanne Gélinas: We have reached that point. As we were doing the follow-up on those three previous chapters, we came to the conclusion that we think whatever aspect or issues we will be looking at, we will come up with the same kinds of symptoms. What we are looking at with the fisheries committee a little more now is really to look at the root causes. We have some indication of what may be some of those root causes, but what we have proposed to the fisheries committee is really to have a lot of witnesses come in to give their opinions and views on what those root causes are. I will be testifying before the committee next week with the Deputy Minister of Fisheries and Oceans and the assistant deputy minister. We will have that kind of discussion with members of Parliament about what the root causes are and why progress is so slow in this area in particular, taking into account that the mandate of the fisheries and oceans department is of course huge.

Mr. Nathan Cullen: This feels to me like a cost-benefit exercise, and for the most part government within the agencies hasn't felt the benefit for doing the cost of the work. You said it at the beginning: If you don't measure, then it's impossible to manage. How can you manage something?

I agree with you. The words are there, and I can see all the different reports coming from the political end of things within government that the environment is important. People campaign on it. They electioneer on it. Clearly it's important. There are directives from cabinet. Yet when it hits the bureaucratic level, it dissipates, fizzles. It doesn't have any sense of clear accounting.

Money is essentially leaving the government. It's being wasted by my standard, in terms of our environmental stewardship. Simply the structure of our buildings and the ability to retain the energy that we put into them are things that cost us money, as a government, and we have to tax more and all of the rest.

Is there a fundamental disjoint between the understanding of what the cost is, in terms of effort, for each agency to put in sound, sustainable practices and the benefit they receive from putting that effort in? If so, are there certain departments that have realized the cost-benefit analysis and have done well, and are there ones that are completely blind to the very notion of it?

Ms. Johanne Gélinas: I wonder if we have ever done any work on cost-benefit analysis in the department. I will let you think about that for a second.

I will just come back to your question on strategic environmental assessment. It's maybe not a cost-benefit analysis, but at least it is a first step to see what the environmental impacts are with respect to the economic benefit, or the economic and social impact. So if at least the departments were to move in that direction in doing SEA, from my standpoint, that would make a huge difference. That's one thing.

We may get back to you with a written answer on the sustainable development strategies. We may find there are a couple of examples where the departments are willing or are committed to doing some cost-benefit analysis.

I know that in the case of the transit pass payroll deduction, the Treasury Board did such an analysis and is now doing something a little deeper to really understand what the costs and benefits are of

doing so. That's a good example that it can be done with some kind of creativity and initiative, certainly, within the federal family.

The Chair: Mr. Cullen, I'm going to have to interrupt. You're out of time now.

I'm going to go back to Mr. Mills. Mr. Jean was on the list as first, but he's bowed to Mr. Mills.

• (1005)

Mr. Bob Mills: I apologize, I have to leave in a few minutes.

My question really comes around fisheries. It's the same question you've been dealing with. There have been three audits since 1997 and basically a draft policy in 2000. Having gone fishing, and my colleague and I have both been fishing in the B.C. areas, we see nets across streams where every single fish going up to spawn, every sockeye going up, is being caught. They can't get through because there are solid nets right across the streams. Not being a fisheries expert, it would seem to me that the reason four years later the fish don't return is because you caught them all four years before. They didn't get to spawn.

It's very elementary about what the problem is, and I find it just totally unbelievable that the fisheries people can't deal with a problem like that. It's a destruction. It's going to be the loss of an entire species. They're going to be gone. We've been dealing with this since 1997, so I just can't imagine how any bureaucrat or anybody cannot see that problem. If I'm that frustrated, the people there are that frustrated. Mr. Cullen mentions the life of a fisheries officer there. Who's the hold-up? Who's not doing something to come out with that policy?

Ms. Johanne Gélinas: If we get the answer from the Deputy Minister of Fisheries and Oceans, I will forward to you the transcript of that answer. We have seen many, many areas where progress is not made. It's as simple as that.

You're talking about salmon. When we asked the department a couple of years ago to work quite rapidly on this wild salmon policy, we came out in 2003 with no real result and we were told that the policy will be finalized by the end of this month and there will be a huge consultation and so on. We've heard that before. It's déjà vu in our case. When I'm talking about a credibility cap, I think in the case of the Department of Fisheries and Oceans we are almost there as we speak.

We are starting to see consequences of a lack of action in the area of fisheries, obviously, with respect to salmon on the west coast, and the same thing on the east coast. You cannot wait forever to take action, and as to why those actions have not taken place over the last 10 or 15 years or so, I cannot give you that answer. But I think it should be a concern to all Canadians, because we're talking about a huge resource for the well-being of the Canadian population and the Canadian economy.

Mr. Bob Mills: I guess all we can do from that answer is just be frustrated more. It seems impossible to believe that we can't get action out of that. You've identified the problem over all these years. We know what the problem is, the local people know what the problem is, and nothing happens. There will be no fish left. That's the bottom line. Then I guess we'll throw our hands in the air and say, I sure wish they would have acted sooner—something like the cod, I suppose. It's a tragedy really to be even sitting here saying these kinds of things.

Ms. Johanne Gélinas: But being frustrated won't do any good for anybody. We can be frustrated, but it won't change anything.

