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## Standing Committee on Natural Resources

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**Chair**

**Mr. Lee Richardson**

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•(1105)

[English]

**The Vice-Chair (Mr. Lloyd St. Amand (Brant, Lib.)):** Ladies and gentlemen, we have a quorum so we can begin our meeting.

Before us are five individuals who will be presenting. Following the presentations we'll commence with the first five-minute round of questioning. I think we all recall the comment of our chair that he will be enforcing the five-minute rule more strictly in the future. So cued by that, I'll endeavour to do the same today.

I will turn the meeting over to the presenters, who can perhaps begin by briefly introducing themselves and then get into the formal part of their presentation.

Ms. Gélinas, good morning.

**Ms. Johanne Gélinas (Commissioner, Office of the Commissioner of the Environment and Sustainable Development):** I'm very pleased to see so many people around the table.

Good morning, Mr. Chair.

[Translation]

Committee members, thank you for inviting us here today.

Joining me are four principals who are responsible for coordinating the audits we conduct. Neil Maxwell, Richard Arseneault, John Affleck and John Reed, my senior management team, have led the audit work of the Office of the Commissioner of the Environment and Sustainable Development for several years.

We are part of the Office of the Auditor General of Canada. We audit the operations of the federal government and report to Parliament on significant environmental and sustainable development issues.

While some of you may be familiar with our work, others on this new standing committee may not be. You have given us this opportunity to inform you of our mandate, to review some of our work to date, and to inform you of some of our upcoming audits which will probably interest you.

We have three business lines: performance audits; monitoring and reporting on departmental sustainable development strategies; and the environmental petitions process.

[English]

Each year in our annual report to Parliament, we conduct between three and six performance audits of government programming to see that such programs are well managed and that they are environmen-

tally appropriate and meet the environmental standards and sustainable development objectives set by the government.

Recent performance audits relevant to the subject matter covered by this committee include, in 2000, government support for energy investments; in 2001, a major report on the Great Lakes; in 2002, we produced the chapter "Abandoned Mines in the North"; and in 2004, we audited the strategic environmental assessment process that assesses the environmental impact of policies, plans, and programs.

As you may know, each department produces and tables a sustainable development strategy in the House every three years. We review these strategies and audit selected commitments made in them. For example, Finance Canada established the objective of examining ways to better integrate the economy and the environment through use of the tax system, and we audited this commitment in 2004.

The sustainable development strategy of Natural Resources Canada will be of particular interest to this committee, as it sets forth departmental commitments and objectives against which any natural resources issue or concern that comes before the committee can be assessed.

Also of potential interest to this committee is work we have done to document commitments in sustainable development strategies related to climate change and energy efficiency. If the committee is interested, I have with me the full documentation of those commitments in both official languages. A copy was also provided to your clerk yesterday.

The Auditor General Act established the environmental petition process in 1995. Since then, over 200 petitions have been received from Canadians and Canadian organizations concerned about global, national, and local environmental and sustainable development issues. By law, each petitioner receives a response directly from the minister or ministers concerned. Of course, many of these issues relate to natural resources. And with a quick look at our website and use of the search tools, you can find petitions and responses of interest.

Several current petitions that may interest the committee include petition 158, related to subsidies to the oil and gas industry and federal efforts to address climate change; petition 159, concerning Canada's policy on ethanol; petition 95B and 164, concerning the federal environmental assessment of the mine and road project in northern B.C.; and finally, petition 60B, related to the Nuclear Liability Act.

Depending on how broadly the committee wishes to consider its natural resources mandate, there is considerable work in our past reports that could interest the committee. In particular, this includes three chapters in my 2005 report: "Canada's Oceans Management Strategy", "Ecological Integrity in Canada's National Parks", and "Canadian Biodiversity Strategy: A Follow-Up Audit". These chapters all represent aspects of natural capital.

I would like now to turn from our past work to our present work.

My report for the fall of 2006 is wholly devoted to climate change. I cannot tell you about our audit findings, but I can tell you that we have examined how the federal government is organized to deal with climate change, whether it is able to report on the costs and results of its efforts, and how it develops key targets for greenhouse gas reductions.

• (1110)

[*Translation*]

Further, we are examining whether the government has strategies and action plans in place for adapting to and managing the impacts of climate change. We are also examining NRCan programs targeted at reducing greenhouse gas emissions, such as the Wind Power Production Incentive and the Ethanol Expansion Program.

Finally, our 2006 environmental petitions chapter audits a petition response concerning government purchase of green power — power derived from low-impact, renewable sources of energy.

Since the Commissioner of Environment and Sustainable Development was established in 1995, we have worked closely with several parliamentary committees, providing them with objective and fact-based information on the management of government programs, along with recommendations for improving the government's environmental and sustainable development performance.

As servants of Parliament, our work is most effective when committees such as yours take up issues and follow up on our audit work. I have seen many times how recommendations in committee reports, because of the necessity for a government response, have had significant effects on departmental performance. Parliamentary committees can hold departments and ministers accountable for their commitments and for the environmental and sustainable development effects of their programs. This is especially powerful when the committees require regular reporting by departments on their actions in response to committee recommendations.

In summary, the oversight of committees, armed with audits, sustainable development strategies, and petitions can be a formidable means for Canada to achieve its environmental and sustainable development goals.

Mr. Chairman, this concludes my opening statement. Although we did not know the scope of topics you may wish to explore, the principals have prepared themselves for this meeting. We may not have answers to all of your questions, but if that is the case, we would be pleased to provide you with answers in writing sometime next week.

[*English*]

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you very much, Ms. Gélina, for that very focused presentation and for your

invitation that we now turn our attention to questioning you and perhaps the others.

Before we start, I'm wondering if, without getting into any type of presentation, each of the four gentlemen with you would describe in what capacity he's working with or under you.

Could we could start with Mr. Maxwell, please.

**Mr. Neil Maxwell (Principal, Office of the Commissioner of the Environment and Sustainable Development):** Yes, I'd be happy to, Mr. Chairman.

I have several responsibilities. I have the responsibility for the commissioner to monitor the sustainable development strategies, which she's referred to, and I've been responsible for a number of different audits through the course of the last five or six years.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you.

Mr. Arseneault.

**Mr. Richard Arseneault (Principal, Office of the Commissioner of the Environment and Sustainable Development):** Yes, it's same with me. I'm responsible for audits that we conduct in the commissioner's office on various topics over the years. I've been in mines in the north; I work with my colleagues right here; and we've done work on various topics, including, as you know and as Johanne just indicated, climate change, which we're doing now.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you.

Mr. Affleck.

**Mr. John Affleck (Principal, Office of the Commissioner of the Environment and Sustainable Development):** Yes, similar to my colleague, I have responsibilities for performance audits. I have responsibilities for two of the climate change reports upcoming in the commissioner's report. I oversee the petition process on behalf of the commissioner, and I handle the human resources in the group.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you.

Mr. Reed.

**Mr. John Reed (Principal, Office of the Commissioner of the Environment and Sustainable Development):** I've been with the office for 10 years now. Like my colleagues, I've led several audits, including major work on toxic substances, which implicated Natural Resources Canada quite significantly; a big piece of work on the Great Lakes, which also affected Natural Resources Canada because of its inclusion of water provisions; work on sustainable development strategies; and on a few other topics.

Also, you may not know this, but our office is the chair of an international committee of national audit offices in the business of promoting environmental audits of their national governments. We chair that work, and I lead the work in our group.

•(1115)

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Reed.

Thank you, gentlemen.

Thank you, Madam Gélinas.

As I said at the outset, I will endeavour to have us adhere to the five-minute-per-questioner rule. So please bear that in mind.

I'll commence on that note with Mr. Cullen.

**Hon. Roy Cullen (Etobicoke North, Lib.):** Thank you, Mr. Chair.

Thank you, Madame Gélinas.

[Translation]

Thanks very much to you and your colleagues for your presentation.

[English]

You must have a pretty good impression about NRCan, as to whether or not they have a solid commitment to sustainable development and whether they're environmentally responsible. Could you give them a rating on a scale of one to ten?

**Ms. Johanne Gélinas:** Giving you a rating may be difficult, but let me tell you that over the last six years, for sure, we have looked in detail into their sustainable development strategies, so that's what it looks like. It's the department's game plan to move on a sustainable path with respect to its mandate. We have come out with pretty good marks over time. For an auditor, a department will never be perfect, but NRCan has done a lot of work to move on a sustainable path.

