



House of Commons  
CANADA

# **Standing Committee on Environment and Sustainable Development**

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ENVI • NUMBER 022 • 2nd SESSION • 40th PARLIAMENT

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**EVIDENCE**

**Tuesday, May 26, 2009**

**Chair**

**Mr. James Bezan**

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# Standing Committee on Environment and Sustainable Development

Tuesday, May 26, 2009

• (0900)

[English]

**The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)):** We'll call this meeting to order. It is meeting number 22 on the spring 2009 report of the Commissioner of the Environment and Sustainable Development.

I'd like to welcome Scott Vaughan, the commissioner. Today he has with him Neil Maxwell, assistant auditor general; Kevin Potter, principal; Eric Hellsten, principal; and Richard Arseneault, principal. Welcome to the table.

First I'd like to thank Mr. Scarpaleggia for covering for me for the last few weeks in my absence. I really appreciate that you took control of the committee, and I understand you guys had a great trip out to Alberta. I want to thank all committee members for their thoughts and support during that time.

Mr. Commissioner, the floor is yours.

**Mr. Scott Vaughan (Commissioner of the Environment and Sustainable Development, Office of the Auditor General of Canada):** Mr. Chair, thank you for inviting us this morning. I'm pleased to be here to present my 2009 spring report, which was tabled in the House of Commons on May 12. The May report comprises two chapters, "Protecting Fish Habitat" and the "Kyoto Protocol Implementation Act".

[Translation]

Let me begin with Protecting Fish Habitat. We examined the role played by two federal departments—Fisheries and Oceans Canada and Environment Canada—in the protection of fish habitat.

[English]

Fish habitat is a national asset. It provides food and shelter for aquatic wildlife as well as water for human consumption. The fish habitat protection and pollution prevention provisions of the Fisheries Act are important pieces of environmental legislation relating to aquatic ecosystems. In this audit we looked at ways Fisheries and Oceans Canada and Environment Canada carry out their respective responsibilities for fish habitat protection and for pollution prevention.

[Translation]

We found that efforts to protect fish habitat have been inadequate. In the 23 years since the habitat policy was adopted, many parts of the policy have been implemented only partially by Fisheries and Oceans Canada or not at all. This could be putting fish habitat in jeopardy. The department does not know whether there has been an

overall habitat loss or gain. For example, it has limited information on fish stocks, the quality of fish habitat, contaminants in fish and water quality nationwide.

[English]

There has been little progress since 2001, when we last reported that Fisheries and Oceans Canada could not determine the extent to which it is progressing toward the policy's long-term objective of a net gain in fish habitat. Fisheries and Oceans has made progress in implementing its environmental process modernization plan so that it can better manage risk that projects pose to fish habitat. However, the department has little documentation to show that it has monitored the impact on habitat that actually occurs, whether habitat was protected by mitigation measures the department required as a condition for improving certain projects, or the extent to which project proponents actually compensated for any habitat loss.

[Translation]

In addition, the department reduced enforcement activity by half and, at the time of our audit, had not yet hired habitat monitors to offset this reduction. We note that Environment Canada has not yet identified what it has to do to fulfil its responsibilities under the Fisheries Act related to prohibiting the deposit of harmful substances like pollutants into fresh water and coastal waters that contain fish. It has not established clear priorities or results. It does not have a systematic approach to addressing risks of non-compliance with the act that allows it to focus its resources where significant harm to fish habitat is most likely to occur.

• (0905)

[English]

Environment Canada does not know whether the results of its own administration of the Fisheries Act are sufficient to satisfy the strict prohibition against pollution that the Fisheries Act imposes.

Finally, Mr. Chair, we found little formal coordination between the two departments to set priorities or to develop common criteria for habitat protection.

[Translation]

The two departments have accepted all of our recommendations for this chapter.

Turning now to the Kyoto Protocol Implementation Act, the act was passed by Parliament in 2007. It requires the government to produce a plan each year showing how Canada will meet its obligations under the Kyoto Protocol by 2012. It also requires me to issue reports to Parliament on Canada's progress. This is my first report in accordance with these obligations.

The government has completed two climate change plans, which include targets for reductions in emissions of greenhouse gas within the Kyoto Protocol period, 2008 to 2012. We found that the plans do not include all of the information required under the act.

[English]

We found that the government will be unable to determine actual emission reductions achieved for each of the measures in its plans as the act requires. Without a system to count real emission reductions resulting from its measures, the government will be unable to inform Parliament whether the measures are working.

[Translation]

We also found that Environment Canada has overstated the expected reductions in greenhouse gas emissions for the 2008 to 2012 Kyoto Protocol period.

[English]

Lastly, the audit also found that the plans lacked transparency. For example, they did not disclose how reductions in greenhouse gas emissions could be affected by various uncertainties, including economic fluctuations.

[Translation]

Environment Canada has accepted most of our recommendations and has committed to follow through on them in the next climate change plan.

[English]

Mr. Chair, that concludes my opening statement. We will be pleased to answer questions.

Thank you.

**The Chair:** Thank you very much, Mr. Commissioner.

We'll kick it off with our seven-minute round. Mr. McGuinty, if you could lead us off, please do so.

**Mr. David McGuinty (Ottawa South, Lib.):** I have a series, Mr. Vaughan, of specific questions. On protecting fish habitat specifically, are the expenditures of Fisheries and Oceans Canada up or down with respect to enforcement and protection of fish habitat?

**Mr. Scott Vaughan:** Overall, we noted in the chapter that \$70 million was allocated for the entire program. We also noted that there was a reduction in the number of fisheries officers in certain regions in Canada.

Let me turn it over to Mr. Hellsten to give you a more precise answer.

**Mr. Eric Hellsten (Principal, Office of the Auditor General of Canada):** Thanks, Mr. Chair.

The expenditures that DFO is spending on fish habitat have remained about the same for the last five years that we looked at.

**Mr. David McGuinty:** Mr. Vaughan, I want to go to navigable waters and environmental assessment changes. I don't think your report speaks directly to this issue. You do talk about the essential nature of protecting fish habitat. Have you examined the changes in the NWPA and the massive changes to environmental assessment that have not seen the light of day through this committee or through Parliament?

**Mr. Scott Vaughan:** Thanks for the question.

No, the scope of this audit was to look at the application of the habitat policy. We've noted that among the triggers in that is CEAA, and we've looked at a sample of ministerial authorizations for which there was a CEAA trigger, but we haven't looked at the specific changes you've alluded to.

It may be of interest to the committee that we will be tabling a report in November of this year on the CEAA and its application.

**Mr. David McGuinty:** Can I go to some of your comments from just moments ago on the government's statements with respect to reductions it expects to achieve in greenhouse gases? How badly overstated are these numbers, or can you qualitatively help Canadians understand how deliberately overstated these numbers are?

●(0910)

**Mr. Scott Vaughan:** Well, there are two questions there. Going to the latter first, we wouldn't comment on intent. What I will say is that doing these estimations is complicated. Just to leave it at that, it's complicated to actually come up with accurate estimations.

On the first part, on how much of an overestimation, we probably have a ballpark of at least half, or perhaps a little more.

**Mr. David McGuinty:** Over half of the anticipated greenhouse gas reductions will not occur?

**Mr. Scott Vaughan:** We didn't want to get into specific numbers, but that would be a general estimate, yes.

**Mr. David McGuinty:** I'm not sure if you were appointed commissioner, Mr. Vaughan, when the former minister, now the Minister of Transport, went to a Senate committee and put up a very interesting slide show—he had a penchant for slide shows—when the Kyoto Protocol Implementation Act was being debated at the Senate. He showed up with a 20- or 25-page deck, which was projected, in which he had, in his estimation, completely costed the implementation of the Kyoto Protocol Implementation Act. That has since disappeared. We can't find that deck or that overture or statement anywhere. It's not public. It's not on websites.

If a previous minister was in a position to tell the Canadian people, with what we believe now were fictitious numbers, that he knew the cost of implementing the Kyoto Protocol Implementation Act, have you found any evidence anywhere to suggest that the government has costed the implementation of this act?

What number can we rely on here if over 50% of the anticipated reductions are overstated?

**Mr. Scott Vaughan:** Let me turn to my colleague Monsieur Arseneault on whether we've examined that.

In the chapter we looked at what was required within the act itself. We noted, for example, that some parts were missing, such as estimates on equitable distribution of reductions, as well as just transition of workers, which would get at some cost issues.

Perhaps Monsieur Arseneault can look at the more general question.

**Mr. Richard Arseneault (Principal, Office of the Auditor General of Canada):** The government itself, in its plans under the Kyoto Protocol Implementation Act, has said that it's not going to meet Kyoto. That's not news to anyone. I think it's been made public. The government instead is coming up with another plan, called "Turning the Corner", which is reflected in big part in the plans the government has produced under the Kyoto Protocol Implementation Act.

We looked at what they're proposing. It's a different baseline. It's no longer 1990, it's 2006. It's no longer the Kyoto Protocol objective of minus 6% based on 1990; it's 20% in 2020 and 50% or whatever in 2050.

So we looked at, for the Kyoto period—that's what the act requires—what they will be producing in terms of greenhouse gas emissions reductions. We saw that they will be accounting for credits given to industry for a technology fund, which won't represent real reductions during the Kyoto period. That's a significant part of the reductions, and those reductions are not, therefore, real during the Kyoto Protocol. They may happen later. That's not even certain, but they may happen later.

There are also other things the government is proposing, such as regulated codes of practice for fugitive emissions. They're assuming a compliance rate of 100%, which, based on previous audits that we've done on compliance....

You know, compliance is a difficult thing. You need to promote compliance and then you need to enforce compliance. It takes time. Therefore, it's unlikely that they would achieve 100% compliance right away.

**Mr. David McGuinty:** Let me ask one last question, if I could.

Commissioner, during the briefings I think you told us there were at least three plans—three plans tabled by the government, three years, three ministers. In any of the work they've done, any of the analyses you've performed, have you come up with any numbers, or has the government produced any numbers, on how high the prices for energy will increase under their plans, which will lead, of course, to an increase in the price of everything?

• (0915)

**The Chair:** Mr. Commissioner, I'll just let you know that Mr. McGuinty's time has expired. I would just ask you to make a very quick response.

**Mr. Scott Vaughan:** Yes. Thank you.

Under this we looked at two plans, the 2007 plan and the 2008 plan. One of the observations we made in relation to the transparency issue was that it wasn't clear what the assumptions were, within the business-as-usual scenario, on what the energy prices would be, including volatility and some price range.

**The Chair:** Thank you.

*Monsieur Bigras, sept minutes, s'il vous plaît.*

[Translation]

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Thank you, Mr. Chair.