What I would like to say with respect to this chapter in particular, which will apply also to all the others, is that you and I can really make a difference if we hold the department accountable to report on progress. We don't have to wait so long to see what is going on. We can have the department come and report before parliamentary committees on a regular basis. As I said in my opening statement, I can tell you that makes a huge difference when you ask for a status report on a regular basis. That creates a lot of action within the department.

The Chair: Thank you, Ms. Gélinas.

Ms. Ratansi and then Mr. Bigras.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thanks for coming.

You've had a very difficult task. I've looked through the report; I shook my head, saying, "Where do I start? Where do I get some answers?"

You talked about accountability and making departments accountable, and we talked about the four principles of accountability: defining roles and responsibilities, setting expectations, measuring against them, and then reviewing and adjusting them. Then, you just responded that if we ask departments to prepare status reports, we will be holding them accountable.

I do not want generation of paper for nothing. They could come and tell me, "Yes, I've met expectations. I am continuing to meet expectations. What are some of the tangible things we can do?" One of the tangible things that you brought about was the results-based accountability that Environment Canada has. Why can't we transfer that knowledge, not a cookie-cutter approach? Why can't we transfer that best practice to other departments? What has happened in that area? Have we recommended certain principles, which other departments can follow, or have we not recommended them? That's question number one.

Number two, what bothers me in another accountability format is that directives from cabinet are not being implemented by deputy ministers or departments. What sorts of sanctions have you recommended as the commissioner? As auditors we recommend what the course of action should be and lay out some of the options you can use.

Finance does not seem to be an option for me at the moment, but I just want to know, having been an auditor, having given reports, having been frustrated that they were not being implemented. Sometimes they are not being implemented because we do not give them tangible things to do. They have a hundred priorities, and we

may not be their priority. If we give them a cookie-cutter approach, they will not take it.

Have we made any progress? You've been doing it since 1987. We don't want to be frustrated; we want to have results. All of us are worried about the environment.

My third question is—

• (1010)

The Chair: Ms. Ratansi, I think Ms. Gélinas is chafing to get at that question. We have five minutes.

Ms. Yasmin Ratansi: It's just the last one. I'll be quick.

The Chair: We have five minutes on this round.

Ms. Yasmin Ratansi: Okay, fair enough.

The Chair: I can come back to you on the next round, though. We'll put you down.

Ms. Yasmin Ratansi: Okay, fair enough.

The Chair: Ms. Gélinas, would you respond to Ms. Ratansi's questions, please?

Ms. Johanne Gélinas: When we do an audit, we always try to identify some best practices. My job is not to say to a department how it should be done. They have the knowledge and know how to address an issue.

I can make recommendations and highlight good practices and suggest that the department take those into account in addressing our concerns and moving toward the implementation of our recommendations. That's one thing.

Neil will talk a little more about accountability, but just let me give you an example. We have had those SDSs now for the third time. They are revisited every three years. We have suggested that the department should do a lessons-learned exercise to see what it has done well, where it needs to improve, and what it should just forget about doing.

I don't think it is my job, really, to say that to the department. It should know that on its own, that it has to do this kind of exercise to improve the way it is managing internally. We are trying again to put some ideas on the table that may help the department to do its job better, but there's a limit to what we can suggest a department does.

We were saying this year that there's a lack of will, and you can suggest whatever you want, but if there's a lack of will, nothing will materialize. We push as much as we can as auditors, but at some point it's a department's prerogative to act on our recommendation and take into consideration some of our suggestions.

Neil, do you want to add anything else?

Mr. Neil Maxwell: I could use the example of strategic environmental assessment to illustrate this quite well.

In terms of what the commissioner was saying about us looking at best practices, we looked at the departments that were doing a good job—and there were departments that were doing a good job. As we've said repeatedly this morning, as drastic and as concerning as many of our findings are, there are good things out there too. We have to make sure we don't lose sight of them. We do highlight those good practices.

In terms of sanctions, we haven't looked in any systematic way at possible sanctions that could be used, although the strategic environmental assessment again is a nice illustration of that. We found that 14 years later it was still in a very bad situation. One of our recommendations was directed directly to deputy ministers. We recommended that deputy ministers be held accountable for making sure they implemented that directive. As for sanctions, building this into a deputy minister's performance contract would probably be a very powerful way to make sure these things happen.

Thank you.

•(1015)

The Chair: We'll now begin the third round.

Mr. Bigras, five minutes on this one.

[*Translation*]

Mr. Bernard Bigras: I would like to approach the issue of foundations and strategic environmental assessment. The government has a tendency to create more and more foundations; in the environmental sector, there is the Canada Foundation for Sustainable Development Technology, for example.

In a report, the Auditor General of Canada has already said that these foundations were not forthright in their reports to Parliament on the work they are doing. I understood you to say that the Department of Finance is in no position to report to Parliament and to Canadians about the positive or negative impact of the tax system on sustainable development.

Is it possible that these foundations, that are supported with public money, and which work and take action in the field of sustainable development, could become a loophole with respect to strategic environmental assessment, given that they are not accountable to Parliament? Given that certain departments do not conduct strategic environmental assessments, to what extent are the foundations obligated to do so? If there has to be some accountability, we need to assess both the positive and negative impacts on sustainable development.