I will let Neil tell you a little more, because he's the expert in the SDSs.

**Mr. Neil Maxwell:** Thank you. I'd like to add to that.

One of our issues, and it's not specific to Natural Resources Canada, but more broadly in terms of probably being true of most government departments, is that we think that what they do in the strategies are important steps towards sustainable development, but we really have been concerned about whether collectively that does enough.

The other thing I would say builds on something the commissioner said in her opening remarks. These strategies are very useful to you as parliamentarians and as a parliamentary committee because really they contain a series of commitments that the department has made towards protecting the environment, towards achieving sustainable development. For example, in that strategy there were a number of very interesting commitments in terms of increasing efficiency. If you bear with me, I can cite a quick example just to give you a flavour for what we're talking about here.

For example, the department committed to—and this is part of achieving emissions reductions, so this is in the climate change field—and I quote: “By 2006, improve average energy intensity by 20% in retrofitted commercial and institutional buildings which have received financial incentives.” So there's an example of the kind of commitment that you can use in your work as parliamentarians to really hold the department accountable.

So that's much of the focus of our work.

**Hon. Roy Cullen:** Thank you. I don't know if EnerGuide would have been part of that mix—that's a whole other story—but there was something in the *Hill Times*, and heaven knows, I don't rely on a lot that is in the *Hill Times* from time to time. They said that the department, NRCan, had changed the name and the focus from sustainable development to responsible development. We checked up on that, and the minister's office denied that there had been any such change, although there seems to be some messaging filtering through the department that instead of sustainable development we talk about responsible development.

It seems to me that there is a big difference between those two terms, and not to get too pedantic about that, I was surprised by it, because when I was briefed by NRCan they talked very proudly of their focus on sustainable development. Have you heard any rumours to this effect, or have you seen any evidence that they're changing their focus from sustainable development to responsible development?

**Ms. Johanne Gélinas:** We read the same articles, obviously, but let me be clear here. You have before you people who do audits, and we don't audit rumour, nor can we discuss things that we have not audited. So sometimes it may be frustrating for you not to get a clear answer from us, but we cannot go beyond, and we have to be always policy neutral. So you will never get from us a view, an opinion, unless it's something we have audited and we can comment on based on our findings.

•(1120)

**Hon. Roy Cullen:** You're driven totally by audit. Don't you have any natural contact or rapport with the departments? In other words, would you ever pick up the phone and say “We read this in the *Hill Times*, and that would be a concern to us. Is there any truth to the rumour?” Is there nothing like that?

**Ms. Johanne Gélinas:** If I were to do that, I would be on the phone all day long, so I had better not start doing that.

**Hon. Roy Cullen:** I'm not so sure.

In any case, I have a number of issues. I just wondered if you had done any work in these areas: sustainable in the context of the oil sands development, or sustainable development from the point of view of the consumption of water. I don't know if you look at only our physical resources, but there are huge issues in Fort McMurray with respect to the social pressures.

In terms of the amount of natural gas that is consumed, the net energy to get out the oil sands production, I'm wondering whether that is something you've looked at. Is that something you're concerned about?

**Ms. Johanne Gélinas:** We haven't looked at this particular aspect in detail, but it's an area that will be covered in part in our 2006 report on climate change. We haven't looked at it specifically, beyond the fact that we have information with respect to greenhouse gas emissions within this area.

**Hon. Roy Cullen:** Okay. I hope it's an area that you do look at.

I wanted to talk about water resources and the Great Lakes audit that you did, because I have some concerns about bulk water. But with only five minutes, I'll have to come back, if I'm lucky to get to it.

I'm sorry, Mr. Arseneault, did you have a comment?

**Mr. Richard Arseneault:** Yes, I'd like to say something.

Last year, we did look at water in terms of the responsibilities of the federal government. We wanted to determine the status of the federal water framework, which is a broad framework describing all the activities of the federal government in the area of water. There are 19 departments involved in some way in the water field, if you will.

As you probably know, there is a federal water policy, which is dated 1987. The work progress reports prepared by the federal government went up to 1994; since then, we've heard nothing. This policy is kind of dead. It still exists, but it's not really applied, as far as we can see.

After Walkerton and some of the other incidents related to water, the federal government decided to look at water again. They came up with this federal water framework, which in our view is a good first step, because in there is a vision of what water is all about from a federal perspective. There's also five outcomes that the government is aiming for, I guess.

First of all, this is still not publically released. We've asked the federal government what the status was, and essentially it's going nowhere. They said they wanted to link it to another framework. It was kind of framework over framework, and not clear.

**The Vice-Chair (Mr. Lloyd St. Amand)** Thank you.

Mr. Ouellet, please.

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Thank you very much for coming forward to meet us.

[*Translation*]

I would like to discuss your mandate. It is hard for us to understand exactly what the difference is between the environment and sustainable development.

As you know, sustainable development was defined quite some time ago. I am sure you are aware that even today, according to many definitions, sustainable development is clearly economic development, not environmental protection. The environment is one component of sustainable development. There absolutely has to be a significant social component to eliminate poverty. Does your mandate clearly define the difference between the two?

In your presentation, at point 4, you distinguished between the environment and sustainable development, which is nowhere to be found in the Library of Parliament Parliamentary Information and Research Services suggested questions. In that document, the environment and sustainable development go hand in hand.

Similarly, Mr. Mulcair, the former Quebec Minister, was criticized for putting out a document on sustainable development without including the environment. To environmental groups, sustainable

development has more to do with environmental protection. We know full well that is not what it means.

Environmental protection and climate change are one thing; sustainable development is another. Are you involved with departments that have more sustainable development needs, like NRCan, which you mentioned earlier, the department responsible for economic development, Agriculture and Agri-Food, Industry, Transport, Infrastructure, Finance, Public Works and Government Services Canada? Sustainable development is indeed a priority in those departments.

• (1125)

**Ms. Johanne Gélinas:** Whatever the subject of the audit, we always make sure the audit addresses the environmental, social and economic dimensions. For example, when we conducted the audit of abandoned mines in the north, we looked at the economic and social impacts, in addition to the environmental impacts, which were major.

Among the amendments to the Auditor General Act, there is a definition of sustainable development that gives me all the leeway I need to go beyond environmental protection. In fact, we do much more than that in terms of auditing.

As for the departments, I have the authority to audit all of them. As I said earlier in my presentation, we have audited the Department of Finance. In most cases, whatever the subject of the audit may be, we cover a number of departments. We have covered virtually all of them in the past 10 years. We have a lot of leeway.

The Department of Justice has its own sustainable development strategy. We can look at the commitments it has taken in that regard. We have audited the Department of Foreign Affairs, Fisheries and Oceans, Agriculture and Agri-Food. You can name them all, because they have all, at one time or another, in greater or lesser depth, been audited by us. So it goes much further than the Department of the Environment or NRCan.

**Mr. Christian Ouellet:** Are all of those reports available?

**Ms. Johanne Gélinas:** Absolutely. Everything is done transparently and everything is made public.

**Mr. Christian Ouellet:** Thank you. I am going to keep going, if you don't mind, because I still have some time left.

Let's come back to natural resources. I really appreciated what my colleague, Mr. Cullen, was saying earlier about natural resources, and about oil in particular. Clearly, there is research to be done on sustainable development.

Currently, we are being subjected to something else. You are somewhat familiar with the situation. Inevitably, with a change of government, everything that was done before is no good, and everything that is being done now is going to be better. I am sure you are finding this situation every bit as difficult as we are.

However, a lot of proposals have been made for a switch to ethanol. Have you done any studies specifically on ethanol, not just environmentally, but also in terms of sustainable development?

**Ms. Johanne Gélinas:** I am going to take a first stab at the answer. Yes, we have studied the ethanol issue. My colleague can give you more details about some of the work we have done.

Program development is another part of the work we have done. We will be tabling our report on the Ethanol Expansion Program in September. We are going to keep you in suspense, because those findings will not be released until September. However, John can give you some details on the work we have done.

[English]

**Mr. John Affleck:** As the commissioner pointed out, we're not really at liberty to release those findings, because we have yet to table that report in Parliament.

The ethanol expansion program at Natural Resources Canada was in fact one of the programs that we examined. Of the programs we examined, we looked specifically at what greenhouse gas emissions reductions they had achieved to date, what they had cost, and how the department monitors and reports on the results.