First of all, I would like to thank you for your report. It is too bad that it was submitted when the committee was away on business in Alberta.

[English]

**The Chair:** Just one minute, please.

We have a technical difficulty. Our interpreter is actually by herself back there. She will have to make a phone call.

We're going to suspend the meeting briefly to allow interpretation to get set up properly.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

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• (0920)

**The Chair:** I'll call the meeting back to order.

*Monsieur Bigras, s'il vous plaît.*

[Translation]

**Mr. Bernard Bigras:** Thank you very much, Mr. Chair.

I want to thank the Commissioner for his report, which was unfortunately submitted while the committee was away on business in Alberta. It provides us with an update on the Canadian government's progress with respect to climate change policies, programs and plans.

When the government was elected in 2006, it undertook a program review. Treasury Board examined all of Environment Canada's and Natural Resources Canada's programs. It evaluated those programs using three categories: the first involved programs that it recommended be renewed; the second, programs that it recommended be cancelled; and the third, those that it recommended be reviewed. I believe that the review was done in 2006. The goal was to see whether the previous government's programs had met their greenhouse gas reduction targets. I remember that certain programs ended up being cancelled.

If I understand correctly, the government introduced a program audit procedure. How is it that the government is now having difficulty making the connection between the performance of these programs and reductions in greenhouse gas emissions, when Treasury Board established a program specifically for that purpose?

Are you saying that the government does not have a system in place? Commissioner, in your speaking notes, you said that without a system to measure the reduction in greenhouse gas emissions resulting from these measures, the government cannot tell Parliament whether the measures are productive or not.

How is it that, in 2006, the government was able to put in place a procedure to audit the previous government's programs, when it is unable to put in place a system to evaluate its own programs?

**Mr. Scott Vaughan:** Thank you for your question.

In terms of the Kyoto Protocol, as you said, we found that there was no appropriate system to measure the reductions resulting from various measures. There is a national system that evaluates all greenhouse gas emissions. However, there is no system to evaluate the reductions resulting from each measure.

We also found that this system was very complicated. There are one or two examples in other countries.

I think that Mr. Arseneault could elaborate on this.

**Mr. Richard Arseneault:** I believe you are talking about a government evaluation program. It is indeed in place. Every five or seven years, requests are made, and the government has to re-evaluate its programs. The government has not been in power long enough to have evaluated all of its programs, but it plans to do so. It will be done in the future.

In this chapter, we indicated that the government is able to forecast the reductions that it will achieve through various measures in its action plan. But how is it that the government is not able to evaluate them after the fact? That is the question we asked. We made a recommendation, and the government has responded.

**Mr. Bernard Bigras:** If I understand correctly, according to the very telling table on page 67 of your report, the major emitters are not expected to achieve any reductions in greenhouse gas emissions in 2008 or in 2009. Is that right?

The plan seems to rely heavily on the assumption that the large industrial emitters will invest credits in a technology fund. That is what I understand. I recall that when we studied the government's plan, Matthew Bramley of the Pembina Institute said that these technology funds were merely ways to circumvent the reduction of greenhouse gas emissions. I also recall that the Pembina Institute identified a certain number of loopholes in the plan, one of which was investing in technology funds.

Can we confirm that the plan that was put in place will not help achieve any real reductions, as the plan indicates, but instead, that it aims to put off real reductions in greenhouse gas emissions? Can we also say that the plan forecasts reductions, but there is no certainty that they will be achieved?

• (0925)

**Mr. Scott Vaughan:** I will answer in English.  
[English]

Let me start by saying that in the chapter we have not measured actual emission reductions. You've noticed that in 2008-09 it's zero. I think the UNFCCC had said it's too early for any country to measure actual reductions for 2008. Our approach from the beginning was to

look at the architecture or the preparedness in place for eventual reductions. That's just as a first statement or context.

For the technology fund, the government has set a 30-megatonne reduction for 2010. We've said that's not realistic, for different reasons. One was that the purpose of the technology fund is to develop new technologies. We've said that to develop and deploy new technologies, as well as then to measure actual reductions and to verify those reductions, is going to take longer than the next 18 months. That's the first thing.

The second thing is, if you're referring to the testimony of the Pembina Institute, there's a difference, as we noted in the chapter, between booking a credit and booking an actual reduction. That is why Monsieur Arseneault said, in the earlier statement, part of the reason for the overstatement is that the Kyoto Protocol and the KPIA require the government to disclose its actual reductions and not its credits. We said there's a lack of clarity or certainty between where the credits are booked and when the actual reductions will occur and in what year.

**The Chair:** Thank you.

Mr. Cullen, I'm glad to see you here.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** It's nice to be back.

First of all, I apologize for missing your presentation.

I have a quick question on the fisheries component. There's a federal-provincial agreement around the tar sands in Alberta to have joint management, but the group hasn't met for a couple of years.

I'm not sure who I'm referencing, because everyone is looking at each other and getting worried.

Do we know whether the pollution prevention requirements that have been signed on to by the federal and provincial governments are actually being taken up with regard to the tar sands?

**Mr. Scott Vaughan:** Let me turn it over to Mr. Maxwell.

But on the first point, you're correct. As we've noted in the chapter, a committee has been set up in order to administer the agreement between the federal government and Alberta, but it has not met for the last two years.

**Mr. Neil Maxwell (Assistant Auditor General, Office of the Auditor General of Canada):** Thank you, Mr. Chair.

I should say, we were just looking back and forth at each other because we're all chomping at the bit to respond to that one.

There are really two concerns. Scott has mentioned the first one. They've set up this agreement, and one of the key things was an oversight committee that hasn't functioned as set up in the agreement.

The second concern we have is an example of a broader concern, which is that the department is relying a lot on other jurisdictions to help administer and fulfill the requirements of this act, without actually assessing whether those arrangements are working for it.

**Mr. Nathan Cullen:** So the federal government has full and constitutional responsibility for these things. It sets up provincial agreements but does not do the oversight to ensure that those responsibilities are actually met.

**Mr. Neil Maxwell:** In essence, yes.

**Mr. Nathan Cullen:** That's traumatic. For the government to pass off that responsibility under the Fisheries Act, one of our oldest and strongest acts, is worrisome to me.

Did the government use any methodology? You mentioned a reduction in fisheries officers in some regions. Was there any methodology used?

I'm from the west coast. We have lost a number of fisheries officers and we can never understand what the actual logic is. It's not as though fisheries are strengthening in terms of our stocks or habitat management. Do we find any assessment of the government choosing to fire 10 officers here and put them somewhere else or just never replace them?

**Mr. Eric Hellsten:** No, we didn't see that, but we do understand that there was an increase in fisheries officers previously. It's basically a reduction of those additional officers. That was also done with the idea that there would be habitat monitors in the habitat program itself who would be replacing them, which hadn't happened at the time of our audit. Has it since happened? We don't know.

• (0930)

**Mr. Nathan Cullen:** Does the government know?

**Mr. Neil Maxwell:** Well, they're planning to do so.

**Mr. Nathan Cullen:** So they're firing some fisheries officers with a plan to replace them with something else, but there's no accounting as to whether they actually did.

I want to get to this accountability thing. This has been something for the government for a long time, in terms of being able to account for what, and what's legitimate and what's not. You talked about potentially a 50% overstatement of the government's abilities to meet greenhouse gas reductions. Is this in their own planning, or is this in response to the Kyoto Protocol Implementation Act?

**Mr. Scott Vaughan:** This would be the overestimate, based on the government's own estimates that they put forward for their climate change plans in 2007 and 2008.

**Mr. Nathan Cullen:** It seems to me that one of the challenges with something like greenhouse gas emissions is that if you don't have a system for counting or measuring, you simply can't manage the program. You can't tell what's effective, what's not effective. You can't come forward to Canadians and say that we spent this much money and reduced this amount of greenhouse gas emissions and that this was better and this was worse. Is that a fair statement?

**Mr. Scott Vaughan:** That's an observation we made in the report. First, we've said there is a national inventory. The latest figures came out at the end of April. The national inventory the government maintains is credible by any international standard of the UNFCCC.

What we've said and what KPIA required is for the government to state reductions per measure, showing the causal or the linear relationship between the measure and actual reductions, in the sense that—

**Mr. Nathan Cullen:** The government has done that in public statements. They've shown that causal link and said, we are going to do this program and we're going to take half a million cars off the road. I've seen that many times from the government.

I'm trying to understand the reality of what Canada can expect from its spending and from its programs. You're saying there is not that link.

**Mr. Scott Vaughan:** What we've said is that there is not that link, and this may be an example of getting the department to.... They have the response in the chapter and they've said how they're going to do some of the estimates, but I think the department would have a better idea of how they're actually going to do these measurements. What we've said is that KPIA required a measurement. We've looked at it and we said, is there one, yes or no? No.

**Mr. Nathan Cullen:** This reminds me very much of hearing from auditors after they've gone through the books of an Enron type of company and they've said that what was an actual credit on the books versus an actual amount of money was indecisive or uncertain or just not true; companies were taking credit for money they didn't have or assets they didn't have, and the books get cooked.

I'm looking at this. You mentioned earlier that the government is taking credit for something versus the actual reductions, which is cooking the books. It's trying to get to a number of reductions without being able to verify those numbers with a straight face. This is a great concern as we head into Copenhagen, when our government has to negotiate with the world as to what our commitments will be, if at the present time the government does not seem to be committed to being straightforward and forthright with what their own plans to this point are.

A 50% or some half amount overstatement is enormous, is it not? I'm trying to find the scale and scope of these things. We understand that you can be a little bit off. Some of these things are hard to measure, as you've said, but they're not that hard to measure. To be so dramatically wrong, it's almost like the deficit numbers this government runs. They seem to miss by a lot, and that's a concern to me.

**Mr. Scott Vaughan:** As we've said, one of the key observations in this audit is that the government overestimated the numbers. The consequence of the overestimate—it's an obvious point, but it's worth restating—is that the gap between the Kyoto target and the actual emissions is going to go up. If you overestimate reductions, it means you've actually not taken into account actual emissions.

What the government has said is that the gap is 31%. As a consequence of that overestimation, that gap will be larger at the end of the Kyoto period.

**Mr. Nathan Cullen:** And there's also a credibility gap here at this point. In terms of believing what the government puts forward in future plans, based upon what you've given us today, I just don't know how the government expects credibility.

How am I doing for time, Chair?