In your opinion, has the creation of these foundations allowed us to circumvent strategic environmental assessment in Canada?

Ms. Johanne Gélinas: I cannot answer the question as it has been put by the member. However, I must say that the very existence of these foundations has prevented us from evaluating a whole series of measures implemented in order to satisfy the objectives of the Kyoto Protocol, a matter which we will be covering in our 2006 report. This report will deal with climate change as well as other issues. As we speak, \$850 million have been invested in the foundations to enable us to reach our greenhouse gas reduction objectives.

If I do not obtain, at some point, authorization to review these foundations, I will not be able to report to parliamentarians on the tangible results they have achieved. As regards the right of parliamentarians to examine these matters, we can't provide you with any information about this matter. That is true for strategic environmental assessment. The foundations may have the same obligations as the departments do with respect to strategic environmental assessment. Once again, I cannot tell you whether this is in fact the case because we cannot do any audits.

The same question applies to Crown corporations, which are not compelled to produce strategic environmental assessments, whereas we do know that, in certain sectors, decisions are made which will very clearly have negative or positive impacts on the environment. Until we are able to audit the foundations, we will not be able to tell you what is going on and we will not be able to report to Canadians and parliamentarians on the moneys given to the foundations.

Mr. Bernard Bigras: What you have just told us is important because there is a growing trend in government to fund foundations. Mr. Chairman, we need to look into the impact of this tendency.

Moreover, yesterday Minister Dion said that he did not know if Canada would be doing everything it could to meet the greenhouse gas emissions reduction objective set out in the Kyoto Protocol. Nor does he know whether or not the plan will be ready before February 16, 2005. Doesn't the minister's admission prove that strategic environmental assessments have been a failure? If all the departments had done strategic environmental assessments, do you think that we would be in this situation?

•(1020)

Ms. Johanne Gélinas: That is a question based on hypothesis and assumptions: I cannot tell you whether or not we would be in the same situation. I will answer your question in general terms. From what we could ascertain from our audit, it is clear that had the strategic environmental assessments been done systematically in the departments over the past 10 years, we would probably not be in the situation we are in. Clearly, we would have better knowledge of environmental problems and of how to integrate economic development with social development and environmental protection. Unfortunately, this is not the case because, for 14 years, we did not make any effort to foresee what environmental impacts would result from a given policy or program. That is unfortunate, because this is a missed opportunity. I simply hope that in 10 years' time, I will not be here telling you that we have lost yet another decade because the government has not respected the commitment it made to integrate the environment into the decision-making process.

If I may, Mr. Chairman, I would like to make one final comment on Mr. Bigras' previous question. It is not impossible for our group to look at foundations in its 2006 audit. For that to happen, we would need an Order in Council authorizing us to do this or, of course—you have heard about this already—an amendment to the Auditor General of Canada Act.

Mr. Bernard Bigras: Thank you.

[*English*]

The Chair: Mr. McGuinty, you were next.

Mr. David McGuinty: Thank you, Mr. Chairman.

I'd like to come back to the line of questioning I put to you earlier, just to pick up on the international theme for a moment. I want to maybe get some amplification from the witnesses today about where we could look for guidance.

I spent five years in Europe practising corporate and environmental law. My conclusion is that the Europeans, through the European Union, have made some progress, but that the road to Europe is paved with European Union white papers on environment and sustainable development concepts that have not seen the light of day in a practical, meaningful way. This goes back to what I said earlier about meaningful integration of environmental and economic policy, particularly those two, leaving aside social policy for a moment.

I'm looking for help from the panellists, Mr. Chairman, with respect to where we can look as members of this committee to find a jurisdiction that has more traction, where these notions have taken hold in a practical way; where we can look to budgets that have been brought down in countries like Germany or Italy or France, and see a more meaningful integration.

On that same line of questioning, I'd like to raise another issue. Madam Gélinas, you've had a chance to look at our sustainable development policies as they interface with our NAFTA obligations and at whether or not they're aligned with the policy in the United States. At our last meeting at this committee, we passed a motion that brought for example a minimum fine to bear, which one witness said was the first that had been brought in under Canadian law. This minimum fine was not fungible with the American situation.

Should we be pursuing a more continental approach in our SD and environment economy efforts? Should we be looking more closely at this? Again, the last time I looked our oceans, our land masses, and our Great Lakes were contiguous. Particularly on the energy front, I'm wondering whether we should be looking at the United States, Mexico, and Canada as we move forward.

Mr. Neil Maxwell: Thank you.

In terms of jurisdictions, as I said before, I don't think there is one that has lessons across the board for Canada, but there are some very interesting things going on there, which I think we could learn from. For example, the United Kingdom, as many on the committee will be aware of, has done some very good work in terms of national indicators and the measurement of progress towards sustainable development.

The United Kingdom is probably the leading example globally, but when I read the commentary on the situation in the U.K., as good as it is, they are fairly critical of themselves. They don't think it's gone far enough. Again, we can learn from that.

I think we're often asked in our audits how well Canada compares to other countries. As the commissioner said, we do try to answer that in our audits. But we're also very quick to add that the fact that we're no better than a bunch of other countries that haven't done a good job of this is no reason to stop pushing forward. When we do this, we're very conscious of finding examples that would push Canada further.