**Mr. Christian Ouellet:** Are you going to also evaluate the effect on agriculture, and things like this, what the consequences will be?

**Mr. John Affleck:** No, that was not part of the scope of the piece of work that will be tabled in September.

[Translation]

**Ms. Johanne Gélinas:** Mr. Chairman, I mentioned in my presentation that we had received a petition dealing directly with that issue. Once again, we can get you the details. We call it a petition, but it has nothing to do with signatures. It is actually a request from members of the public about very specific issues. Unlike the Access to Information Act, they are not documents that the government discloses, they are answers to questions produced by the departments.

There is one that deals specifically with that issue. If the committee is interested in the subject, it would certainly be worthwhile to have a look at the questions and answers the government has provided.

• (1130)

[English]

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Ouellet.

Ms. Bell.

**Ms. Catherine Bell (Vancouver Island North, NDP):** Thank you.

Thank you for your very good presentation. It's difficult for me to ask questions because I think what you've said is that you can't answer a lot of things that we want to ask, for opinions and things like that. Also, the ones I'm interested in are the future work and your audit on climate change, which you can't report on.

But you can tell us that you've examined how the federal government is organized to deal with climate change. I'm wondering if you want to expand on that piece of it, for starters.

**Ms. Johanne Gélinas:** Absolutely.

I should say, though, just before we get on climate change, that it was difficult for us to figure out what areas of interest you had. We have given you some indication of the work that we have done—the Great Lakes, we have covered water and a lot of other things, mining areas, and other areas like that—where, if you have an interest, based on the audit work we have done, there's a lot we can tell you about.

Of course, climate change is really the flavour of the month, and everybody wants to know more about the upcoming report. But I can ask Richard to give you at least the architecture of that report without getting into the detail.

**Mr. Richard Arseneault:** On climate change we have a number of chapters.

The first chapter is about things like governance, how the government is organizing itself to deliver on climate change. Climate change is what we call a horizontal issue; it touches a number of departments, and not only a number of departments but a number of jurisdictions. But at the federal level, we've looked at how the federal government is organizing itself with Environment Canada, Natural Resources Canada, Transport Canada, Agriculture Canada, Industry Canada—all the players.

We've looked at it in the past and have said we have seen some progress. We're looking at it again, and since we looked at it last there have been new plans. In 2005 there were new climate change made-in-Canada plans. Now we're going to have a new one in the fall, likely. That's what we understand when we read the paper; we don't know for sure. We've looked at how they were implementing those plans and what kind of organization they had put in place to coordinate among themselves, because diverse players need to be involved. That's what we're going to be reporting on.

We also looked at what kind of data and analysis the government had used to come up with those targets we have to meet, the ones that were negotiated for Kyoto, and others that were made in Canada. We looked at what kind of analysis was behind them. We're going to report on that.

We looked at some instruments the government has used. For example, with the automotive sector they came up with a memorandum of understanding. We looked at how it was negotiated and what came out of it. We looked at emissions trading, a new tool the government has decided to use in its tool box to deal with climate change. We wanted to see how prepared they were to implement an emissions trading scheme of some sort. You're going to read about that in our chapter one.

We also looked in other chapters at the impact of climate change and what the government is doing to help Canadians adapt to the reality of climate change. That's another chapter, chapter two.

We looked in chapter three at programs at NRCan that my colleague just talked about. We also looked at sustainable government strategy commitments related to climate change, and other aspects as well. And we've looked at an environmental petition related to climate change, a program to buy green energy in the federal government that is led by three departments: NRCan, Environment Canada, and Public Works. We're going to report on that as well, as part of the commissioner's report on climate change.

**Ms. Johanne Gélinas:** Let me add that we also looked at SDTC, which is Sustainable Development Technology Canada. It has the mandate to deliver on technological projects that may help reduce greenhouse gas.

**A witness:** It is a foundation.

**Ms. Catherine Bell:** When will that be reported out?

• (1135)

**Ms. Johanne Gélinas:** It will be in the last week of September.

**Ms. Catherine Bell:** Okay, so it will be a couple of months.

You talked about a federal water policy and said it's in need of updating. Is there any sense of what's happening with the framework, which was developed and has not been released? Is it going to be released?

**Ms. Johanne Gélinas:** That might be a very interesting question for this committee to ask Environment Canada. If you have an interest in water, basically this is the framework or foundation to address water issues in this country. What my colleague was saying is that at the time of the audit we didn't know what the status of the water framework was. That might be something you want to look at in more detail in the fall.

I should say that we ourselves follow up on our own recommendations. We do it usually every two to three years, and in the meantime, when committees are ready to do some work to figure out to what extent those recommendations have been implemented by the department, it helps us a lot to have a good understanding of how much progress has been made in a particular area.

**Mr. John Reed:** I just want to add quickly that, as Richard said, we first looked at the status of the federal water policy in the Great Lakes, a piece of work, in 2001. At that time it was generally considered dead. The follow-up work that Richard did confirmed that they've undertaken many efforts to try to revitalize it, but it still hasn't amounted to much.

Last month, the policy research initiative of the PCO convened a large conference in Canada on fresh water policy. It was the culmination of two years of effort to try to revitalize this policy. But even there, the sentiment in the room was essentially that there's no action, no energy around the creation of a renewed water policy. I think many departments just don't know where to go, and they're waiting for some leadership.

NRCan, by the way, is pretty central to aspects of that policy, especially around groundwater mapping.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Reed.

Thank you, Ms. Bell.

Mr. Paradis, go ahead, please.

[Translation]

**Mr. Christian Paradis (Mégantic—L'Érable, CPC):** Madam Commissioner, I understand that you are in a better position to comment on what you audit than to give us your opinions. In your 2005 report, you said: "Commissioner finds federal government chronically unable to sustain its own environmental initiatives."

Obviously, the bottom line is that sustainable development can only be achieved through responsible development. Can you explain to me, Madam Commissioner, why you said that? Those are facts that you audited at that time, and I would be very interested in hearing what you have to say about that.

**Ms. Johanne Gélinas:** First, I would like to take this opportunity to tell you that you are referring to what is called chapter 0 of the commissioner's report. That is where we analyze all of the findings, all of the chapters of the year's report. The common denominators emerge, and it is on that basis that the five of us analyze and identify the main thrusts of the report for the year in progress.

That is what brought me to say that in this case, the government has trouble supporting its own initiatives. Last year, we were able to see, in all of the areas we audited, that the government tends to fire up the engine enthusiastically, but the more time passes, the more things are forgotten and the more commitments are brushed aside. As a result, in view of the findings at the end of the day, we could only conclude that the government never managed to cross the finish line, was not saying that it had succeeded in reaching its goals in this or that way and was not telling us what results it had achieved. So it was an overall finding in relation to the entire report.

We tried for the first time to find the root causes or the origin of the problem. I am going to tell you from memory what our findings were. First, we found that there was a tendency to overcommit and underdeliver.

Second, we said there was a lack of leadership, both within departments and at the political level. The departments themselves told us that they were trying to find out what the government's priorities were and that they were not clear. So they are doing their best with what they have, without any guidelines, so to speak.

We also mentioned that there were turf wars between departments. They have an extremely hard time working together on issues known as horizontal issues.

Finally, we observed that there was a tendency to reinvent the wheel rather than build on solid foundations. One of the problems we identified was how hard it is for the government to objectively analyze its own performance and adjust accordingly to get back on track, if it was off track.

Those observations underpin the comment you quoted.



• (1140)

**Mr. Christian Paradis:** You mentioned overcommit and under-deliver. What exactly did you find? You may not have a specific answer for me, but I would like to hear your comments.

**Ms. Johanne Gélinas:** My colleagues may have some specific examples to give, but basically, the government makes commitments, and when we audit the departments to see whether they can follow through, we find that they do not always have the resources they need to deliver the goods. The departments have to juggle various problems and issues. They have to determine what the priorities are. If there are 25 priorities, ultimately there are really none. The department may have made a commitment on something that is not a priority, but that does not mean that the goods were delivered.

[English]

Do we have a concrete example?

**Mr. Neil Maxwell:** Certainly, Mr. Chair; I could add a very concrete example from last year's report.

When we looked at oceans management, and we looked to see how well the government had implemented the 1996 Oceans Act, our conclusion was quite a stark one. It was quite negative. I'll read a couple of lines from it:

Implementing the Oceans Act and subsequent oceans strategy has not been a government priority. After eight years, the promise of the Oceans Act is unfulfilled. Fisheries and Oceans Canada has fallen far short of meeting its commitments and its targets.