**The Chair:** Your time has just expired.

**Mr. Nathan Cullen:** Thanks, Chair.

**Mr. Scott Vaughan:** Mr. Chair, may I just quickly respond to that question?

One of the things we've noted in the chapter is that there have been improvements in the plans between 2007 and 2008, not on the overestimation, but in some of the other areas there were more details, and there were improvements in a couple of areas. Nevertheless, the overestimation problem remains.

● (0935)

**The Chair:** Thank you.

Mr. Warawa, you have the floor.

**Mr. Mark Warawa (Langley, CPC):** Thank you, Chair.

Thank you, Commissioner, and the officials.

Chair, it's good to have you back. It's not that Mr. Scarpaleggia didn't do a good job, but it is good to have you back.

I'm just looking at page 3, line 15 of your presentation today, and this is focusing on the Kyoto Protocol Implementation Act. It says, "It requires the government to produce a plan each year showing how Canada will meet its obligations under the Kyoto Protocol by 2012".

You, the commissioner, and your office are tasked with making sure that you're auditing whether the government is doing that. But I would ask you first of all, what is the government's position on Kyoto?

**Mr. Scott Vaughan:** First, thanks for the question.

I think in the plans for both 2007 and 2008—Mr. Arseneault can correct me if it's not in both—the government stated that it will not achieve Canada's target under the Kyoto period.

**Mr. Mark Warawa:** Thank you.

The Kyoto Protocol was ratified by Canada in 2002 under a previous Liberal government. If we go back to 1993, the previous Liberal government talked a lot about greenhouse gas emissions and their commitment to reduce greenhouse gas emissions, and the Kyoto Protocol was ratified. We've said clearly that because of the Liberals, when they were government, not doing anything on Kyoto, not taking Canada in the right direction.... When we took over government, it was under the Hon. Rona Ambrose, who quickly found that it was impossible for Canada to be able to meet the Kyoto targets because of 13 years of inaction from the previous government. She was criticized for that, but that was the truth.

So when we became government.... Then in 2006, along came Bill C-288, and it was ironically a Liberal who introduced Bill C-288. That is the Kyoto Protocol Implementation Act, supported by my friends across the way—the opposition members—and we ended up

in a minority government with Bill C-288, which requires the government to honour the Kyoto Protocol. The previous government didn't do anything about meeting that Kyoto Protocol, but you are tasked with the government now making sure that we are going to... yet we have said we're not going to be able to meet those targets.

It puts you in a very interesting situation. Some would call it the meat in the sandwich, but it puts you in a difficult situation. As Canada prepares, with the clean air energy dialogue ongoing with the United States, with the Obama administration, and our international partners preparing for a post-2012 agreement that will be culminated in Copenhagen in December, the Kyoto Protocol does not include countries like China, India, and the United States. To globally reduce greenhouse gas emissions, you have to have all the major emitters at the table participating in an agreement that will reduce greenhouse gas emissions globally.

That's why post-2012 is so important, that we do have an agreement that includes everybody, and that's the direction the world is heading in. What you're tasked with, and the government has submitted that we will not be able to meet Kyoto targets, is kind of an ironic situation. Someone even suggested that Bill C-288 is no longer relevant because this is not the direction the world is going in, giving a pass to the major emitters. The world has moved on and is heading in a direction, preparing for Copenhagen, where all the major emitters will be participating.

Anyway, you are tasked with auditing. I only want to back us up a little bit.

On November 7, 2006, during consideration of Bill C-288, Claude Villeneuve from the University of Quebec said, and I would like to quote him:

In closing, I'd like to comment on the bill. This bill would have been excellent if it had been introduced in 1998.

Actually, this bill cannot be valuable if tools to reach it are not available.

Two days later, on November 9, Dr. Mark Jaccard said:

When someone said, "This is a good bill for 1999", I would say, "No, it still doesn't give you enough timeframe."

My question for you is on timeframe. Since the Kyoto Implementation Act was introduced in June 2007, is two years a reasonable amount of time to implement these targets that the government is saying are not achievable?

● (0940)

**Mr. Scott Vaughan:** Thanks for the question.

Let me first say that under the law we are required to do two things, and the honourable member is right that we were required to provide an analysis of Canada's progress in meeting its obligations under the Kyoto Protocol, but there was a second part. It is to provide an analysis of Canada's progress in implementing the climate change plans. So we viewed our mandate as twofold: one was within the strict Kyoto targets, and second, the overall implementation of the plans that had been presented by the government.



In terms of the reasonable timeframe, I don't think it would be appropriate for me to comment. I think what we looked at very strictly is what the law required us to examine. We kept a very straight and narrow interpretation of what the scope of this was, and this is what we presented and tabled to Parliament in this audit.

**Mr. Mark Warawa:** I appreciate that.

Have I any time left?

**The Chair:** You have time for a very short question.

**Mr. Mark Warawa:** Okay.

Your findings were strong. Could you comment generally on the response to your recommendations by the government? Did you find the response equally strong?

**Mr. Scott Vaughan:** Thank you.

You can see in the chapter that we made a number of recommendations. Environment Canada, on behalf of the government, has accepted all the recommendations short of one, which is on the measurement issue. However, at the same time, on the measurement issue as well they have said they disagree, but they're also going to examine how to improve their measurement of reductions for each of the 19 measures in the plans.

We have a legal obligation to go back and do this again in two years. As in any audit, we'll look at what the response of the department has been. We'll hold the department to their word on their responses, and we'll go back to see how the progress has been.

**Mr. Mark Warawa:** You found that this has been a problem for many years with regard to fisheries and greenhouse gas emissions. This has been an ongoing problem. Are you finding our response as strong as your recommendations?

**Mr. Scott Vaughan:** On the fisheries it is different. As we said at the beginning, this has been around for 23 years. This is not a new policy. The Fisheries Act is 140 years old. These are long-standing issues from 2001 and earlier on a number of the problems we've identified yet again in this audit. The responses from the departments are indeed focused. They are precise. We'll see what action plans the departments have put forward in order to put those responses into action.

**The Chair:** Thank you very much.

We'll start off our five-minute rounds with Mr. Scarpaleggia.

**Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.):** Thank you, Mr. Chair, and welcome back.

I just want to make a couple of points of clarification, one being that Mr. Warawa is correct that Canada ratified the Kyoto Protocol in 2002, but it only came into force on September 30, 2004, when Russia finally ratified it. Also, I would point out as a point of information that the Kyoto Protocol was the outgrowth of the United Nations Framework Convention on Climate Change, which was signed by the Conservative government in 1992. But I digress.

I would like to speak a bit about your Fisheries and Oceans chapter. As I understand it—and these are sort of layman's terms—there is no comprehensive database of fish habitat in Canada. Is this an impossible task? Is this like nailing mercury to a wall? Is this something that we can never really get a grip on, or is it feasible?

**Mr. Scott Vaughan:** Thanks.

I'll turn it over to my colleagues, but just as a general observation, we've said that the government doesn't know the number of habitats, the condition of the habitats, or the risks. They've said, in order to get a sort of stylized version of it, they would develop indicators based on ecosystems to get some sense of the number of habitats. That was a promise made several years ago. The indicators are still not available, but let me turn it over to my colleague.

● (0945)

**Mr. Neil Maxwell:** I have not much to add, Chair, to Scott's response, other than to say that we know how important this is. It is certainly not a simple task, but we pointed it out before in audits. The policy under which this is required is now 23 years old. There have been several questions about the quality of responses. The department's response in this instance is that it is a difficult task but they'll keep working on it. This and many of the other responses are ones on which you might well want to have the department itself here to convince you, to assure you that they really are working diligently on it.

**Mr. Francis Scarpaleggia:** I'd like to mention an important point you made in the third paragraph of your presentation. You said that fish habitat is a national asset. Then you went on to mention that it not only provides food and shelter for aquatic wildlife, but also water for human consumption. So if the fish habitat are healthy, we can have some confidence in our drinking water.

I'd like to go back to the issue of fish habitat and link it specifically to oil sands development. I'll read something from the Canadian Environmental Assessment Agency and the Alberta Energy and Utilities Board joint review panel report on a project proposed by Shell Canada. It says here:

DFO noted its concerns regarding the cumulative environmental effects on fish and fish habitat as a result of the successive elimination of watercourses and cumulative water withdrawals. The lack of baseline data

—and this goes to what you were saying—

on aquatic resources, coupled with the lack of functioning examples of replacement habitat similar to that proposed by Shell, increased its concerns.

Am I correct that even though we have joint management programs, it's very hard for the federal government to make a firm point on anything if it doesn't have the data to back up its arguments? In other words, information is power, and if you're in a joint process and the other side has all the information and you really have nothing to back up your concerns, then you're unable to effectively implement your constitutional responsibilities.

Do you see it that way a bit?

**Mr. Scott Vaughan:** One of my common themes since I've been here is the issue of measurement. If you don't have baseline information, you don't know, Canadians don't know, and members of Parliament don't know if conditions are getting better or worse, if programs are working or not, or if environmental risks are getting higher or lower. So if you don't know the number of habitats and their condition, it's very difficult to see whether or not the stated policy of no net loss and direction toward a net gain is being achieved. Those are quantitative indicators, so without the information, I think your characterization is correct.

**Mr. Francis Scarpaleggia:** When Fisheries and Oceans decide to give a permit for a new oil sands project, they essentially seem to be saying, "We're going to give you the permit for socio-economic reasons because we can't put conditions on the permit or stop the project even temporarily on scientific grounds." Is that sort of the way it works? It seems that you apply for a permit from Fisheries and Oceans and get it, even though the joint review panel report said, "We're giving you the permit, but we really have concerns because we don't know what's going on."

**Mr. Neil Maxwell:** I'll start by speaking more generally than about the oil sands specifically.

We had a lot of concerns about how Fisheries and Oceans was dealing with development projects of any sort. We had a lot of concerns about improper quality assurance. When we looked at files on projects, whether it was the oil sands or any other ones, we found that a lot of things were absent that the department says officers are supposed to have before them on which to base those decisions. So we had quite widespread concerns. I won't elaborate now, but I'd be happy to later on, if you wish.

The other point on the way the referral system works is that.... I've lost my train of thought. I'm sorry.

• (0950)

**Mr. Scott Vaughan:** There are conditions on applications, but there are different levels. As Mr. Maxwell said, there are CEAA triggers to do an assessment as part of administrative authorization. There are letters of advice that require a developer to do an evaluation of mitigation. There are several layers to ensure protection. What we saw from the samples is that there are big gaps in the required steps. There were things missing, weaknesses, and lack of fundamental documentation.

**The Chair:** Can I follow up just briefly? The recommendation in section 1.120 is that Environment Canada should review existing regulations under the Fisheries Act. The government's response is that they're going to monitor a number of different effluent regulations for meat and poultry products, petroleum refining, and so on.