The Dutch have done some very interesting things. There's some very good work being done on sustainable development strategies that focus on the long term and set that long-term vision for sustainable development. There are certainly some interesting things to be learned in that, too.

Thank you, Mr. Chair.

•(1025)

The Chair: Ms. Gélinas.

Ms. Johanne Gélinas: Mr. Chairman, in chapter 1, on international environmental agreements, we were able to highlight where it works better than in others in terms of the architecture of international agreements, so we don't always have to go abroad. We can draw some good lessons learned from the work we have done in this audit in particular.

With respect to the integration of the environment and the economy, through the climate change audits that we will do for 2006, we will do a benchmarking exercise and we will probably look, in particular, at the use of economic instruments in other countries to address this particular challenge.

Also, I'm pleased to say that next week we will have a meeting with our people from the Commission for Environmental Cooperation and we will explore with them if there is any area where we can work together in the future.

And finally, we try as much as we can to work with our counterparts in the U.S., the GAO. And as we speak we are doing the audit of the ocean strategies and we work with them. One of the collaborative aspects of our work is to do a benchmarking exercise to see how other countries are doing in the implementation of the ocean strategy. So we'll be able to provide you with more information in this specific area next year.

The Chair: Mr. Cullen.

Mr. Nathan Cullen: Thank you, Mr. Chair.

In terms of the indicators and in terms of progress, absolutely, and I think connecting the bureaucrats' pay to specific indicators would be an incentive.

I was just looking through some notes. I sat in fisheries and oceans...and they had, for the upper-level bureaucrats, I forget the terminology, but it was something like "risk pay" associated...but they all received it. The only risk was not receiving it, and they all had it. And I would love to connect that portion of risk pay to indicators that we saw as appropriate in terms of environmental enhancement of their departments. This is the target you have to hit; you miss it by 50% and you get 50% of your.... And again, I'm not sure if the term "risk pay" is correct.

I have two major questions. One is with respect to energy. We've been speaking a bit around Kyoto. Has there been work done on looking at the subsidy regime that we have within Canada, within our taxation system, around energy? And is there any way to push the 2006 Kyoto review a year forward?

I'm worried. There is the talk of moving away from targets and there is the worry about Kyoto and those types of things. I understand you folks have your own timetable, but around the energy regime we have in Canada, have we done a proper analysis of where we're subsidizing things and where we're not? Because this speaks, too, of the finance department stepping away and ignoring your recommendations.

Ms. Johanne G  linas: In chapter 3, on the section dealing with finance, we have an exhibit where we show different analyses or studies that were done by the Department of Finance, and some deal with the energy issue. On our side, a couple of years ago—and that was before my time—we did an audit that looked at that.

Neil, can you talk a little about this one?

Mr. Neil Maxwell: Yes, thank you. I'd be happy to.

I believe the year was 2000. I'm testing my memory there. In 2000 we did a study to look at the taxation levels of conventional versus renewable energy, and we'd be pleased to provide copies of that. I think what is interesting about our study is, again, it illustrates the fact that some of these more systematic issues of the level of taxation and how the tax system impacts on the environment have not been examined by Finance Canada.

As the commissioner notes, we have that exhibit, which shows some of the work that's been done, and there have been some interesting studies. For example, Finance Canada looked at how the taxation of virgin materials compared with recycled materials. So there have been some instances when some of that analysis has been done, but the point again is that those have been few and far between. Finance Canada needs to look much more at those kinds of broad questions.

• (1030)

Mr. Nathan Cullen: Thank you very much.

I have a short comment on your 2002 definition for "accountability". I wish that were blown up large and put over every department's door in terms of what the government should be expecting.

Another one is back to Mr. Mills' comment—he has since left—with respect to fisheries and the things we're hearing on the west coast. He mentioned the nets coming across the river. Has there been anything you've looked at with the department in terms of the assessment and counting of fish? There seems to be a huge discrepancy within the industry, particularly between first nations and non-first nations on whether the fish are actually counted properly or at all. It's actually holding up the entire fisheries committee work in assessing DFO's performance because no one knows if the numbers are even close to right. I assume this is happening on the east coast and in other places as well.

Has your department ever looked at something that specific? Because this is also an environmental aspect of what it is they're doing if they can't count the fish.

Ms. Johanne G  linas: I can get back to you with a more detailed answer, but if I recall properly, in the chapter we raised at some point the issue that the counting of the salmon population in some areas was not done on a systematic basis. So here and there they were looking at the population, but not on a systematic basis, which means the department doesn't have the full information needed to take proper decisions.

Let me get back to the chapter and I will report back to you on this one.

Mr. Nathan Cullen: Thank you.

The Chair: Okay. Thank you, Mr. Cullen.

Mr. Wilfert and then Mr. Jean.

Hon. Bryon Wilfert: Thank you, Mr. Chairman.

One of the themes that seem to come across, certainly in the work I'm doing and certainly in your report, is the lack of coordination, an integrated approach. You talk about the low level in departments and agencies toward conducting strategic environmental assessments. There is a cabinet directive on environmental assessment policy and planning, which I believe goes back about 14 years. It seems like a very long time. Can you address why you think there's been a failure in those 14 years to address that, first of all?