For example, we talked about the fact that integrated management plans have not been developed as yet, and only two marine protected areas had actually been designated. That gives an example. I chose that one simply because I know your committee has been interested in oceans management issues in prior testimony.

Thank you, Mr. Chair.

**Mr. John Affleck:** I could add another example, if you wish.

In 2005 we also looked at the implementation of the Canadian biodiversity strategy. This was first endorsed in 1996 by the federal, territorial, and provincial governments.

We first audited that in 1998. We called the audit off because there wasn't enough to look at. We returned in 2000. We returned in 2005, last year, and looked at it. A number of really significant and key commitments have not been met. For example, it still lacks a coherent implementation plan, there is no overall report to give an indication of the status of biodiversity in Canada, and commitments to improve Canada's capacity to understand the information related to that subject have not been met.

I point out to the committee that in terms of a response to our recommendation to get on with the job, the federal government indicated to us that they were planning to put a strategy and outcome-based framework in place by the fall of 2006. The committee might be interested in following up on that, as it impacts forestry.

**The Vice-Chair (Mr. Lloyd St. Amand):** Mr. Paradis, *merci*.

Mr. Tonks, is it, or...?

**Mr. Alan Tonks (York South—Weston, Lib.):** That will be fine, Mr. Chairman; we're going to share the five minutes.

Mr. Arseneault, you had replied somewhat to my question. I was going to ask you about integration across the transport industry in terms of sustainable development—the evaluation, and an integrated plan. I'm not going to ask you that question, but I am going to ask you—or you, Ms. Gélinas—another question. It is in terms of your analysis becoming a working document for government policy as opposed to an audit that is reported and put on the shelf.

I'm going to relate, perhaps as a case in point, to the issue with respect to ethanol production and the real value-added with respect to cellulose and grain-based. From a policy perspective, that obviously has an integrated implication with agriculture and other silos of activity, if you'll pardon the pun. Using that as a case in point, to what extent do you monitor and evaluate the government's use of that information with respect to that particular policy initiative vis-à-vis ethanol?

• (1145)

**Mr. John Affleck:** Again, this is not something we undertook for the 2006 report, but as the commissioner pointed out, we have recently received a petition on this subject. The petitioner basically asked for justification on the Canadian government's policy on ethanol related to the environment and to energy consumption. The petitioner also inquired about whether a detailed life-cycle analysis had been done in terms of the anticipated reduction of greenhouse gas emissions from the production and the use of ethanol.

What we do sometimes is wait for the ministers involved, who are obligated to respond within 120 days. From time to time we'll take a look at the statements and commitments made in those responses, and we will follow up. So it is possible in the future that we would do some further work on that area.

**Mr. Alan Tonks:** Good.

Thank you, Mr. Chairman. I'll pass it over to my colleague.

**Mr. Todd Russell (Labrador, Lib.):** Thank you, Mr. Chair. I'm happy to be joining this committee.

Welcome to the witnesses.

I'm just trying to learn as we go along here, but I would think that if your audit is going to have some integrity and credibility, it has to be taken seriously by the government and responded to appropriately by the government, and it should inform future decisions of government or paths that government would take.

In terms of climate change—because this has been a big debate now within the country and a big debate within the House of Commons—it seems like our colleagues on the other side of the House have said all of this is bad and for naught, and we're going to change and go in a different direction. It would seem prudent to me that they would at least wait for an audit of what was already taking place, or in some cases may not have been taking place, to inform a strategy.

Your report is not going to come down until the fall of 2006, as I understand it, but they're already planning for another plan in 2006. So how useful is the audit going to be in that particular context, and how difficult is it when you have what I would call major policy shifts on huge pieces of work that have been undertaken for some time? Are you just catching up and then it moves ahead? The audit should have more of an impact, I would think, if it's going to inform policy and help us make good decisions for the future.

I'd like to know what your comments are on that.

**Ms. Johanne Gélinas:** First, we started our audits on climate change 18 months ago, and we planned ahead of time. So by the end of this year we'll have a pretty good idea of the topics we would like to cover from 2008 to 2012. This is well planned in advance, and we know pretty well what we are looking for. So that was decided during a totally different context in this country.

You have to know that in the course of the audit, we don't do that in isolation. We are talking, discussing, and exchanging information with the departments. So my report will not come as a surprise to any of the bureaucrats in the city. They know pretty well, and usually what the department will do as soon as they know we are going after an issue like climate change and we are looking at some specific programs—for example, at NRCan—is that they will pay more attention to those same programs that we are auditing, and in that period of time, let's say a year, they may do a lot of things to improve their own programs if they have to. So they can work on the issue as we are doing the audit. Ideally, if progress had been made, we would be more than happy to report on that progress in our report.

That said, there's always a kind of looking backwards, because we look at what was done over a certain period of time. In this case, we have covered almost 10 years of work within the federal government on climate change, but there comes a time when we start thinking in terms of recommendations: based on the evidence we have gathered, what we should recommend to make sure the government will improve its implementation. That's only an example.

At that point we are starting to discuss with the department going more into looking forward, at what will need to be adjusted or done differently to get on the right path. At the end of it, the department will have to respond to our recommendations. So you will know what the plan is with respect to specific recommendations of this government in addressing climate change, based on the work that we have done.

• (1150)

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Ms. Gélinas.

Very briefly, Mr. Arseneault.

**Mr. Richard Arseneault:** Just to let you know, in addition to the work the commissioner has done on climate change, the Treasury Board Secretariat has also undertaken a program review of the federal government. They have the results of that, and we're told that the new government is using this information to make decisions. We have not audited that, but we were told that's the case.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Arseneault.

Monsieur Cardin.

[Translation]

**Mr. Serge Cardin (Sherbrooke, BQ):** Thank you, Mr. Chairman.

Ms. Gélinas, gentlemen, thank you for appearing here today. In a way, you have rounded out our information session, and it is very interesting.

Your mandate involves auditing the performance of over 25 departments. I have already had the opportunity of meeting you when I was responsible for the environment portfolio together with Mr. Bigras. I remember an issue that we had discussed.

Can it be said today that all departments have truly completed their strategy development? Have they completed their action plan, designated the tools for evaluating their performance or advancing their goals?

**Ms. Johanne Gélinas:** I am not sure I understood your question. Are you talking about the sustainable development strategies or environmental monitoring systems?

**Mr. Serge Cardin:** About the strategies and the systems.

**Ms. Johanne Gélinas:** I can give you some idea about the strategies. As for the systems

[English]

implemented in the departments. I will leave that to.... It's a work in progress.

[Translation]

In terms of the strategies, they are a work in progress. The departments have to review them every three years. They have to state publicly whether or not they reached their goals and set new ones.

So, over a three-year period, we are going to monitor progress on the most important commitments and report that to Parliament. Unfortunately, for most departments — there are exceptions — the sustainable development strategies are apparently a

[English]

compendium of business-as-usual activities.

[Translation]

Departments have not yet managed to make full use of this tool, which should really be an agent of change. They are wondering what else they can do to get on the path towards sustainable development. Unfortunately, to date, their activities would have taken place anyway, with or without the commitment to develop sustainable development strategies.

So we are trying to encourage greater use of these strategies so that they get to the heart of the matter, by making meaningful commitments rather than having activities like awareness-raising sessions for employees. They should set goals like, for example, deciding to go ahead with the purchase of green power, and all departments should respect them, measure progress and report.

**Mr. Neil Maxwell:** I would like to add two points.

[English]

Concerning the strategies, the commissioner has talked about developing good strategies. One of the things we also do in our audit work is make sure, once they're developed and once the minister tables them in Parliament, that the departments are really in fact living up to those commitments. A lot of our audit work is picking samples of commitments that they promised and finding out if they have delivered or not.

In this coming report we have a chapter, as has been mentioned, concerning the results of that work. In past years we found very mixed results. In some cases some very important action had been taken, and in other cases the departments had really dropped the ball on important commitments.

It's important to be clear that the government has a number of tools to achieve sustainable development. We've talked today about one in particular—the sustainable development strategies tabled every three years in Parliament—but there are other very important tools. One of those is strategic environmental assessment.

That process began in 1990, when cabinet directed departments to ensure that every time a new policy idea came forward to cabinet or just to the minister alone, the environmental aspects of it would be properly identified.