One thing that's not in here is the mining industry and the way those effluents from the tailings ponds are handled and whether you looked at that.

**Mr. Kevin Potter (Principal, Office of the Auditor General of Canada):** Those regulations have been updated quite regularly over the last number of years. The mining regulations and pulp and paper are the two regulations that have been maintained current, as we've said in the report.

**The Chair:** We'll have a very quick response from Mr. Maxwell.

**Mr. Neil Maxwell:** Thank you. I got my memory back.

The second point is a very important point. We talk and hear about certain projects being special in that they're very large-scale. The way in which most projects happen is that it's possible to have some other compensation. When you're talking about a very large-scale project, such as the use of an existing lake as a tailings pond, our concern is that the department really doesn't have a policy in terms of what it does in those kinds of situations. The good news is that they're working on a policy. But again, there isn't one in place.

**The Chair:** Thank you.

Mr. Woodworth, the floor is yours.

**Mr. Stephen Woodworth (Kitchener Centre, CPC):** Thank you very much.

I have a few questions about what I like to think of as the "lemonade bill", the Kyoto implementation bill. I refer to it as the lemonade bill because for 13 years the former Liberal government served up nothing but lemons on the greenhouse gas emissions issue. Then in 2007 it came along and passed this Kyoto Implementation bill to require our government to make lemonade out of all those lemons.

I must say, I thought I had lost my capacity to be surprised by the Liberals, but I was really surprised to hear this morning a Liberal member referring to the fact that the Russian government didn't ratify this bill until 2004, making it sound as if that was somehow an excuse for the Liberal government to have done nothing from the time it signed on to Kyoto in 1997 until 2004. It seems to me that this is stretching even Liberal incredulity.

However, I understand from your report that the government's plan looks at trying to achieve 80% of its reductions in the industrial sector. Did I understand that correctly?

**Mr. Scott Vaughan:** Under the regulatory framework, 80% of the expected emissions come from the industrial emitters.

**Mr. Stephen Woodworth:** You know a little bit about this, having studied it. Does that sound like a reasonable allocation of emissions reductions?

**Mr. Scott Vaughan:** Well, it probably wouldn't be for me to comment. I think, being reasonable, what you want is to get the largest sources. Environmental policy looks generally at addressing point sources of emissions. Those are the largest emitters.

**Mr. Stephen Woodworth:** That's what I thought. Thank you.

As I understand it, there are 14 industrial sectors, and several hundred facilities in those 14 sectors, where the largest emissions occur. Am I reading your report correctly on that?

**Mr. Scott Vaughan:** Sorry, I missed that. Would you mind repeating that?

**Mr. Stephen Woodworth:** Sure. I understand from your report that in the industrial sector, where the largest emissions might be found, there are some 14 sectors and several hundred facilities putting out those emissions. Is that correct?

**Mr. Scott Vaughan:** Yes, that's correct.

**Mr. Stephen Woodworth:** I understand that one of the issues you've discovered is that there is no system to count the real reduction in emissions from those hundreds of facilities at this time. Is that correct?

**Mr. Scott Vaughan:** That's correct, yes.

**Mr. Stephen Woodworth:** What I'm wondering is whether you saw any evidence that this had been addressed at all—that is, the development of the means of counting real reduction emissions from these largest emitters—from 1997 to 2006.

● (0955)

**Mr. Scott Vaughan:** Within the scope of this audit, we looked at what the act required us to examine, which is the government's plans, 2007-08, in the context of the KPIA act.

**Mr. Stephen Woodworth:** That would involve....

**Mr. Scott Vaughan:** We didn't look at previous plans.

There have been previous audits that have looked at past performance of the government. I believe there was one done in 2006.

**Mr. Stephen Woodworth:** Can you tell me whether any previous audit, to your knowledge, found that the former Liberal government, between 1997 and 2006, put into place any system to count real emissions reductions from these largest industrial emitters?

**Mr. Richard Arseneault:** When we looked at the situation back in 2005 and we reported in 2006—there was a change in government at that time—we saw that the government was putting in place a plan to do just what you said. They were not doing it at the time; they were planning on doing it, but the government changed.

**Mr. Stephen Woodworth:** So from 1997 to 2006 the Liberal government was planning on it, but didn't do it. Is that what you're saying?

**Mr. Richard Arseneault:** During that period the government came up with a series of plans, some of them were related to energy efficiency, which continued under the new government. In terms of industrial emissions, they were coming up with an approach similar to what the government is now proposing, but it was never put in place because they left power.

**Mr. Stephen Woodworth:** Well, that's one way of looking at it, I suppose. But to say they left power in 2006 doesn't really explain why it wasn't put in place between 1997 and 2006—unless, of course, we want to blame the Russians.

I want to clarify one point about the phrase in your report regarding the Kyoto Protocol time period of 2008 to 2012. Looking at that with fresh eyes and knowing nothing about it could lead to the interpretation that that's when the emission reductions were supposed to occur, but in fact that Kyoto timeframe of 2008 to 2012 actually isn't when the emission reductions were to occur; they were to have been completed at some point during that timeframe. Is that correct?

**Mr. Scott Vaughan:** That's correct. Under the Kyoto period and the rules of the Kyoto Protocol, parties that are subject to those reductions are to report within the Kyoto period.

What augments that or is in addition to that is under the KPIA itself it requires a year-by-year, measure-by-measure reduction or accounting system.

**The Chair:** Your time has expired, Mr. Woodworth.

Mr. Ouellet, you have five minutes.

[Translation]

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Thank you, Mr. Chair.

You can relax. My questions are not intended as accusations against the government.

In your report, it is not clear who has jurisdiction over fish. We know that river beds and water are under provincial jurisdiction. However, once fish are on the boat, they are under federal jurisdiction until they get to the wharf.

When you evaluate fish habitat, how do you divide the responsibilities between the province and the federal government?

**Mr. Scott Vaughan:** Thank you for your question. It is complicated for me, as well, but my colleague Mr. Maxwell will be able to answer.

**Mr. Neil Maxwell:** It is very complicated, indeed. If you do not mind, I will answer in English.

[English]

Because of the split of jurisdictions, Mr. Chair, one of the key things we looked at for both the relationship of DFO with the provinces and Environment Canada and the provinces was to ask if they had agreements in place, and secondly, if the federal departments know whether or not those agreements are working satisfactorily in terms of the agreement that has been entered into by two consenting parties.

[Translation]

**Mr. Christian Ouellet:** So you would not respond in the same way if it was Alberta as opposed to Quebec because the agreements are not the same. Is that right?

**Mr. Neil Maxwell:** Yes, that is correct. The agreements are different from province to province.

● (1000)

**Mr. Christian Ouellet:** Okay.

You mentioned a measurement mechanism to reduce greenhouse gas emissions. If you say that Canada has not established such a mechanism, that means that other countries have. You said that we have not conducted any quantitative studies here; what are you basing that on?

**Mr. Scott Vaughan:** One of the problems is that there is no model. Approaches vary from one country to another. One of the objectives of the Copenhagen meeting was to develop a standardized model for measuring all reductions in greenhouse gas emissions. At another meeting, I saw that England and Sweden had systems for measuring reductions in greenhouse gas emissions. In any case, one size does not fit all countries, and that is one of the problems. The U.S. has its approach, and other countries have theirs.

**Mr. Christian Ouellet:** Is there an effort to develop a model in Canada? Did you find that anything had been done on that front?

**Mr. Scott Vaughan:** Environment Canada said that it was not possible to develop a model to measure all reductions, but it also said that it had made efforts to increase or measure reductions.

Mr. Arseneault, that was the gist of their answer, was it not?

**Mr. Richard Arseneault:** Yes, absolutely. I have nothing else to add. The government is working on an approach.

**Mr. Christian Ouellet:** As someone who has worked in this area, how long would you say it will take before we have a model that we can use to carry out valid evaluations?

**Mr. Richard Arseneault:** In order to do an evaluation, the thing being evaluated needs to have been in place for a certain period of time. We cannot evaluate something new. We have to allow time for implementation, and that takes several years. Therefore, we have to wait a certain number of years because the 2007 plan, the 2008 plan and even the government's other plan, called Turning the Corner, are relatively new, young. A certain number of years has to go by before we can evaluate how the various measures have performed.

That explains the difficulty we had in terms of observation: we were not looking at things that were necessarily in place, only things that were being developed. It is difficult for auditors to provide clear findings in such cases. We did what we could with what we had. We used the government's own data and were able to carry out an analysis based on that.

**Mr. Christian Ouellet:** In other words, Environment Canada currently has no evaluation tools. Is that right?

**Mr. Richard Arseneault:** If we consider the various measures, there are different tools, but there are no comprehensive tools.

**Mr. Christian Ouellet:** There are no comprehensive tools.  
[English]

**The Chair:** *Merci.*

Mr. Calkins, the floor is yours.

**Mr. Blaine Calkins (Wetaskiwin, CPC):** Thank you, Mr. Chair.

It's certainly a pleasure to welcome you back. It's certainly good to see you here and know that everything is well.

I'd like to thank you for being here today. The nature of the questions I'll be pursuing will deal with fisheries.

Could you just enlighten the committee here, without getting into specifics—I don't need any names or résumés—as to the expertise contained in the office that worked on the audit pertaining to knowledge regarding fisheries and aquatic sciences?

**Mr. Scott Vaughan:** This was actually a considerable undertaking. This was two different teams. It was headed by Mr. Maxwell.

**Mr. Neil Maxwell:** Thank you, Chair.

This was a particularly strong team in terms of knowledge and background. The two principals who are here, Kevin Potter and Eric Hellsten, have spent many, many years—actually, probably longer than they wish to admit—in audits in this area. Kevin and I both were involved back in the 1980s—and we did supplement. In general, when we need special expertise we supplement it. We had,

for example, an environmental lawyer as part of this team for about a three-month period. So we get expertise where we need very specific expertise, in addition to what we're able to provide in the Office of the Auditor General.

**Mr. Blaine Calkins:** Is that expertise as it pertains to auditing or expertise as it pertains to science-based knowledge of fisheries and aquatic sciences? Or is it both?

**Mr. Neil Maxwell:** Primarily it's auditing. It's expertise that has been gained over, as I say, several decades of work and awareness of these issues. We refer quite often in this report to the fact that many concerns remain that were identified in previous audits and that the department said that it was going to act on. So it really is knowledge that we've gained on the ground.

We do have an advisory committee, I might add, for all our audits, in which we bring in that kind of specialized expertise. So we bring external experts in at key milestones in a project to make sure that we're not off base in terms of science.