Second, how does the role of silos, which seem to be very predominant around this place...? If you were to ask an individual on the street who's responsible for Kyoto or for climate change, I think nine out of ten would say the Department of the Environment, and they'd be wrong. Not that the Department of the Environment doesn't have responsibility, but it's shared, and therefore it goes back to the comment about the lack of coordination and the lack of ability to really effect change.

Perhaps you could comment on that.

Ms. Johanne G  linas: I would say good integration and good coordination are two recurrent themes that come through our audit work. Working in silos is obviously a reality.

Part of what Mr. McGuinty said earlier, that we have all the jigsaw puzzle pieces but we don't know what the picture is on the box.... I have to say that this is a metaphor coming from my colleague John Reed in our previous report. This is part of the problem.

You should look at the role of the deputy ministers' coordinating committee on sustainable development to get an idea of what that committee is really doing to address the coordination and the integration issue, because they were tasked to do that.

If you remember my opening statement, I highlight the fact that, for example, this committee was responsible for developing, for putting in motion some kinds of actions to develop a federal strategy on sustainable development. When we talk about silos, the situation as we speak is that we have 28 sustainable development strategies, and we don't know if there are any to reach the same objective or not.

This committee was clearly requested by the Clerk of the Privy Council to develop the strategy. I have said in my chapter it was not a huge task to report on progress, because obviously nothing has been done over the last year. So I will certainly invite this committee to ask the question to the DM coordinating committee to tell you how the integration is taking place. We have that example.

This year we are looking at the water issue, where again many departments are involved. Once again this committee was tasked by the Clerk of Privy Council to look at the integration of water issues, water policy, and we will report back next September on this one.

Clearly, we don't know how the integration is taking place, and this is part of the root cause. If you can understand more about what is the intent of the federal government to work more towards an integration, that will be very helpful, I can tell you, for our audit work in the future. We have more than one example like that, where the lack of integration is really causing a problem.

•(1035)

Hon. Bryon Wilfert: Mr. Chairman, that seems to be the lynchpin here, the failure to integrate. The Minister of the Environment has made it very clear that environment and environmental considerations, the environmental lens, should be at the beginning of all processes, not at the end.

I would say, Mr. Chairman, this is a bit of a culture shift to get other departments that may in fact have elements dealing with the file to look at it in that way. If nothing else has been achieved over the last six months, I would suggest that this has been a major step with his colleagues in the cabinet to get them to look through the environmental lens. Now, what are the results of that? Obviously we'll have to look at measuring those results down the road.

The Chair: Mr. Wilfert, I'm going to have to interrupt your train of thought, because you're out of time and I'm going to go to the next questioner.

I was going to say, for the information of the committee, that you will recall that we had approved what our researchers brought out with respect to a framework to review Kyoto. As part of that, one of the witness groups that will be coming forward is the deputy ministers coordinating committee. The direct charge that committee gave was to review the Johannesburg commitments and to report with respect to action taken on those.

Research and the clerk have just informed me that this is on our witness schedule, so there will be a follow-up. Those questions would be very well put to them at that time.

Hon. Bryon Wilfert: Am I able to get a quick answer or comment?

The Chair: Okay.

Ms. Johanne Gélinas: I can be very brief, Mr. Chairman.

We have said there is a need for a culture shift, but we obviously haven't seen any of it. Instead, this is happening. You will probably be in a position to ask in a few months what happened over the last couple months.

The Chair: Thank you.

Mr. Jean, for the next round, please.

Mr. Brian Jean: Thank you, Mr. Chairman.

I have two questions. First of all, I understand that when your department was set up, there was some discussion or recommendation of having it set up independent of the OAG. More specifically, it would be able to comment not just on value for money, but more on policy issues if your office had independence. At this stage, don't you find that somewhat of a hindrance on your ability to perform your functions?

Ms. Johanne Gélinas: You use that expression in English, "You cannot have your cake and eat it too". I cannot be an advocate in some ways and be an auditor on the other hand. My niche for the moment is to be an auditor, part of the AG's office. I don't think there is any kind of impediment with respect to my independence.

I'm here, as any other agent of Parliament would be, to report on findings through the audit work that we're doing. So far, I do believe I provide you with enough information that you can take on and do

your part of the work, and you can comment on policy. I will leave that to you, and I will continue just to bring the right fact-based information for you members of Parliament to question the policies.

•(1040)

Mr. Brian Jean: I'm not questioning your independence or your desire to be independent, but would you agree with me somewhat that it certainly compromises your position to be able to do an adequate job, just simply because you're not independent, you're not able to comment on policy issues?

Ms. Johanne Gélinas: Mr. Chairman, these are two things to comment on. I'm independent to comment on whatever I want as long as it's based on evidence. That's one thing. I think my niche here is right, so I have to say that I disagree. This doesn't compromise my independence in any way that I cannot comment on policy. We have to see each other as complementary. I provide you with the raw material, and then you take over and question whatever you want to question.

Mr. Brian Jean: It would certainly be more beneficial if you could comment, would it not?

For instance, in this particular case—and I want to ask Mr. Arseneault specifically this—I'm interested in knowing what would be the top three priorities. Right now, as far as environmental issues are concerned, it seems our government is grabbing as many as possible to bring them into the fold and it's not being effective at any. That's what it appears to be to me, based on your report.