We looked at how well that whole process was working two years ago. We were very critical that departments had not taken it seriously, and we were quite concerned that a number of government decisions were being made without proper attention to the environmental aspects.

Thank you, Mr. Chair.

● (1155)

[Translation]

**Mr. Serge Cardin:** In the world of auditing, in which you have had some involvement with corporate taxation and auditing, it has occasionally happened that people referred to an auditor before doing something with respect to financial information.

Do the people who have to list or prioritize strategies contact the Office of the Commissioner for advice? Do you provide people advice with before they take a position on a particular topic or particular approach?

**Ms. Johanne Gélinas:** We try as much as possible to avoid being perceived as advisors. Imagine what a tricky situation we would be in if, after giving some advice, something didn't work. They would say that it was the commissioner who advised them to do this or that. So we definitely keep things separate.

In terms of sustainable development and strategies, there was a void. The government was not showing any leadership. So the departments were developing sustainable development strategies and each one was going about it in its own way. For a few years, we more or less occupied that space by indicating to them what, in our opinion, constituted a good sustainable development strategy. We produced two documents on our expectations in terms of sustainable strategies. Then, we stopped doing that, because in our view, that was a departmental responsibility. They have to get together and develop their own strategies.

A committee was struck under the former government, but it never really delivered the goods. Environment Canada was clearly given a mandate to play a leadership role and to help departments set their priorities and implement them through individual strategies. That committee no longer exists.

Also, I don't know whether this relates to your question, but when we establish the subject of our audits, we do so with the help of a committee of experts from outside our office, in order to ensure that we are on the right track in terms of setting goals for the audit and results. We consult them twice in connection with an audit. So we get help from various experts, depending on the subject of the audit, who provide insight different from ours or that of the departments.

[English]

**The Vice-Chair (Mr. Lloyd St. Amand):** *Monsieur Cardin, merci.*

Mr. Trost.

**Mr. Bradley Trost (Saskatoon—Humboldt, CPC):** One of the things that caught my interest today in the headlines, when I was glancing through them, was “Bureaucrats knew Kyoto unattainable: Public servants waiting for right time to admit failure”. The article talks about how the climate change policy points out that they knew this was an ongoing failure. My question to you is on this matter.

We knew for years that the Kyoto targets were completely unattainable and were a bit of a joke. What sort of time lag does your office have when it comes to trying to gather information such as this or gathering information about how far departments are? It's one thing if you can catch a department not meeting its environmental objectives a year or two after; it's easy to correct. But it's another thing five, ten...I mean, we're way off the targets now of the Kyoto goal.

I guess I'm asking for a question about effectiveness—how effective you view your department to be. Could you give me some examples about how effective, from a time perspective, you are at correcting problems you find in various departments?

● (1200)

**Ms. Johanne Gélinas:** Our job is not to correct the problems. Our job is to provide parliamentarians with bullet-proof information—facts we have gathered through the course of the audit. Then it's up to you. That's why it's so important to maintain a very good professional relationship, making sure that, based on the information we will provide to you soon, you can then ask those kinds of questions. As to why it has taken so long, we will give you some information, but you are the ones who can dig out and get more information.

And what we will have to report to you soon is still, I would say, very timely and relevant.

John.

**Mr. John Reed:** On the question of climate change, we reported that in 2001. We did an audit in 2001, and at that point were already identifying the fact that there was a gap between the actual emissions and the Kyoto targets. It's all there on paper, as Richard already discussed. Management deficiencies were identified. I think it's an illustration of how committees like this can use our work in the future and seize on it right away.

**Mr. Bradley Trost:** My experience is that your information is generally—and again, you're fairly new to me—fairly timely. You don't have that big a time lag between the information you gather and when things start to veer off in whatever direction.

**Ms. Johanne Gélinas:** Just to give you an example with respect to the upcoming report, we will close the book, as we say, in the coming weeks. As long as we haven't sent the report to the publisher, if there is any new information, it will be stated in the report.

**Mr. Bradley Trost:** So for this new report on climate change for the fall 2006, up to what time will information be taken? Will it be up to the end of the previous government or up till June 30? Until what date will it include information on previous climate change, or what period will it cover?

**Ms. Johanne Gélinas:** Our audit work has nothing to do with the government of the day. As I said earlier, we have almost covered a period of 10 years—even a little bit more than that. So we look way back to when the government started to negotiate Kyoto and put in place programs. We had a cut-off date of June 15, or last Friday.

**Mr. Bradley Trost:** So the period that's included is everything from 10 years back until June 15.

Again, I'd like a little bit more information, because you're so new to me.

Looking here at your statement, it refers to whether programs “are environmentally appropriate”. How do you define your targets? With government policies, some are more detailed, some are more vague, and some legislation's more explicit. So what sort of objective criteria do you try to use in a general principled way to decide what or what is not environmentally appropriate?

In my experience in dealing with agricultural problems in my riding, after DFO has done some ridiculous things to irritate my RMs and so forth, a lot of this strikes me as fairly subjective. I'm trying to understand how you can set some very objective standards, because there's a lot of opinion back and forth on what is and what isn't environmentally appropriate and sustainable.

**Ms. Johanne Gélinas:** That's a very interesting question, and I will look to one of my auditors or experts for that. In fact, they are all experts, but there are two who would like to answer your question.

Neil and John.

**Mr. Neil Maxwell:** Yes, I guess we all are anxious to talk about that.

The most important point is exactly what you've said, that as auditors, we base what we do on objective criteria; we don't make it up or we don't make up policy commitments, but take what the government has said. As your question points out, it is very much a challenge when we do our work.

There's a surprisingly broad range of places where we can find quite objective criteria. Often they are in the law itself, as the laws Parliament has passed often have quite explicit requirements of government departments. So that's one of the first places where we, as auditors, would look. Secondly, we would look at key commitments the government has made in its successive budgets and speeches from the throne. We've mentioned several times now the sustainable development strategy, which is often a very important place where we can find quite clear commitments from the government.

So it's really in that realm, where there are clear commitments, where we focus our work.

● (1205)

**Mr. John Reed:** I have just two very quick elaborations on that.

Often, as Neil said, criteria are derived from legislation or policies, and so on, but sometimes we have to create criteria. I can think specifically of the work we did for many years on the topic of environmental management systems. We took a position many years ago that departments had to have robust management systems in order to implement their sustainable development strategies. To develop the criteria for robust management systems, we did a lot of international work, making comparisons with various accounting offices, the International Standards Organization, and other organizations, and we came up with what we felt was best-in-class practice.

Then the second thing we do from time to time is benchmark against other jurisdictions. We have done benchmarking against European countries for particular work, or sometimes for best practices.

So it's a mix of things.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Trost.

We'll begin our third round, then, with Mr. Cullen.

**Hon. Roy Cullen:** Thank you, Mr. Chairman.

I think your office must be one of the best-kept secrets in Ottawa, and I gather I'm not the only one who thinks that. So I have a bunch of questions, but could you keep your responses short, because I only have five minutes.

You are an officer of Parliament, is that correct? I'm thinking about a multi-year performance audit, let's say, such as on climate change, and that covers many departments. You're obviously talking about these informal mechanisms that you have—and I'd be surprised if there weren't any—of information going back and forth to departments, so they roughly know what's coming. But as an officer of Parliament, you have to report to Parliament, and that's when it gets into the political domain. It's not always a question of simply facts and technical matters. Those might be feeding the political process, so parliamentarians need to have a handle on this as well.

So how do you decide? Do you have interim reporting? It's fine for the departments to know what you're saying, but parliamentarians want to know as well, so how do you decide when to cut it off and do an interim report, etc.?

**Ms. Johanne G linas:** We do a couple of things.

First, we're at the end of a cycle. Six years ago we developed a long-term strategic plan for the upcoming audit work that we were going to do. At that time we consulted with MPs, to get their views.

I should just open a bracket for a second to let you know that we're going to do that again in the fall. We'll consult you on an individual basis to see exactly what your concerns are and to see if we will address them in the long run.

I have only one report per year, which is tabled before Parliament. I have to tell you that climate change is an exception in the sense that for the first time the whole report is devoted to climate change. Usually we'll cover different topics and report on those. We always give you a flavour, without getting into the details, of the upcoming report a year ahead of time.

So in the fall we will be in a position to give you a pretty good idea of what topics will be covered by the 2007 report.

I don't know if that addresses your question.