• (1005)

**Mr. Blaine Calkins:** Very good. Thank you for that.

I understand that sometimes you get asked difficult questions pertaining to policy, which is the realm of politicians, so I'm not going to ask you specifically about whether you think a policy is a good policy or a poor policy. But as it pertains to the fish habitat management program, was the assessment of the policy objectives and the plans in place more relevant in your study, or was it more relevant to measure successes or failures in relation to the plans that were set out from the policies? If you understand the nature of my question...what I'm asking is, were the plans sufficient in order to fulfill the policies? And if so, what's your assessment of the overall plans in relation to the policies? Were they adequate, and would they stand the test? And would you know if they were or were not?

**Mr. Scott Vaughan:** I'll turn this over to Mr. Hellsten, but I think we looked at both. We looked at the overarching policy objective of the habitat policy, but then more specifically we looked at the internal systems and controls that were in place by Fisheries and Oceans as well as Environment Canada—these are their systems—to provide assurance that the goals they have set were being met. So we've looked at both. We looked at the overall policy and then we looked at the systems and practices in place, and we said that the systems and practices were deficient. There were gaps, and overall quality assurance was lacking within their systems.

**Mr. Blaine Calkins:** So the issues you have then pertain more to the ability to deliver on the plan rather than the actual quality of the plan itself as it relates to achieving the objectives of the policy.

**Mr. Scott Vaughan:** We wouldn't look at the overall quality of the policy objectives. We looked at the quality of the delivery within the departments.

**Mr. Blaine Calkins:** So you wouldn't be able to provide this committee with any knowledge or any expertise as to whether or not the actual implementation plans were sufficient to meet the policy objectives.

**Mr. Neil Maxwell:** I might just clarify. I think on the latter, we are able to say whether the policy has been implemented as it was set out. I'll give you a very concrete, explicit example, and we talk about various policies here. The key one is the 1986 habitat policy, and our concern led to a recommendation that said that after 23 years, a number of aspects of that policy have not been implemented. Our recommendation was to say that after 23 years, you either have to confirm that you still intend to implement that part of the policy or tell Canadians what your game plan is.

**Mr. Blaine Calkins:** Very good. In your presentation, Mr. Vaughan, in paragraph 6, following on the line that Mr. Maxwell has just started, in the 23 years since the habitat policy was adopted, many parts of the policy have been implemented only partially by Fisheries and Oceans Canada or not at all, and then you say this could be putting fish habitat in jeopardy. But you simply don't know, do you? You simply know what you can measure by what's documented within the department.

**Mr. Scott Vaughan:** I think that's a fair characterization. We didn't go and do a field testing and say these will be the results. You have to assume the systems are in place for a reason, and in this case the reason is to protect fish habitat. If the systems aren't working, I think the conclusion is therefore that the habitats are at risk, but we didn't go and do a field test to look at different sites to see whether or not conditions have improved. That's the role of the government.

**The Chair:** Thank you, Mr. Calkins.

Mr. Trudeau.

**Mr. Justin Trudeau (Papineau, Lib.):** Thank you. I'm very pleased you're here today, Commissioner, although all these discussions about who did what in the past and the finger pointing leaves me worried about where we are right now. We have a government that has been assuring Canadians that it's acting on the environment. We have a Minister of the Environment who is reassuring Canadians about what they're doing toward the environment, but we're hearing from you that the metrics, the measurements, the science on protecting fish habitat, on reducing greenhouse gas emissions, whether it's within the Kyoto Protocol or not, reducing greenhouses gas emissions is simply not there.

Is that a fair characterization, that the science is simply not being done at present in Canada to monitor our impact on the ecosystems around us, whether it be atmosphere or fish habitat, in this case?

• (1010)

**Mr. Scott Vaughan:** Thanks very much for the question. I wouldn't want to stray beyond the two audits that we did put forward, and we didn't look at the scientific capacity of the government. I think your characterization on the measurement side, there were gaps.... I don't think this is a question of science as much as it is a question of whether there are measurement systems or accounting systems in place.

I think on the fish habitat it's a little bit different. There were some problems or commitments related to ecosystem indicators. By definition, those are based on science, and those have not yet been produced.

But I will say, just to remind the committee, that we were here in March and we said the development of the air quality health indicator was a model of using good science. So I wouldn't want to

stray into a general characterization of the government's capacity on science.

**Mr. Justin Trudeau:** Fair enough, but the concern that was raised in terms of removing environmental assessments for projects of a certain size or smaller, seeing that it's being doubled up on what's already being done...we get an impression from this government that they're able to remove environmental assessments because there's so much of it, too much of it even, that is going on in the name of red tape.

Your findings seem to contradict that, that there is not enough monitoring measurement and assessment in the case of fish habitat and greenhouse gas emissions.

**Mr. Scott Vaughan:** I think that's right. As a general observation, we're saying there's not enough. There's not enough baseline information on the number of habitats, on the state of habitats. There is not a system to measure actual reductions. Those are observations from the two audits.

In terms of the red tape, I think we also said that we looked at the current systems in place. In the samples we took, both the ministerial authorizations as well as the letters of advice, the systems that already were in place weren't being adhered to. There were significant gaps within the systems already in place.

**Mr. Justin Trudeau:** So the waiving of further requirements doesn't seem to be moving in a direction that will allow you to give a more positive recommendation when the next audit comes around. Is that a fair assessment?

**Mr. Scott Vaughan:** I wouldn't look at anything in the future, but what we will say, as I mentioned before, is that we are doing an audit of the Canadian Environmental Assessment Act and its application. That will be in November. That will be a more fulsome examination of federal responsibilities under that act.

**Mr. Justin Trudeau:** Thank you.

To Mr. Maxwell, you mentioned the policy on large projects specifically, and gave the example of transforming a lake into a tailings pond. There has been a development of policy around that. Is there a development of science around that, of research around that, of potential measurements, or is it just a policy? Could you speak a little bit more concretely around your concerns on big projects?

**Mr. Neil Maxwell:** Thank you, Chair.

As you said, this is a policy in development, so any comments are in real time. Because it still is in development, we weren't able to look at it in any detailed fashion. It's a fairly short paragraph in an audit that spans many pages.

With that, I'll just ask Mr. Hellsten if he has anything to add.

**Mr. Eric Hellsten:** I think our concern was that basically, on a project-by-project basis, the department is supposed to be able to say that there's no net loss of habitat. For these very large projects, when they can't say that for sure....

They're trying to develop this policy. As Mr. Maxwell was saying earlier, we didn't look at that policy, since it's just being developed. But it definitely will be a challenge.

**Mr. Justin Trudeau:** Are there working examples of habitat replacement that we've been able to use as benchmarks or as models to indicate success?

**Mr. Eric Hellsten:** No. In fact, what we say in the chapter is that the department uses different approaches for compensation, different ratios. In one region it may be one-to-one, and in another three-to-one, with a different measure. The department itself doesn't have one single model that it uses for compensation.

We also say in the chapter that it doesn't go into the project after the fact, in most cases, and look at whether that compensation was actually effective or not.

• (1015)

**The Chair:** Thank you. Your time has expired.

Mr. Watson, the floor is yours.

**Mr. Jeff Watson (Essex, CPC):** Thank you very much, Mr. Chair. It's good to see you back in the chair again. We're glad to have you back.

On that note, I'd also like to welcome back Mr. McGuinty and Mr. Bigras, whom we missed on the Alberta oil sands trip.

I'd like to begin where Mr. Scarpaleggia actually began, which was arguing that the Liberal delay in action on climate change was based on Russia's ratification in 2004. I have to admit that I'm having trouble buying this Liberal hot air. I don't find any excuse for Liberal inaction.

As I recall from the 1993 Liberal red book, there was a commitment to 20% reduction below 1988 levels in greenhouse gases. That was four years of inaction before Kyoto was even signed. Obviously when they signed the Kyoto Protocol they knew when the reporting period was to begin.

I'm not the only one, I think, who has some amount of skepticism about Liberal inaction. I think the previous commissioners of the environment found that as well.

For example, the 2000 report talked about the "persistent problems" the federal Liberal government of the time was having in its "management of key issues like climate change".

According to the 2005 report, again referring to the Liberal government of the time, "When it comes to protecting the environment, bold announcements are made and then often forgotten as soon as the confetti hits the ground. The federal government seems to have trouble crossing the finish line."

I actually think they had trouble getting across the starting line, Mr. Chair, such that even the current Liberal leader had to admit that the Liberals didn't get it done. He said that in 2006, that the Liberal Party had gotten into a mess on the environment.

**An hon. member:** That has to be a point of order.

**Mr. Jeff Watson:** To prove my point about not getting across the starting line, I'm going to ask about the Kyoto implementation act.

To quote from your introduction on page 57, "The Act requires the Minister of the Environment to prepare and implement an annual climate change plan to address sources of greenhouse gas emissions in Canada." To the best of your knowledge, Mr. Commissioner, do you know whether this was a requirement between 1997 and 2006 for previous environment ministers?

**Mr. Scott Vaughan:** To the best of my knowledge, no. I think this is a new requirement for the submission of an annual climate change plan.

**Mr. Jeff Watson:** Thank you very much.

The annual plan, you go on to say in your main points, is to include a series of measures aimed at reducing greenhouse gas emissions as well as a report on progress made in implementing the previous year's plan. To the best of your knowledge, was this also a requirement for previous environment ministers between 1997 and 2006?

**Mr. Scott Vaughan:** No, I think this is again a new requirement.

**Mr. Jeff Watson:** Moving on to page 59, you go on to say that "it", meaning the act, "stipulates that these plans must include a variety of measures...", and you show in exhibit 2.2 with respect to subsection 5(1), for example, a description of the requirement laid out in the law itself:

a description of the measures to be taken to ensure that Canada meets its obligations under article 3, paragraph 1, of the Kyoto Protocol, including measures respecting:

- (i) regulated emission limits and performance standards;
- (ii) market-based mechanisms such as emissions trading or offsets;
- (iii) spending or fiscal measures or incentives;
- ...a just transition for workers...and...cooperative measures

There are five sub-things to be laid out.

To the best of your knowledge, were those requirements for previous environment ministers between 1997 and 2006?

**Mr. Scott Vaughan:** No, these are new requirements.

**Mr. Jeff Watson:** Okay.

The legal requirements go on to say, "for each measure referred to in paragraph (a)"—those are the items I just read—

- (i) the date on which it will come into effect, and
- (ii) the amount of greenhouse gas emission reductions that have resulted or are expected to result for each year up to and including 2012, compared to the levels in the most recently available emission inventory for Canada

To the best of your knowledge, were those requirements for environment ministers between 1997 and 2006?