If this committee were to grab hold of three specific areas in which we could see short-term benefits in Canadian environmental work, which three would those be?

I would like comments from both you and Mr. Arseneault if possible.

Ms. Johanne Gélinas: We have already highlighted a couple of areas where we obviously think it's important to make progress. The first one was WSSD, the World Summit on Sustainable Development, and all the commitments made there and previous to that.

In this country, we have fifteen years of commitments of all sorts. With respect to WSSD, it's part of our credibility gap if we don't do anything and report publicly on progress made by the federal government. Once again, my job is to report to you on progress that has been made, and you can come to any conclusion that you want. So WSSD is one.

Another one is to set the priorities. As long as water is also a priority within the federal family, it becomes a priority for me to report on progress in this area, too. My job, really, is not to set the government priorities. Otherwise, I would be on the other side of the fence, working in a department. It is to really report on those priorities that have been set.

What I have said in the past, though, is that so far it's not that clear what the overall priorities of the federal government are. At least through the DM's committee, we know there are three, with water being one and WSSD being the second. Having a federal sustainable development strategy so that we can harmonize all of the other strategies and move in the right direction is obviously the third one from the government's standpoint. I will report back on the progress made toward those three priorities.

Richard.

Mr. Richard Arseneault: Yes, I would say the same things as Johanne just said. In terms of priorities, it's not for us to decide what the priorities of the government should be. We will audit their commitments and we will report on the results of those audits.

Obviously, the government has given itself a number of tools, but it's not using them very well. One of the tools is strategic environmental assessment. A cabinet directive says you should be doing these things early for the highest decisions that are taken in the country by cabinet, by ministers. It's not being applied very well.

There are other tools that the government has given itself, like the sustainable development strategies. The government has said it will be coming up with a federal strategy to guide the other strategies in the individual departments. We're still waiting for that strategy.

There are other tools that exist as well, like environmental assessment of projects. You have to apply the tools that you give to yourselves. We've been auditing the performance of the government on those tools, and what we have seen is that there is a lack of will in many organizations.

We saw good leadership in some departments. We saw that senior management was engaged, and that made a difference in terms of their performance. But overall, we don't see organizations engaged. Even the Minister of the Environment said recently that when he was, in a previous life, a minister of another organization in the government, he didn't really think about the environment or SD. It was not part of his thinking. So he understands the position of his colleagues around the table. They're not thinking that way.

We are trying to get them to think. There's a cultural shift required, obviously, and we're still not there.

• (1045)

Ms. Johanne Gélinas: Mr. Chairman, if I may just add a quick response to that, it will be very interesting for you, and certainly for me, to hear from the ministerial committee and also from the DMs committee what their priorities are. We will have an indication of what they are, because we're still looking for that. You may also ask how a strategic environmental assessment will be used by these two committees to make sure that Environment is part of the decision-making process in the future.

The Chair: Thank you.

Members of the committee, just at that particular point, the clerk has informed me that there is a bit of a conflict next Tuesday, Commissioner, but we will have you once again, and finance department officials will be here. We can then follow up on a number of these points that have been raised.

I think the questions you raised with respect to the budget, Mr. Cullen, could be also addressed in some of those questions.

Ms. Johanne Gélinas: Is that a confirmation, Mr. Chairman?

The Chair: The clerk says it's pretty close.

An hon. member: Unless we adjourn Friday.

The Chair: Unless we adjourn on Friday, I think that is pretty close.

Members, we have two questioners.

Ms. Ratansi, you had another question, and then it's back to Mr. Cullen.

Ms. Yasmin Ratansi: Just for my understanding, how does the process work with you? When you do your audit, do you have an exit meeting with the deputy minister there, with the department heads, and do you interact with the minister at that time? When we talked about the accountability, you said it wasn't your job to tell them. But when I was with the provincial auditor, it was our job to tell people what they were supposed to do. If they didn't follow it, of course, we had some sticks to play with.

Two, we talked a lot about silos and a shift in thinking. The creation of this new committee under cabinet, which the Minister of Industry is going to head, would it bring a more comprehensive approach to this? If you say that the responsibility for the environment stays under the environment minister, and it doesn't work, so we now have a comprehensive approach, would that help?

Three, I think I want to follow up on what Mr. McGuinty asked you. You talked about the OECD, and you talked about how we had fallen from twelfth to sixteenth. What benchmarks do they use? Which country has come to the top under those benchmarks? How are those benchmarks relevant to Canada, and why did Canada fall?

Ms. Johanne Gélinas: On the last point, I will leave that for my colleague to answer.

Your first question was on how we do our stuff. Let me just give you the example of what we're in the process of doing with climate change for the 2006 report. We're doing a kind of overarching exercise, an overview exercise, talking to as many people as we need to in order to get the broad picture.

In that situation, I certainly will talk to a deputy minister to get a clear understanding of where they see we can make a difference. We're not doing an audit just for the sake of criticizing the government. We want to be part of an exercise where the government will improve its management and get results. We try to get a clear understanding there.