**Hon. Roy Cullen:** Roughly. I'm just trying to make the point that the more frequently you can report back to Parliament, the better. On some of these public policy issues, different political parties could go different ways.

I have a few more questions. I'm going to throw a few of them out, and perhaps you could comment.

The Auditor General is an officer of Parliament as well, of course, and I wonder if you have any protocols with them. I'm trying to think of examples. Let's say they were doing the work in the area of ethanol. You're not ready to release your report, but you've obviously reached some conclusions. They might be doing an audit of NRCan, on value for money or something. It seems to me that it might be in some cases appropriate that information be shared, even though Parliament has not been fully informed, because you're both officers of Parliament. I'm just curious if you have any protocols there.

Second, on the performance audits, how do you establish which audits to do? What priority-setting process do you have?

Finally, I'm a little puzzled with these petitions. The petitions come in to you. You say here that the ministers respond, but wouldn't you have a responsibility or an obligation to make sure that the minister or the department has responded fully and completely? As well, are there any frivolous petitions that you would sort of discard? What obligation do you have to a petitioner to respond that you're not going to be doing any more work on this, or the department won't be, etc.?

• (1210)

**Ms. Johanne G linas:** I will go with your first and third questions, and I'll let John talk about the process.

We are an integral part of the Auditor General's office, and we work with all the other groups of the AG. For example, on an issue like oceans strategies, this audit has been done partly by the group

responsible for the entity of Fisheries and Oceans and by us. If there's an issue where we have the expertise in part, and a group in the AG has the other part of the expertise, we work together.

When we do the planning, if there's an issue that my colleague from the Department of Foreign Affairs would like to look at, and we can organize our work plan in such a way that we can work together, that will be our priority.

So we're not a stand-alone piece within the AG's office, we are an integral part of the AG's office. We work together, we borrow resources, we lend resources—we work as a family, clearly. It's not an issue at all for us to know what's going on elsewhere and for them to know what's going on in my shop.

With respect to the petitions process, I haven't seen, honestly, any petition that I would qualify as frivolous. Very thorough petitions concerning specific issues related to environment and SD are all worth answers from the government. So that's not an issue at all.

Overall, when you think that anybody can petition us, we don't receive that many. We have an average of 40 petitions per year, which is not that many.

We will not indicate to a department what their response should be. We just have to make sure from our end that the question has been properly addressed. We won't comment on the response a department gives to a petitioner. If a petitioner is not happy with the response, he or she can always use the petitions process again and come with a more straightforward question, or a different question, to get his or her answer.

At the end of the day, the petitioner may not be happy with the answer, but there is nothing we can do about that.

**Hon. Roy Cullen:** And the priority-setting for performance audits?

**Ms. Johanne G linas:** Oh yes. Go ahead, John.

**The Vice-Chair (Mr. Lloyd St. Amand):** In fairness to all parties, Mr. Reed, perhaps you would be fairly brief. You'll have an opportunity to wrap up later.

**Mr. John Reed:** Very quickly, we're in the process of writing our long-term five-year plan. To set priorities, we consider the risks, inside Environment Canada, to the achievement of their objectives. Do they have the right people? Do they have the right skills? Do they have a sufficient budget? Do they have good systems? So those are entity-based risks.

We get a handle on environmental and health-based risks, what's happening out there that affects people. We consider the materiality, the amount of resources attached to the programs, their significance, our past work, and emerging issues.

We bundle all of that together, and risk is the driving force behind all that work. We try to pick the issues that are most important to Canadians and the federal government.

**Ms. Johanne Gélinas:** It's important to add, Mr. Chair, that we also audit petition responses. If there is a commitment in a response, the department knows that we may come and audit that commitment. That puts a little bit more pressure on the responses.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you.

Mr. Allen, please.

**Mr. Mike Allen (Tobique—Mactaquac, CPC):** Thank you, Mr. Chair.

Thank you to the witnesses for being here.

I have one quick question with respect to expectations for the fall audit that we'll receive in September.

Looking at the working draft of your SDS audit 2006, do I assume correctly that in your SDS commitments inventory listed for Natural Resources Canada you will be reporting on all these actions individually, and will have a report card on each one of those?

• (1215)

**Mr. Neil Maxwell:** Not every single one; there are so many commitments made by departments—we cover more than 30 departments—we take a selection. We will be reporting on a selection of those, and we will be commenting on whether the progress has been satisfactory or unsatisfactory.

If I may, Mr. Chair, I'll add a quick other point in terms of an earlier question. One of the questions that have come up several times is regarding the fact that we share information with departments prior to the time that we table a report in Parliament. I just want to make it clear that this isn't because we think the departments are a more important audience. Parliament is clearly our client. The reason we do that sharing of information with the departments is simply because that's a required part of our audit process. We can't complete a report until we've verified the facts with the department.

Inevitably an audit is very much a discussion back and forth with departmental officials. That's why they're privy to that information prior to parliamentarians being privy.

Thank you.

**Mr. Richard Arseneault:** As well, we are part of the Office of the Auditor General, so we apply the same methodology. We follow the exact same methodology. The experts at the Office of the Auditor General help us when we do our audits as well.

**Mr. Mike Allen:** You've led me to my next question. It would seem to me, then, that departments should have the data collection and the systems in place that would allow them to report on these things annually. Here we are, ten years, and we're looking at something over that time. Departments should be able to get the information to be able to take corrective action.

Have you found generally—without saying too much here, I suppose—that the control and heads-up mechanisms are in place? Do you plan to make any such recommendations in those areas?

**Ms. Johanne Gélinas:** We have looked at that—I cannot tell you more—and we'll make recommendations. In the past, we've recommended that we have good information-gathering with respect to climate change. We have made recommendations with respect to that in the past. We will report back, because we have done a follow-up on that.

**Mr. Neil Maxwell:** More generally, beyond climate change, that's a very important question. One of the concerns we've had for a number of years is how well departments are in fact telling parliamentarians how well they are achieving those commitments. There is information provided by some departments in parliamentary documents—the estimates documents, for example—but the quality varies considerably.

Something that we often urge parliamentary committees to do is to pose exactly the question you've posed to the departments, to get a clear reporting on how well they've met those commitments.

**Mr. Mike Allen:** Having done audit work myself, I know that you hit samples. My concern is that we're just not going to see the total picture unless the department does that on a yearly basis.

**Mr. Richard Arseneault:** NRCan used to produce, at the end of three years, a progress report on its performance against what it had committed in SDS. I don't know if they're going to do that anymore, but they used to do that.

**Mr. Mike Allen:** Finally, when I look at your SDS III commitments summary table, I find it very striking the number of departments that have only minor commitments or none. I'll use the Atlantic Canada Opportunities Agency as an example.

Should we expect to see other departments come to the table more, with more of these commitments? What would be your expectation there?

**Ms. Johanne Gélinas:** Absolutely. There's no doubt in mind.

You will be the first committee, to my knowledge, that will pay more attention to the commitments made in the departmental SDSs.

**Mr. Mike Allen:** So after September, we will have full flow on these departments?

**Ms. Johanne Gélinas:** And we will be happy, Mr. Chair, to help.

Neil didn't say this, but he is responsible for parliamentary liaison at the level of the clerk and the researchers. You can always call us to see if there's any more information in the public domain that we can share with you, so that you may have a better understanding of what this is all about.

**Mr. Mike Allen:** Okay.

Thank you, Mr. Chair.

**The Vice-Chair (Mr. Lloyd St. Amand):** I'm endeavouring to be as even-handed as possible with respect to our time, and I would just let the government members know there are a couple of minutes left in your time. If you don't wish to use it, that's fine; I'll revert then to Mr. Cullen. But I would just let you know there are a couple of minutes left.

Mr. Trost.

**Mr. Bradley Trost:** I had one final follow-up question, if I can get back to where I was before.

You always measure things against government departments and legislation, etc. When the natural resources committee was merged with the industry committee, we had reports on smart regulations, etc. So I am wondering if there is any place, when you do audits and reviews, where you actually look at the efficiency of the government's regulatory policy, etc.—not just the implementation, as it is written in the act, but the actual efficiency.

Again, I go back to my point about the Department of Fisheries and Oceans in rural Saskatchewan requiring environmental assessments of fish in dried-out creek beds that haven't had water in 20 or 25 years. I've worked as a mining geophysicist and I've seen tonnes of regulatory hoopla that really doesn't do anything.