• (1020)

**Mr. Scott Vaughan:** Yes. I think for the latter, it depends how the formulation is, but subparagraph (b)(ii) describes what would be a requirement within the Kyoto Protocol itself. If the question is whether the minister had an obligation to submit that information formally annually to Parliament, the answer would be no, but it would be a requirement that stood before the KPIA.

**The Chair:** The time has expired.

**Mr. Jeff Watson:** I was just getting started, Mr. Chair. Unlike the Liberal government before, I was just getting started.

**The Chair:** Mr. Braid, you get to wrap up the second round.

**Mr. Peter Braid (Kitchener—Waterloo, CPC):** Thank you, Mr. Chair, and welcome back. It's great to see you here.

Thank you very much, Mr. Commissioner, for your appearance here today and for another very thorough report.

I'll start with an easy question. In your estimation, were the requirements under the Kyoto Protocol ever or are they now realistic, in terms of emissions reduction targets?

**Mr. Scott Vaughan:** That was the easy question?

**Voices:** Oh, oh!

**Mr. Scott Vaughan:** I don't think it would be for me to comment on that.

**Mr. Peter Braid:** I had anticipated that this might be your answer. I just wanted to see whether my colleagues around the table were paying attention.

I understand there were improvements in the 2008 report over the 2007 report. Could you touch on what some of those improvements were?

**Mr. Scott Vaughan:** Yes, I'll give you two examples. One is that there is a requirement under subparagraph (v), which the previous honourable member mentioned, that obliges the government to give the date of entry into force of each measure. In 2007, there was one of 19 dates; in 2008 there were eight of 19.

As a second point, there was an improvement in coordination among interdepartmental communications led by deputy ministers for different departments submitting their information to Environment Canada.

Those are two concrete examples. I'd be glad to share others, if the honourable member is interested.

**Mr. Peter Braid:** Thank you very much.

I understand that the national round table also has a responsibility to provide a report on the Kyoto Protocol Implementation Act. They've also observed improvements, I believe, in 2008 versus 2007. Could you help me understand what the differences in responsibility are between the reports from the national round table and reports from you?

**Mr. Scott Vaughan:** I'm familiar with our responsibility, but I'll ask my colleague, Monsieur Arseneault. My understanding is that the round table, when the draft climate change plan is submitted to Parliament, has 120 days to do an assessment, essentially of the work related to the estimates, the assumptions related to the forward projections.

I'm not sure whether there's anything else besides that.

**Mr. Richard Arseneault:** I think it's 60 days they have to comment on the likelihood of the government achieving its targets in the plans, while we do audits and so have more than 60 days to do our work. We dig into the files, go into departments, interview people, analyze the information, and then submit a report to Parliament. There's a big difference in the role we do, but obviously some of what we said in our report has been said by the national round table about the unlikelihood of meeting the targets within the Kyoto period.

**Mr. Peter Braid:** Very good.

There seem to be some indications of promise with respect to the ecoENERGY for renewable power program. Can you share with us what's working well with respect to the impact of that program, and in addition tell us whether there are specific types of renewable energy that are perhaps showing some promise, in terms of both take-up and impact upon reducing greenhouse gas emissions?

**Mr. Richard Arseneault:** We looked at this in 2006. Actually, we looked at a number of programs in Natural Resources Canada, which has the departmental lead on these files. We said good things about it in 2006 and we have said good things about it again now, concerning wind energy and the types of energy they're promoting. They are actually providing funding for this to happen in Canada, which is a good thing. It's generating greenhouse gas emissions reductions over time. This has been a "good news" story for a number of years over a number of governments, in terms of that department's activities.

Is it perfect? No, it's not. We made some recommendations back in 2006. We didn't have any recommendations this time. We were only looking to see whether there is an adequate rationale in coming up with their targets. We said they can demonstrate to us that there is an adequate rationale. We had a problem with the approach the government used of a "business as usual" scenario, which wasn't clear, we said, and wasn't really transparent about how it all works together.

• (1025)

**Mr. Peter Braid:** Fourteen sectors were looked at in your report. Were there any varied results across sectors, or was it fairly consistent?

**Mr. Scott Vaughan:** We didn't go through the analysis. There are 14 sectors. We noted there were several hundred industrial installations—it's probably closer to 2,000. Given the complexity, in this audit we didn't ask what the variations would be. I think it's safe to say there are significant differences between the manufacturing sector and electrical utilities. The variation is within the emissions profiles per industrial sector and then certainly at the installation level. One of the observations we make is that this is a complex system and it's a complex problem.

**The Chair:** Thank you.

We'll kick off our third round with Mr. McGuinty.

**Mr. David McGuinty:** Thanks, Mr. Chair.

I want to begin by reading into the record, particularly for the benefit of Mr. Woodworth, who wouldn't have been here and may not know better than was shown by some of the questions he raised, which I found unfortunate.... Canada signed the Kyoto protocol in 1998 and, after a parliamentary debate, ratified it in December 2002. The Kyoto Protocol came into effect in 2004 because two conditions were met.

This is important, Mr. Woodworth. It's an international public law issue. Number one—

**Mr. Stephen Woodworth:** On a point of order, Chair, I'm not sure whether Mr. McGuinty is speaking directly to me or to the chair. He seems to be directing his comments at me specifically.

**The Chair:** Could you direct your comments to the chair?

**Mr. David McGuinty:** To correct Mr. Woodworth's inaccurate depiction, which I know was involuntary, number one, at least 55 countries ratified the protocol; two, the countries that ratified represented 55% of the world's greenhouse gas emissions. Although 144 countries had signed before Russia, Mr. Chair, they collectively only accounted for 44% of global emissions. When Russia ratified, on September 30, 2004, bringing their 17.4% of global GHGs to the table, both of the conditions were met and the treaty became official. Now more than 160 countries have signed. The only countries that have not signed are Croatia, Kazakhstan, Australia, and the United States.

This follows up on the question asked by the parliamentary secretary to the commissioner, which I found astonishing, asking the commissioner to tell Canadians what our position is with respect to the Kyoto Protocol.

Mr. Commissioner, I want to go back to energy prices. Just before doing that, I want to remind Canadians that it was the Progressive Conservative government of Brian Mulroney that, from 1988 to 1992, negotiated the United Nations Framework Convention on Climate Change. It was the former ministers of the environment, Jean Charest and Tom McMillan, two strong Progressive Conservatives, one of whom has become a Liberal in Quebec, who negotiated the UNFCCC, laying down the track for the Kyoto Protocol. The global community has been behind this for 21 years, except for the new government in Canada since 2006.

Mr. Commissioner, I asked you a specific question about energy prices. You said there wasn't enough information on energy prices. Did you find anything at all to substantiate or to measure how high energy prices will go with the admitted increase being put forward by the new government here in Canada? How high will energy prices go under any of plans 1, 2, or 3, which you examined?

**Mr. Scott Vaughan:** Well, first of all, I have to say that the relationship, obviously, between the price of energy and then the costs of reductions are closely linked, so one of the observations we've made related to the transparency of the models the government ran. If you run any model, its test is whether you can run it again, and that's a basis of scientific observations, of scientific inquiry. Based on the information that was provided, nobody could run the model again, so we basically have asked them to show us their homework, show us the assumptions of energy prices, volatility, sensitivity analysis, and uncertainties.

**Mr. David McGuinty:** Is the Government of Canada breaking the law right now, Commissioner? Has your office examined the KPIA and the extent to which the government may be in breach of a domestic law?

**Mr. Scott Vaughan:** No. In any audit, we look at a standing law and whether the government has fulfilled what is required in the law. What we've said is within this, the government has fulfilled much of what KPIA required. There was some information that is still missing. We would expect there will be, based on the responses of the department, improvements next time around.

• (1030)

**Mr. David McGuinty:** Commissioner, in your work in examining KPIA, it speaks directly to Canada's international reputation, our having ratified a major international treaty. Can you tell the

Canadian people, from your examination, your work, what Canada's status is right now with the UNFCCC and the Kyoto Protocol?

**Mr. Scott Vaughan:** Well, this is going to be the subject of the debate in Copenhagen. We haven't looked at Canada's status in relation to the UNFCCC or the Kyoto Protocol. For example, we've said in the chapter that the national inventory Canada submits as required under the Kyoto Protocol is in conformity and in compliance with the UN expectations on inventory. I think more generally, although we didn't look at this in the audit, Canada is an active participant in various systems related to Kyoto—sharing of scientific information, exchange of information. On those systems, Canada is a signatory. I think Copenhagen will be determining what will be the next steps, generally as well as specifically, on issues related to compliance and non-compliance. I think that's no secret; it's going to be one of the key issues that's going to be addressed in six months.

**The Chair:** Thank you very much.

*Monsieur Bigras, s'il vous plaît.*

[Translation]

**Mr. Bernard Bigras:** Thank you, Mr. Chair.

I have read your report, and I am trying to make a projection for the future. I must admit that I am at a loss. Our neighbours to the south are poised to make important decisions and will be putting a cap on greenhouse gas emissions.

On this side of the border, you have tabled your report and are telling us that, even though it contains a certain number of options, including a domestic emissions credit trading system, the government anticipates that businesses will use the technology fund because it will cost them less.

I am trying to consider the options that are still available, including the domestic emissions credit trading system. I wonder how you will be able to conduct your audit. At a time when the U.S. is setting a cap on emissions and on the eve of the implementation of an emissions credit trading system in North America, the Canadian government seems to be promoting a technology fund instead.

I wonder how you will be able to conduct your audit despite the existing act. We run the risk of having an accountability problem. It is as if we had a plan that was practically obsolete. Rather than participate in the North American credit trading system, businesses seeking to reduce their greenhouse gas emissions will choose to invest in the technology fund, a \$15 fund, which may very well weaken the North American greenhouse gas emission trading system.

I am trying to understand how you will be able to evaluate and audit the situation in the future, given the changes that are underway in North America. The current plan is practically obsolete in that more progress is being made south of us.

Looking ahead, how do you see your audit of compliance with reductions in greenhouse gas emissions?

**Mr. Scott Vaughan:** Thank you for your question.



First of all, the next audit will take place in two years. Clearly, there are changes coming globally and in North America. I can say two things. One of the options in the plan involves an emissions market. That is currently in the government's plan. I do not think that any targets are tied to that measure. I believe that Mr. Prentice said that we were waiting to see what happened in the U.S. If there are changes, it may be an opportunity to work together with the U.S. on the emissions market.

**Mr. Bernard Bigras:** Based on your current audit, do you think that Canada is ready to bring its measures in line with those of its partners to the south in order to establish emission caps by industry or region?