As well, through pretty well the whole audit process we stay in contact with the department. At some point, I will be directly involved with the deputy minister to highlight the findings of our audit and to try to influence ahead of time some of the department's actions and responses that will come later on through the audit process. As you know, for each recommendation we make, we get a response from the department. I always, at least twice, through a formal letter, offer ministers a briefing so that they will know exactly what we're working on and what is coming up.

I have to say, though, that usually I get a phone call from a minister the day before tabling, which is not the most efficient way to work with ministers. As I said earlier, if I were able to have a discussion with this ministerial committee just to highlight some of the upcoming work, some of the weaknesses or failures or shortcomings that we identified over time, I think it might be helpful for them. Certainly it would be helpful for all of us if they were to move the agenda further.

I hope that answers your first question. Your second question was similar to what Mr. McGuinty raised earlier, about the new ministerial cabinet committee. I'm still looking for the mandate and the terms of reference of that committee, so I cannot speak very much about what they will accomplish. I don't know much about their mandate, but I'm looking forward to hearing more about what they are doing.

● (1050)

The Chair: Madam G  linas, there's just the benchmark question.

Ms. Johanne G  linas: Sorry.

Mr. Maxwell.

Mr. Neil Maxwell: On the benchmarking and the methodology they used, it was actually the Conference Board that did some of this work. It's an example of one of these indices where, you know, they measure different things and roll it all up into an overall ranking. They looked at things like energy consumption, water consumption, and a number of similar things. And people always question how they weight different things and such.

The OECD did a very interesting report card on Canada quite recently. This is a fairly rare event. The last one was back in the 1990s. They highlighted in their report a number of areas that actually touch on many of the things that we've been talking about in our reports. They were concerned about the absence of strategic environmental assessment. They were concerned about the low level Canada is using in environmental taxes to achieve its objectives. They were concerned about the absence of a national sustainable development strategy.

So I might commend that to members interested in pursuing the issue.

Thank you.

The Chair: Thank you very much.

Mr. Cullen, last question.

Mr. Nathan Cullen: Thank you, Mr. Chair.

I'm actually really getting into this idea of connecting a bureaucrat's salary to these types of indicators, even to go so far as to suggest that maybe ministers would have their chauffeur experience limited, depending on whether they're able to integrate into an environmental policy. I have some view that eventually, into the future, the logic will be that the Minister of the Environment, or whatever name that takes on in the future, will have the strength, and will have available the sticks that Ms. Ratansi talks about, to make integration inherent and concurrent all the time, in all the work we do. But clearly we're not there yet.

Two quick questions. First, with respect to the rural/urban application of environmental policy, to me it feels as though the drive for environmental considerations comes out of an urban setting. People are more prominently concerned, when we do polling, with the environment in the cities, and yet many of the manifestations come out in the rural settings with respect to parks and planting and mining and large final emitters, those types of things. Has there been any work done within the applications of that?

The second question is around the depth of indicator work. I know Mr. McGuinty has done some work on this, but it seems that with the areas of finance and other departments we still use old indicators, poor measures of the effectiveness of government policy. Has there been, perhaps through the subcommittee, which you don't know much about, any work across the government to actually apply more sensitive and accurate indicators to the work we do? You mentioned the OECD's analysis. A number of other groups, Pembina and some other ones, have done proper and much better analyses.

The very last question I'd like to slip in here is around first nations. Has there been any work, through your office, with respect to first nations inclusion or exclusion in regard to the environmental accords we have within the country, in terms of treaty, in terms of the development of land policy, and so on? Fisheries might be a place to make some mention of that.

● (1055)

Ms. Johanne G  linas: On your first point, the interest of Canadians with regard to the environment is not only in urban areas. You probably saw the press release on November 4, this past month, from the Centre for Research and Information on Canada, saying that protection of the environment was the number one priority of Canadians in 2004. Spending more money on health care came in second.

You have the result. I think we are here to stay for awhile. Environment is still a key consideration for Canadians.

It's always difficult to get into the urban components of sustainable development. We audit the federal government, and a lot of things taking place at the municipal level are really related to the municipal government and the provincial government. That said, last year we looked at the green infrastructure program and reported back on progress made in this area. My colleague John Affleck also coordinated an audit we did on urban transportation—one aspect to get there, not really from a direct way but from an indirect one.

In the area of rural, we are looking at, as we speak, the ecological integrity of parks. That's also an aspect where we go out of the urban area to focus more on the rural.

Concerning your question on first nations, I will say no, not in terms of a specific international accord or agreement, even though we received a petition a year ago from first nations asking about climate change, about where climate change programs fit into some of their major concerns. We also got another one addressing one of the Johannesburg commitments.

I can't give you the details on that, but I can get back to you on it. As you may know, for the 2005 report we are looking at water quality on reserves. That will be an aspect.

As well, within the Office of the Auditor General a lot of work is done with respect to aboriginal communities. It was one of the focuses of the Auditor General of Canada as she planned her strategic plan for the next six to seven years. As it is now, a lot of work will take place to address some of the specific aboriginal issues.

I hope I'm answering all of your questions—

The Chair: If I could just interrupt, Ms. Gélinas, thank you for those responses.

Mr. Cullen, I do have one issue that I need to bring before the committee. I wonder if we could just bring this to a conclusion, because we do have another committee that's waiting to come in.