So is there any measurement as far as regulatory efficiency is concerned, when you do audits, or is that completely outside your jurisdiction or your assessment process?

• (1220)

**Mr. Neil Maxwell:** I could speak to that, and perhaps my colleagues would want to add something on it.

We talked about one aspect of what we do in our audit work, which is this idea of seeing if commitments have been met, but there are a number of other important aspects in the Auditor General Act, under which we work, including a mandate to examine issues of efficiency and economy, and questions of how well the government is measuring its effectiveness. So we have a very broad-ranging mandate.

Now, in terms of the particular question of regulatory efficiency, I don't believe we've done anything recently—certainly not within the commissioner's work. I don't have the list of all the work we've done throughout the Office of the Auditor General, but I can't recall our looking in recent years at the issue of regulatory efficiency. But certainly the question of how well those things are coordinated is something we could conceivably look at.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Trost.

For the benefit of Ms. Bell and Monsieur Ouellet and Monsieur Cardin, we're in round three. As prearranged at the committee's structuring some weeks ago, the order of speakers is Liberal, Conservative, Liberal, Conservative. Round four will include you.

So I'll go back, then, to Mr. Cullen.

**Hon. Roy Cullen:** Thank you, Mr. Chairman.

I'm not trying to use the available time because it's available, but you've caused me to ask some questions. This will be my last go at it, so don't worry.

One of you mentioned—maybe Mr. Affleck—the tax expenditures directed to the oil and gas sector. I don't know if you've done some work in that area. You made an allusion to it. There's been a lot of discussion lately—but “a lot” may be an exaggeration—or some discussion lately about tax shifting and moving from non-renewables to renewables, and on actually focusing tax expenditures on recycling, carbon sequestration, etc. Have you done any work in that area? If you have, what did you conclude?

**Mr. John Affleck:** We haven't done any work yet. I could point out, though, that we did receive a petition related directly to the subsidies to the oil and gas industry and the federal efforts to address climate change. This petition came from the Sierra Legal Defence Fund, Mr. Caccia, Friends of the Earth, and the Pembina Institute. They actually had a press conference in the fall of 2005 to announce they had filed this petition. Again, we're still awaiting to finalize the responses back from the department, but in the petition, the petitioners allege that the subsidies promote greenhouse gas emission and, in fact, undermine government spending and the regulations aimed at complying with the Kyoto Protocol.

This is a very recent petition. It will be referenced in the petitions chapter. Whether or not we will do further audit work on that is yet to be seen.

**Ms. Johanne Gélinas:** If I may say so, this work in 2000 which related to that was mentioned in my opening statement, so that's probably where you took it from.

**Mr. Neil Maxwell:** Briefly, the work we did in 2000 was a bit different from what we normally do. Normally we do what we call audits. This was actually a study, which is a bit more broad-ranging and exploratory.

In that study in 2000—and we'd be happy to give you the references—we looked at how level the playing field was in the energy sector. One of our conclusions was that one of the places in which it was distorted was with respect to federal government support for oil sands. Again, we'd be happy to give you details.

**Hon. Roy Cullen:** Thank you.

So it's the petition process, but it sounds as if it's an iterative thing with the department. It's not just that you get the petition and then send it over to the department with a little cover note. I know you've mentioned that you follow what they say, and that if it's not very meaty you have a way of coming back to it later through an audit. So there is dialogue in terms of how to respond to the petition.

• (1225)

**Mr. John Affleck:** The commissioner handles the petitions on behalf of the Auditor General of Canada, so the petitions actually go to the Auditor General. We have 15 days to process the petition, during which time we have to ascertain the departments involved and then send out the petition.

As the commissioner mentioned, if we feel that it doesn't comply with the guidelines on our Internet site or it's not robust enough, we will have a dialogue with the petitioner, but that rarely happens. The departments are then obligated to get back to us and the petitioner within 15 days to say that they have in fact received it, and then the minister is obligated to respond within 120 days.

**Hon. Roy Cullen:** Okay. I'm going to have to move on.

The energy framework, or energy policy, or energy policy framework, or whatever you want to call it—everyone is sort of waiting with bated breath for this to come out. I have to admit our government sat on it for a bit as well. Is that something that you would be seized with? How can you have a sustainable policy or a sustainable strategy if you haven't actually articulated a sustainable energy strategy framework or whatever?

Is that something you've looked at or you'd be concerned about?

**Ms. Johanne G  linas:** We will have something to say about that.

**Hon. Roy Cullen:** Okay. Good.

Finally—and I'm not trying to get terribly dogmatic about this— if a department, for example, came out with their annual report on sustainable development and, instead of calling it their strategy for sustainable development, they called it a strategy for responsible development, would that be of concern to you? I'm not trying to be picky about this, but it seems to me that there's a difference between the terminology of responsible development and sustainable development. If you're responsible, hopefully you would then be concerned about being sustainable. It seems to me that there's a difference in the terminology.

Could you comment on that? I know you won't comment on a hypothetical question, but I'm struggling with whether there is actually any difference between the phrase “sustainable development” and the phrase “responsible development”. What would you say to that?

**Ms. Johanne G  linas:** I'm not sure whether we will pay a lot of attention to that.

What interests us more are results and how the commitments have been implemented. If the department remains in the area of sustainable development and moves along a sustainable path, based on the criteria and the objectives against which we will audit the department, we won't get into that kind of long discussion on the wording. That's a first thought.

**The Vice-Chair (Mr. Lloyd St. Amand):** Mr. Paradis, go ahead, please.

**Mr. John Affleck:** I was just going to add a supplemental point for Mr. Cullen.

If you're interested in that petition on the subsidies to the oil and gas industry, it is Petition No. 158, and it is available through searching on our Internet site.

**Ms. Johanne G  linas:** We can send you a copy.

[Translation]

**Mr. Christian Paradis:** I'd like to come back to the issue of climate change.

[English]

**The Vice-Chair (Mr. Lloyd St. Amand):** Mr. Paradis, go ahead, please.

[Translation]

**Mr. Christian Paradis:** I'd like to come back to the *National Post* article you referred to this morning, on climate change and data released by bureaucrats, so to speak.

First, in your previous studies on how to reach the Kyoto Protocol objectives and after auditing, was it necessary to purchase overseas offsetting credits for greenhouse gas reduction?

Second, in preparing your 2005 report, were you aware of that data? We know that this was announced to the general public this morning, but were you aware of that?

**Ms. Johanne G  linas:** Mr. Chairman, I haven't read the article. I don't believe we referred to it this morning. The information and data that we are provided with are produced by the departments. We audit the validity of that. I don't know what data you are referring to.

In the course of our auditing, we paid particular attention to the data generated by the departments, in order to determine what progress had or had not been made. We use that information. We do not generate any information. If the information was known six months or one year ago, we surely had access to it when we audited.

• (1230)

**Mr. Richard Arseneault:** I'd like to add that climate change is not strictly a Canadian problem. It is a global problem that affects all countries. The previous government had decided to use tools that would enable it to act in other countries. That is a government decision, and we have nothing to do with that. We may eventually audit the results, if need be. The system is in place, but not for purchases, emissions, credits, etc.

**Mr. Christian Paradis:** Thank you.

[English]

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Paradis.

We'll now begin the fourth round and will adhere to just a few minutes for this fourth round, so that the presenters can be allowed a closing statement. That would be anybody from the Liberal ranks. I understand that Mr. Russell has questions, and then we'll turn to Monsieur Ouellet and Ms. Bell.

**Mr. Todd Russell:** Very quickly, when you have a vision or strategy or something of that nature, with targets or objectives coming out of it, you can set those targets high. You can aim for the stars and reach the moon. Or you can set those targets very low, and you may reach them, but you'll never get to the stars by having those very low targets—the race to the bottom, as one would say.

Do you do any assessments of that type of approach? As an auditor you can say, well, they've aimed for this, but they hit here; they aimed so high and they hit the halfway mark. But if the target is down so low and they hit it, they will receive 100%, if you use those types of analogies. Do you do any assessment of that, whether the targets or objectives are meaningful?



**Ms. Johanne Gélinas:** We are always auditing the commitments that we believe are meaningful, in the sense that if those things don't happen, then forget about the rest. So we don't play at the margin.

Having said that, what you said is very true; you can achieve your objective if you set it very low. We have said many times that the strategies didn't stretch the departments at all, with the SDS being a compendium, as I said earlier, of business as usual. So if something was in the plan, it may not have been that difficult to achieve.