You say that there is no system for measuring reductions in greenhouse gas emissions. There does not seem to be one, and, if that is the case, does that not complicate the future implementation of a harmonized cap on greenhouse gas emissions? Will the sorry state of the current system not hamper future efforts on the North American front?

• (1035)

**Mr. Scott Vaughan:** I have three things to say about that. First, as I have already said, we cannot measure real reductions. That is a problem that we found in this area.

Second, I think that there is still much work to be done as far as auditing real reductions is concerned. There are two parts to that: one is a measurement system, and the other is an audit system.

Third, there is a difference between a credit and a real reduction. It is not up to me to say whether Canada is in a good position to sign agreements with the U.S. That is a question for the minister.

**The Chair:** Thank you very much.

Mr. Cullen.

[English]

**Mr. Nathan Cullen:** I want to congratulate you for your persistence. Some of your folks have less experience, some have more. I've been looking at all the reports in which these criticisms, particularly on the fisheries habitat, are accepted by government but not acted upon. Some years later, the criticism comes again, is again accepted by government, and still is not acted upon. So it's remarkable that you folks are able to stay at this—particularly in light of the so-called debate earlier today in which my colleagues spent a majority of their time confirming that neither Liberal nor Conservative regimes have been very good at measuring and accounting for greenhouse gas emissions, or at acting on what these emissions require the Canadian government to do. Unlike my colleagues, I don't think most Canadians care so much about distinguishing between Liberal and Conservative governments in this matter. These commitments are Canada's obligations, regardless of how an election distributes the votes.

What disturbs me most now is that the mistakes in the measurement and accountability of greenhouse gas emissions seem as if they are being repeated. I want to connect this to what is happening south of the border. Have you found in your audits that the government has any understanding of the cost to Canadian companies of not having a verifiable greenhouse gas target or accounting? The cap and trade system that's in place in Europe and

envisioned by the U.S., in the current legislation, requires companies to be able to verify what they hope to trade on the market. Since Canada does not have a verifiable accounting mechanism, does the government have any assessment of how much the lack of such a mechanism will cost Canadian businesses?

**Mr. Scott Vaughan:** We didn't look at what it will cost if Canada is not able to engage in a global market. We said in the introduction to the chapter that the global market for carbon trading was \$30 billion in 2006. Expectations are that this is going to double or triple in short order. So in addition to the cost of implementation, there are quickly emerging opportunities for companies and individuals engaged in these evolving markets.

**Mr. Nathan Cullen:** So aside from the economic costs to business that were outlined in the Stern report and others if climate change is not acted upon—there are costs to not doing things—the market has since doubled, in 2007, up to \$68 billion. If Canada doesn't have a verifiable way of measuring our greenhouse gas emissions, not only is Canada unable to negotiate with other countries as to what their commitments would be, because we can't stand there, but Canadian companies also don't have access either to a North American trading scheme or to a European one. Is that, with the evidence put forward, correct? Is my logic following the right path here?

**Mr. Scott Vaughan:** I think your logic is correct. That isn't something we looked at with this audit. We didn't look at the scope of what the different options are within emission trading schemes. There's obviously a lot. There's the western climate initiative, the New England governors' conference, the Western Governors' Association. Provinces are engaged in the western climate initiative and the registry, so there's a lot going on. We looked specifically within the context of what the KPIA requires.

• (1040)

**Mr. Nathan Cullen:** I was at a talk this morning with the U.K. presenting part of what their initiative is. One of the things they've done is they've required, under their legislation, that any climate change initiative must have a report to Parliament with a five-year backcast, what's happened so far, and a five-year going forward, what they expect. That, based in that model, allows for greater transparency and accountability, and not what we have today, which is sort of two years after the fact saying, "Oh, we missed again, we missed again".

The government recently came out—and you mentioned this in your report—about biofuels and how much they're expecting from biofuels in terms of greenhouse gas reductions. This has gone under some certain controversy. How verifiable were the government's initial expectations of what they were going to get, in terms of bang for buck, for that \$2 billion investment for biofuels?

**Mr. Richard Arseneault:** We looked at, again, the rationale behind the numbers and whether they were able to demonstrate to us that these numbers are solid, and we said there was an adequate rationale, in terms of what they're planning to do.

Now, obviously, this is not implemented yet. There are regulations that have to be passed. Until they're in place, and until they're in place for a while, we won't be able to really say with certainty. But based on the numbers the government provided to us, we had to agree with them that the rationale is right.

There are other concerns about biofuels that we did not touch.

**Mr. Nathan Cullen:** But they've also, even since their 2007-08 plan—

**Mr. Richard Arseneault:** They've changed the numbers.

**Mr. Nathan Cullen:** —reduced their own estimation by 65%. The cost per tonne gets more expensive every time you do that. It's efficiency as a measurement and as a tool.

**Mr. Richard Arseneault:** There are multiple objectives that the government is pursuing with biofuels.

**Mr. Nathan Cullen:** Right.

There was the notion of “just transition” placed within the Kyoto Protocol Implementation Act, and it is being debated in an act that's in front of this committee right now. Is there any notion and update on this notion of just transition and the effectiveness of the government transitioning workers who are affected by a price on carbon?

**Mr. Scott Vaughan:** That's one of the areas where we've said there was missing information. There was a requirement of the act; Parliament wanted to have information on just transition of workers. What we said is that there wasn't enough information to make a determination of how the government even defines—let alone what their analysis of it might be—just transition of workers within the plans.

**The Chair:** The time has expired.

Mr. Woodworth.

**Mr. Stephen Woodworth:** Thank you very much, Mr. Chair.

I just want to begin by picking up on the point that I was striving toward at the end of my earlier questioning.

The Kyoto time period of 2008-2012 is not the period during which emission reductions were supposed to have occurred but the period during which they were supposed to have reached the targets. Is that correct?

**Mr. Scott Vaughan:** Yes, within the 2008-2012 period. But at the end of that period, at midnight, December 31, 2012, every country that's made a commitment will have to go back and add everything up and see what the totality of their commitments are.

**Mr. Stephen Woodworth:** Yes, but they are also to have reached the target set out in schedule 2 of the Kyoto accord. Is that correct?

**Mr. Scott Vaughan:** To reach the target that they've committed to, correct, yes.

**Mr. Stephen Woodworth:** It strikes me that putting in a period like that means that there was even an expectation that some might reach their targets by 2008. Is that the way you would read it?

**Mr. Scott Vaughan:** Other people would be better placed to.... There was a lot of work in the lead-up to that period. There was a lot of credit for early action; there were bankable credits. From my recollection, from working at the international level, I don't think

there were any countries that were going to reach their target in the first year of the Kyoto period. I may be wrong and there may be somebody from the department who will correct me.

**Mr. Stephen Woodworth:** All right. It just seemed to me, because they specified a range, that they must have at least been working toward that possibility.

I want to go back to some comments that were made by one of the Liberal members opposite regarding my earlier questions. I'm going to repeat some of what I mentioned earlier, because I think, with respect, the Liberal member opposite didn't hear what I said.

If he says the Kyoto accord was signed in 1998, even though I have a copy that says it was done in 1997, I'll grant him that. Maybe I'm wrong and it was 1998 instead of 1997.

As to everything else, I didn't in any way, shape, or form say that I wasn't aware that it took a few years for the Kyoto accord to be ratified. If that's all the member opposite heard, I want to make it clear that, sure, I know the Kyoto accord took a few years to be ratified, but what I was trying to say is that I'm just absolutely astonished that the Liberal Party would use the ratification process as an excuse for not dealing with greenhouse gases in accordance with their 1993 red book commitment to reduce them.

In fact, I've read the Kyoto accord, and I'd point out that in article 3, paragraph 2, there's a requirement that each party to the accord was to achieve demonstrable progress by 2005. I think it would surprise the signatories of the Kyoto accord to believe that the delayed ratification by Russia or any other country would be an excuse for not showing demonstrable progress by 2005. Nonetheless, that seems to be the position the Liberal Party is taking today.

In fact, do I understand correctly from exhibit 2.1 in your report that emissions in fact continued to increase in Canada after 1997? Is that the way I read that chart?

• (1045)

**Mr. Scott Vaughan:** Yes, sir, that's correct.

**Mr. Stephen Woodworth:** So in fact by the time our government took office in 2006, emissions were actually, at that point, 29.1% or 163 million tonnes over the Kyoto target that Canada had agreed to in 1997.

**Mr. Scott Vaughan:** I'd have to double-check the tonnes, but yes, that sounds about right.

**Mr. Stephen Woodworth:** All right.

I think I've asked all I want to about the lemonade bill. I just want to ask a little bit about the response of the environment department to the report on fisheries, if I have time for that.

**The Chair:** Mr. Bigras, on a point of order.

[Translation]

**Mr. Bernard Bigras:** Mr. Chair, I would ask that we respect an act that was passed by Parliament and that received royal assent. That is the least we can do. By attacking Bill C-288, he is attacking the House, a majority of which voted in favour of this bill. Please show a little respect for an act that was passed by Parliament.

[English]

**The Chair:** That's not a point of order. Everybody makes their own decisions on legislation.

Mr. Woodworth, a final question.

**Mr. Stephen Woodworth:** I'll modify my comments. Thank you.

It sounded to me as though real progress is being made at Environment Canada on its Fisheries Act responsibilities. From your report I read that the enforcement branch has a number of important quality assurance and control practices in place, including reporting independence for the enforcement branch.

I also read, I think, and correct me if I'm wrong, that 15 out of 15 randomly selected enforcement actions demonstrated compliance with the compliance and enforcement policy. Did I read that correctly?

**Mr. Neil Maxwell:** Yes, that is correct. We did, however, say that the quality assurance needs to be improved at Environment Canada. We found in 15 cases that everything was compliant with the policy. What we didn't find, which we would expect in any organization like this, is that there would be things like random file reviews and headquarters would be checking up to make sure everything is in place. But the sample of 15 turned out well.

**Mr. Stephen Woodworth:** I just am always immensely comforted when I find that 15 out of 15 or 100% of randomly selected items in fact demonstrate compliance. I understand as well the enforcement branch is establishing a quality assurance unit and a working group to oversee quality of enforcement data and is going to develop a results-based management and accountability framework this year for its fisheries responsibilities. I wonder if you find that this is a good and robust set of indicators that are addressing some of the concerns you've raised, at least within the environment department.

**Mr. Neil Maxwell:** Yes, Chair, I would say by and large we were pleased with the response. It is specific. It gives parliamentarians some very clear timelines. It gives you a basis on which you can follow up. When they say something will be ready by 2009 or 2010, then parliamentarians can follow up to make sure they do in fact follow through.