Ms. Gélinas, would you like to just sum up, and possibly then—

Ms. Johanne Gélinas: Concerning your last question on indicators, you can have a discussion off-line with your colleague, Mr. McGuinty. He knows more about indicators than I do. So that's an easy one.

I would just like to thank you very much for your questions. I can see now that we are trying, all together, to get at the root causes of why progress is so slow. That will be very helpful for my work, because the last thing I would want to sound like is a broken record and come back to you year after year just highlighting things I have said before.

I know we'll have the opportunity, starting next week, if I understand properly, to continue our discussion.

Please, just keep in mind that your role is very important. We are complementary. I can forward you much information, but at the end of the day you are the ones who can hold the department accountable. I hope that on a regular basis you will help us do our work by asking for a status report, so that we will know what is going on.

Somebody said earlier... I wonder who it was. But still, your concerns are similar to our concerns. So really, if we work together we can address some of the key issues, certainly, and move the agenda further. I'm just looking forward to getting back to you soon to have a discussion, hopefully, on the tax system.

• (1100)

The Chair: Thank you.

Thank you, Ms. Gélinas. We appreciate your input, along with that of your colleagues.

I just would reaffirm that we will be meeting with you again on Tuesday, along with finance department officials.

I have indicated to our research, on the committee's behalf, that we have already approved that framework of the Kyoto review, and we are integrating into that review the witnesses and the structure that would come to grips with the issues raised in your last report, Madam Commissioner.

I've asked our research to also synthesize what has been heard today, in terms of whether there's any adjustment to the list of witnesses and the prioritization that we're taking as we go through that Kyoto agenda.

We are very much...I wouldn't say in control, but we are taking our direction from the report that you have been making.

Thank you very much.

Members of the committee, I do have one issue. We had the steering committee this morning with respect to this issue of appointments. The steering committee has directed the chair to get some clarification with respect to the review, if you will, of appointments.

The steering committee wanted to know where the requests have originated; what the parameters are, if they are different in terms of the review of this committee as opposed to other committees, or if there is a standard approach taken; and the powers of committee, whether the committee has any more teeth, if you will, with respect to making recommendations back on appointments. Is there an obligation to report, if the committee does...is there any...? I don't understand this one.

The Clerk of the Committee: Is there an obligation to report? And if the committee doesn't, does it affect the person or the position?

The Chair: If the committee doesn't report out, does it affect the process of appointment and so on?

Members of the committee, I do have an issue.

Mr. Cullen, because it does concern the points that you raised, most of which have been accompanied, we do have a request from Mr. Godfrey. I didn't bring this to the attention of the subcommittee to the extent that I am now. It cites the order with respect to the Canada Lands appointment on the back of the page, and then it's a request from Mr. Godfrey indicating that this is a reappointment. Mr. Rochon was first appointed and is up for reappointment. His curriculum vitae is attached.

I understand this is a matter of some urgency, that if we do not at least start the process, there will not be an appointment until mid-February. I'm begging the indulgence of committee to at least start this process, without prejudice, as I indicated to the steering committee, to hear Mr. Rochon. Then committee can decide whether it wishes to wait for the report that's going to come back or make a recommendation back to the government House leader with respect to the processing of this particular appointment.

I'm just putting that out for suggestion. There are other appointments that the steering committee has not come to grips with, because it still wants to get an overall report pursuant to the suggestions made by Mr. Wilfert and others. But I understand—and I can only put it on the table for the committee's consideration—that this is one of some urgency.

The chair will take any direction from committee.

Mr. Wilfert and then Mr. Cullen, if we could do this relatively quickly.

Hon. Bryon Wilfert: Mr. Chairman, again, with all due respect, without having appropriate parameters that are consistent with each committee, it seems to me to be a bit of a fishing expedition. I would not want to get into a situation where... And we don't know, in my view, if our opinion really matters in the end.

But I would suggest that if clear parameters are what we're looking for, they should be consistent, not only with witness X, but every other witness; they should be, I would say, across the board. Otherwise, I think we are simply heading into.... We have a lot to do on the committee, and I don't know that this is the most productive use of our time.

• (1105)

The Chair: All right. Thank you, Mr. Wilfert.

Mr. Cullen, and then we'll close it off.

Mr. Nathan Cullen: While I respect the pressures that might be there, a lack of organization on their part does not make an emergency on ours. And I completely concur with what Mr. Wilfert is saying.

The Chair: Okay.

I'm seeing heads nodding on this one.

Mr. Richardson.

Mr. Lee Richardson: Yes, I would agree with those two comments.

Again, I'm not sure what the motive is for suggesting these appointments come to this committee. I would, however, like to reserve the right to call others forward. I think the Canada Lands one is fine with us at this point, but we do have conjecture and opinion voiced sometimes that some of the prominent positions are filled with Liberal hacks, and we want to question that.

For the time being, we'll just reserve the right to call these appointments forward, but for this one, we don't have an objection to letting it go through.

The Chair: I appreciate that, but I want to make it clear that while there's no objection on that part, it appears there is objection in terms of the process, and we don't want to go any further.

I will report that to the author of the report.

Thank you.

The committee is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliamentary Internet Parlementaire at the following address:
Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.