My message these days to the departments is really to push the envelope, to go one step further, to do something that is more meaningful, because we have so many environmental issues to deal with. If we continue to go at this pace, the government will never be able to cross the finish line—to close the loop with Mr. Paradis' quote of my last report. So country-wide, we will have to do more if we want to put this country on a sustainable path. We won't make it, the way they are structured as we speak.

**Mr. Todd Russell:** Yes, and I just use this in the context of the Kyoto targets and international treaties and things like that. If you do away with the treaty, those targets might not be something you'd want to buy into.

How do you measure that type of approach?

**Ms. Johanne Gélinas:** But in that case it's different. The government set for itself a target and put in place measures to achieve that target. We will not discuss that, because that would mean we were crossing the policy line and discussing whether the target was good or bad. You can do that; we cannot.

What we will do, though, is report back to you on how well the government has done in achieving that quantitative objective.

**Mr. Todd Russell:** That wonderful objective, yes.

**Mr. Neil Maxwell:** If I might build on that last point, that really is where we, as auditors, need to turn things over to you as parliamentarians. It's really you who are in the best position to really ensure that departments have stretched themselves.

You may be interested to know that one of the things the commissioner did this year was to communicate to all the deputy heads the point she's just made, that she's expecting the next strategies to really involve some stretch, with the departments moving to some more important commitments in terms of sustainable development. One of the points we made was that we would be urging parliamentarians to ask that question of the departments once these new strategies were tabled.

We should have mentioned that point to you. The next round of strategies will be tabled at the end of this year, in December, and we believe that one of the important roles parliamentarians can play in the oversight and accountability process is to really ask this tough question of the department—of the deputy ministers and the ministers—how have you ensured that you really are stretching your commitments?

• (1235)

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Russell.

Monsieur Ouellet.

[*Translation*]

**Mr. Christian Ouellet:** Concerning Mr. Russell's question, I believe that you will sooner or later have to renew your requirement criteria. It seems that we are heading towards a form of responsible development that in and of itself is meaningless. And yet, we had already been having problems ensuring sustainable development. The process was only getting under way; we had only begun engaging in sustainable development. The path we are taking will not allow us to conduct very broad analyses, because there is no recognition of sustainable development here. This is advertising, not a way of thinking or managing a government or an organization.

Earlier, you said that you wanted to produce bulletproof information. I believe that you definitely intend to do so, that is obvious.

I would like to hear Mr. Affleck's comments on the following. When I asked a question, which comes up often, with regard to ethanol, I had the impression that the issue was dealt with in relation to the environment, in other words, in relation to climate change, not to sustainable development. If the issue were tied to sustainable development, then we would deal with the effects on farming and food, which could have potential repercussions on poverty. We would also talk about the consequences of ethanol production, increased smog and reduction in carbon sinks. Therefore, when you deal with ethanol, you are talking about life cycles, because ethanol is part of the greater life cycle.

If you only use a single aspect to assess ethanol, then how can you assess nuclear energy? Assessing nuclear production solely in relation to climate change is obviously easy to do. There are no other consequences than those related to nuclear production when an assessment is made solely in relation to the environment. However, in my opinion, findings would not be the same were an evaluation made in relation to sustainable development.

**Ms. Johanne Gélinas:** Mr. Chairman, if you don't mind, I'd like to make a distinction. We do not evaluate the value of ethanol. In this specific case, we evaluated a program that was put in place by NRCan, and we will be reporting on the progress made in implementing it. It is more for you, as parliamentarians, to assess the relevance or lack thereof of a program or to assess the relevance of ethanol as a way to reduce greenhouse gases. We will provide you with the information.

Now, you have given me the opportunity to repeat a point made by Neil Maxwell earlier and that you may not be familiar with. It's called strategic environmental assessment. Its purpose is to enable the government, in this case NRCan, to see the program as more than a program, i.e., as a way of considering the social, economic and environmental consequences. He was saying that strategic environmental assessment had never really been implemented in the federal government, even though it was a directive coming from the highest level of the Privies.

So there are tools to enable departments to make better choices. One of your colleagues was saying a bit earlier that he wished to be informed of the decision-making. I hope we will contribute to making things clearer for the government and the departments through our audit work. However, there are other tools: auditing, strategic environmental assessment, and strategies. It's all there. I have often said that the federal government did not lack tools, but did not necessarily use all of the tools in the tool box.

[English]

**The Vice-Chair (Mr. Lloyd St. Amand):** Mr. Arseneault.

[Translation]

**Mr. Richard Arseneault:** The life cycle of ethanol is a more scientific and technical question. There is a lot of literature on that, and various opinions are expressed. It is not an issue we deal with. We examine the implementation of programs and decisions made by the government in that respect.

• (1240)

[English]

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you.

Ms. Bell.

**Ms. Catherine Bell:** Thank you.

I have a question regarding forest policy and any work done around that, because forests are important to the climate of Canada, especially the boreal forest, a very large forest. I'm wondering if you've done any audits on forest policy, or an objective of how we use our forests. I want to know if they're being well managed, environmentally appropriately. And does the management meet the sustainable development objectives set by the government? If something has been done in the past, maybe you can point me in the right direction to access that.

**Ms. Johanne Gélinas:** I don't think we have done an audit related to forestry. I remember we looked at that a couple of years ago and there was no federal hook we could see so we could audit. We are the auditor of the federal government, and it's a shared jurisdiction, mostly in the domain of the provinces. So we haven't done anything.

Am I right in saying that? Okay.

**Mr. Richard Arseneault:** We haven't done anything, but there are areas the federal government is involved in, in terms of research. NRCan is doing research. They're doing research on forests and forestry in model forests across the country, but we've never audited that.

**Ms. Johanne Gélinas:** That gives me the opportunity to let you know we're there to serve you. There may be areas where you would like us to do some auditing in future, and without making any promises, this is something we will seriously consider as long as there is a federal mandate with respect to any issues you would like to bring to our attention.

**Ms. Catherine Bell:** I guess I still have lots of time.

**The Vice-Chair (Mr. Lloyd St. Amand):** Not that it has to be used, but you have a couple of minutes.

**Ms. Catherine Bell:** In your opening remarks, you talked about some of the ongoing audits. I know the climate change one is going to be reported soon. Is there anything ongoing you can talk about, that you're auditing next?

**Ms. Johanne Gélinas:** John, would you like to say a word about the next report, the 2007?

**Mr. John Reed:** Yes, right now our audit is under way for 2007. We've approached 2007 differently from any other reports in the past. In a nutshell, we've taken a decision that we are going to treat 2007 as a decade in review. It's an idea that fell from something Mr. Tonks raised many years ago in one of the environment House committee meetings, which I think he was looking for at that time: What's the big picture? We get audit after audit after audit, but what's the big picture?

So this year we decided to take a large number of issues, a suite of issues, for 2007 and answer some very focused questions about those issues. So in effect, you can expect to see us speaking to a range of issues, everything from contaminated sites, water management, biodiversity, abandoned mines, etc., all kinds of work we've done in the past, to be summarized at a very high level. So we're going to go in and, for each of those topics, pick some very high-level past commitments and tell a story about progress over a decade.

That's our plan right through that report. In addition, for both the sustainable development strategies and for the petitions process, we'll be telling a story about how those two initiatives have evolved over the 10 years, what results have been achieved, and how the processes, we think, can be improved.

**The Vice-Chair (Mr. Lloyd St. Amand):** Thank you, Mr. Reed.

Thank you, Ms. Bell.

I know at different times the witnesses or presenters were cut off. I don't want to turn this into an open mike session—absolutely not—but if there's anything one of the five of you wishes to say for a minute or so, you're welcome to do so.

• (1245)

**Ms. Johanne Gélinas:** Let me be the spokesperson for my colleagues.

I just want to thank you for this opportunity. Some of you are quick learners, obviously. I hope that a year from now we'll not be a well-kept secret for this committee. I'm hoping that we will have many opportunities in the future to have exchanges of information and that I can bring to you some of the key findings that came out of our audit work. So I hope it's just the beginning of a very strong relationship between my group and your committee.

Thank you very much, Mr. Chairman.

**The Vice-Chair (Mr. Lloyd St. Amand):** Allow me to extend to all you, on behalf of the committee, speaking collectively for the committee, our appreciation for your presentation and the answering of a multitude of questions. Thank you very much.

The meeting is adjourned.







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