**The Chair:** Thank you, Mr. Woodworth. Your time has expired.

We have about 10 minutes left, and there is time for two more questioners. I just wanted to let people know what the agenda is for the next couple of weeks.

As everybody knows, on Thursday we have COSEWIC appearing on species at risk legislation. Our review will continue. On June 2 we have SARAC appearing. On June 4 we've invited the Canadian Cattlemen's Association, the Forest Products Association, the Fisheries Council, and the Mining Association. On June 9 we have the Canadian Hydropower Association, the Canadian Electricity Association, and CAPP appearing. On June 11 we have invited World Wildlife Fund Canada, the Science Council on Species at Risk, Mike Pearson, and Stewart Elgie from the University of Ottawa. So that's what we have laid out for the next couple of weeks.

We have time for one more question from each side.

Mr. Scarpaleggia.

• (1050)

**Mr. Francis Scarpaleggia:** I will split my time with Mr. McGuinty.

**Mr. David McGuinty:** Mr. Commissioner, I want to go back to the price of energy. In the Conservative government's three plans you examined—there have been three plans and three ministers in three years—have you seen any analysis to indicate how high energy prices will go under the projected regulation, which is scheduled to come into effect on January 1, 2010?

**Mr. Scott Vaughan:** We didn't see any analysis in the two plans that we had examined.

**Mr. David McGuinty:** Did you examine the analysis and the data put forward by the previous Minister of the Environment in his full-frontal assault and attack on this law—then a bill—the Kyoto Protocol Implementation Act?

**Mr. Scott Vaughan:** No, we didn't. Within the scope of what we were required to look at, we looked at the two plans in 2007 and 2008.

**Mr. David McGuinty:** So you have no analysis whatsoever that you were able to find on the pricing of energy, which the government admits will increase significantly on January 1, 2010, thereby increasing the price of everything in Canada?

**Mr. Scott Vaughan:** Within the requirements of what we examined, no, we did not look at any. There was no evidence from what we had examined on disclosure of assumptions and energy prices.

**Mr. David McGuinty:** Did you ask for any information or analysis?

**Mr. Scott Vaughan:** We asked for analysis that was directly related to the 2007-08 plans that were submitted to the government, and—my colleague Mr. Arseneault is shaking his head—there was no analysis that we were able to see from what the audit team went in to look at.

**Mr. David McGuinty:** So just to conclude then, not only are the reductions being deliberately overstated, but we're also now finding out there's no analysis at all here to backstop implications on energy pricing for Canada.

**Mr. Scott Vaughan:** Just to repeat myself, within the two plans that we looked at, there was no energy pricing sensitivity.

**Mr. David McGuinty:** Thank you, sir.

Francis.

**Mr. Francis Scarpaleggia:** Before I go onto my questioning, in terms of the agenda, I believe there might be some interest in substituting a couple of last meetings on the water and oil sands project for a couple of the meetings on SARA, so I'm just wondering if there might not be a possibility of the steering committee meeting at some point to discuss that.

**The Chair:** If there's interest in that, we'll look at it.

**Mr. Francis Scarpaleggia:** I'd like to go back, Commissioner, to the point you raised about the Department of Fisheries permits for major projects and how they involve conditions. Going back to this joint review panel report on the Shell Canada oil sands project, I'll just quote again from the report:

DFO believed that Shell had limited opportunity to replace the habitat loss with similar habitat in the same area, given the scale of watershed disturbance proposed.

...DFO stated that it would continue to work with Shell to develop an NNLP... DFO would also continue to explore additional alternative compensation options.... DFO...recommended that Shell continue to participate in regional initiatives that facilitated the detection of cumulative effects on the aquatic environment.

I imagine they are referring to CEMA. Those are not very stringent conditions, as far as I can see. Then the report gets to the views of the Alberta government. It says:

...Shell's predictions of the project-specific and cumulative impacts on fish and fish habitat lacked certainty due to the uncertainties associated with the water quality and quantity models.

Even Alberta is saying there doesn't seem to be enough data to assess the impacts of the project on fish habitat. Then Alberta goes on to say:

However, Alberta believed that effects on fish populations and fish habitat would be negligible if Shell could successfully compensate for loss of fish habitat....

But DFO said two paragraphs earlier that Shell could not. It sounds a bit like *Alice in Wonderland*, so I would like your comments on that.

• (1055)

**Mr. Neil Maxwell:** Thank you, Chair.

Again, we didn't look at that particular one. We took a sample of quite a number of projects, so we don't know that particular one. But I would say that the impression you have in reading that is similar to our overall findings in the projects that we did find.

As an example, your excerpt mentions the importance of compensation, and that's basically the notion that if you destroy habitat here, then the proponents have to build habitat somewhere else. We found in the projects we looked at that fewer than one-third had proper compensation plans available before the decision. That's clearly a requirement of the department's own policy.

**Mr. Francis Scarpaleggia:** Just for information purposes, are we saying that when DFO issues a permit, whether it be this kind of project or another, really, the deciding factor is whether there will be economic and socio-economic benefits? In other words, stringent science doesn't seem to factor into the decision. The decision seems to be based on whether that community, in the eyes of the government, needs the economic benefits.

**Mr. Neil Maxwell:** I really don't think we can speculate as to why what happened has happened. Clearly, what happened is that the department set up a number of policies about the kind of information it should have before it when it makes these kinds of decisions. Across the board what we found was that it doesn't have the sorts of things that it says itself it needs.

**The Chair:** Thank you. Your time has expired.

Mr. Warawa, you get to take us straight to 11 o'clock.

**Mr. Mark Warawa:** Thank you.

I wanted to begin with the Kyoto Protocol Implementation Act. Beginning in 2007 and ending in 2013, the act stipulates that the government in power produce an annual climate change report. Has the government met that requirement?

**Mr. Scott Vaughan:** It has, yes.

**Mr. Mark Warawa:** Those reports were received in August 2007. Is that correct?

**Mr. Scott Vaughan:** Yes, I think the month is correct. Then in 2008 I believe it was in May.

**Mr. Mark Warawa:** It was May. Okay. So those two reports were received.

**Mr. Scott Vaughan:** Yes, sir.

**Mr. Mark Warawa:** And the next report is due at the end of May this year.

**Mr. Scott Vaughan:** I believe that's correct, yes.

**Mr. Mark Warawa:** So we are up to date on our reports, on that legal requirement.

**Mr. Scott Vaughan:** That's correct, yes.

**Mr. Mark Warawa:** Thank you.

I want to talk about the report on fisheries. It says in the report that many of the issues raised in this report are long-standing and have been identified in previous audits. There has been little progress since 2001, when you last reported. What is the history of the audits? When have they taken place?

**Mr. Eric Hellsten:** If you look in the chapter—it would be in paragraph 1.3, I believe—there are four audits noted.

**Mr. Mark Warawa:** That first audit was in December 1997. Is that correct?

**Mr. Eric Hellsten:** That's correct.

**Mr. Mark Warawa:** Okay. And that was in chapter 28, "Fisheries and Oceans Canada—Pacific Salmon: Sustainability of the Resource Base", in 1997. There was a follow-up, an additional audit, in May 1999. Is that correct?

**Mr. Eric Hellsten:** Yes.

**Mr. Mark Warawa:** And there was one again in October 2001 and then again in October 2004.

**Mr. Eric Hellsten:** Yes, that's correct, Chair.

**Mr. Mark Warawa:** That was a previous Liberal government throughout those four audits, and you've made a number of strong recommendations in this current audit. Have you found an equally strong response from the government to this audit?

**Mr. Neil Maxwell:** Chair, with regard to both Fisheries and Oceans and Environment Canada, I would say first that the response suggests that they are quite serious about fixing the problems. Again, when they have persisted for 23 years, you always take that with a grain of salt. But we're impressed with what we see.

• (1100)

**Mr. Mark Warawa:** Could you give us a general overview of the recommendations and the response from the government?

**Mr. Neil Maxwell:** They are quite numerous and span both departments. One of the key ones, which we haven't addressed yet in questions or in responses, is that there was a large section of this report that talked about the lack of coordination between the two departments. In Fisheries and Oceans, the minister is ultimately responsible. The responsibility for part of this was given over in 1978 to Environment Canada. What we said was that there's very little of the kind of coordination the department's own policies say should be in place. We recommended in that instance that they in fact review the agreements they have and put things in place. Again, in that response, as with the other ones, we found that the department addressed our recommendations. They put forward actions that on their face could significantly improve the situation.

**The Chair:** Thank you.

Our time here has expired. I want to thank the environment commissioner and his colleagues from the Auditor General's office for coming in.

Have you a final comment, Mr. Vaughan?

**Mr. Scott Vaughan:** Yes, very quickly. Thank you, sir.

First of all, one of the honourable members asked if there was a model of compensation. I think it's a great question. We're sorry we're not able to give it, but I would urge him to ask the department, because I think it's a perfect question for what you think is working and why.

There was a question also on what we're going to do with the next audit. The answer is that we're going to look at implementation.

The third thing I wanted to say, sir, is to echo a welcome back. I'm delighted. Our thoughts have been with your family.

Finally, I'm not sure if I'll be before this committee again, but I wanted to put on record that Normand Radford has been a wonderful colleague and I wish him well from our office.

**Some hon. members:** Hear, hear!

**The Chair:** Mr. McGuinty.

**Mr. David McGuinty:** Mr. Chair, just before we break, and while we've got the benefit of Mr. Radford's continuing excellent experience, can we get a sense from you...? We had a small discussion some time ago about televising our meetings. I think it's very unfortunate this meeting was not televised for the benefit of Canadians to hear from our commissioner and our commissioner's staff. What does it require for us to move to have our proceedings televised on an ongoing basis or at least on an ad hoc basis? Is this subject to a motion every single time?

**The Chair:** Yes. I would recommend the best way to deal with that is to bring forward a motion.

**Mr. David McGuinty:** Can that motion be made now *viva voce*, my voice?

**The Chair:** You'd have to table a motion respecting the timelines we have as a committee in adopting motions, 36 hours' notice. If you wish to have future meetings televised, make sure you table those motions in accordance with our routine procedures.

**Mr. David McGuinty:** So no effort would be made by you, as a normal practice, to get either—

**The Chair:** I believe that should be the wish of the committee rather than myself.

**Mr. David McGuinty:** I understand. So in this case, no efforts were made, for example, to get a room to have this event televised?

**The Chair:** No.

**Mr. David McGuinty:** Thank you.

**The Chair:** Okay. With that, I'll entertain a motion to adjourn.

**An hon. member:** I so move.

**The Chair:** It's done and we're out of here.

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