



# **18<sup>th</sup> Legislative Assembly of the Northwest Territories**

## **Standing Committee on Government Operations**

Report on the Review of the  
2017 Report of the Auditor General  
of Canada on Climate Change in the  
Northwest Territories

Chair: Mr. Kieron Testart

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March 14, 2018

SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Government Operations is pleased to provide its Report on the Review of the 2017 Report of the Auditor General of Canada on Climate Change in the Northwest Territories and commends it to the House.

A handwritten signature in black ink, appearing to read 'Kieron Testart', written in a cursive style.

Kieron Testart  
Chair

## STANDING COMMITTEE ON GOVERNMENT OPERATIONS

### REPORT ON THE REVIEW OF THE 2017 REPORT OF THE AUDITOR GENERAL OF CANADA ON CLIMATE CHANGE IN THE NORTHWEST TERRITORIES

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## **STANDING COMMITTEE ON GOVERNMENT OPERATIONS**

### **REPORT ON THE REVIEW OF THE 2017 REPORT OF THE AUDITOR GENERAL OF CANADA ON CLIMATE CHANGE IN THE NORTHWEST TERRITORIES**

#### **INTRODUCTION**

The Standing Committee on Government Operations (“the Standing Committee”) is pleased to report on its review of the 2017 Report of the Auditor General of Canada on Climate Change in the Northwest Territories.

#### **TABLING AND PUBLIC REVIEW**

The *2017 Report of the Auditor General of Canada on Climate Change in the Northwest Territories* was tabled in the Legislative Assembly on October 18, 2017.<sup>1</sup> The Standing Committee held its public review of this performance audit report on January 17, 2018.

Committee Members thank Auditor General Mr. Michael Ferguson, Principal Mr. Glenn Wheeler, and Director Ms. Erin Jellinek for preparing the report, for traveling to Yellowknife when the report was tabled and again when it was reviewed, and for assisting the Committee during the public review.

The Standing Committee also thanks the Deputy Minister of Environment and Natural Resources (ENR), Dr. Joe Dragon, the Deputy Minister of Infrastructure (INF), Mr. Paul Guy and officials from their respective departments for their appearances before the Committee.

#### **THE ROLE OF THE AUDITOR GENERAL OF CANADA**

The Auditor General of Canada is the Auditor of record for the Government of the Northwest Territories (GNWT), and reports to the Legislative Assembly of the Northwest Territories in accordance with Section 41 of the federal *Northwest Territories Act*.

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<sup>1</sup> Tabled Document 28-18(3), October 18, 2017.

The Office of the Auditor General of Canada (OAG) conducts financial and performance audits in all three northern territories. Financial audits tell the Legislative Assembly and the public whether the Government is keeping proper records and presenting its financial information fairly and in accordance with public sector accounting standards.

Performance audits, on the other hand, consider whether programs are being run according to the department's own legislation, regulations, directives and policies, and with due regard for economy, efficiency, effectiveness, and environmental impacts. In the last decade, the Auditor General has completed more than ten performance audits in the Northwest Territories, including one status report evaluating progress on the recommendations of previous audits, one special audit, and the most recent audit on climate change in the Northwest Territories, which is the subject of this report.

The Legislative Assembly's Standing Committee on Government Operations is mandated to review the reports of the Auditor General and make recommendations to the Government of the Northwest Territories on the basis of those reports. Members look for efficiencies, best practices, and gaps, with the intent of improving services to residents. The Auditor General's reports play a crucial role in Members' scrutiny of government spending and performance.

## **CLIMATE CHANGE IN THE NORTHWEST TERRITORIES**

According to the Department of Environment and Natural Resources (ENR) the impact of climate change in the Northwest Territories is significant, widespread, and has resulted in a surface temperature increase averaging 2 degrees Celsius since the 1940s, as compared with an average 0.74 degree Celsius increase worldwide.

The Auditor General's report outlines a number of changes wrought by climate change and resulting impacts for which climate change is identified as a major factor. This information is drawn from a variety of GNWT sources, listed at page 2 of the OAG report. Changes include: warming; increased variation in precipitation; and extreme weather events.

### **Warming**

Warming has resulted in the reduction of sea ice which has caused significant coastal erosion in some Northwest Territories communities, such as Tuktoyaktuk. In addition to the impacts on the physical environment, erosion has damaged and destroyed cultural and heritage sites and necessitated the relocation of buildings and cost millions of dollars to protect the shoreline.

Warming has resulted in the thawing of permafrost, which has caused shifting, foundational cracks and structural problems in buildings. It has also impacted transportation for communities and industry and increased road maintenance costs as a result of road damage due to slumping, shifting and sinkholes.

Another negative impact associated with warming is that ice forms later in the fall and melts earlier in the spring. This has a significant impact in the Northwest Territories, where communities and mining operations rely on ice roads for winter travel outside of communities and for the resupply of food, fuel and construction materials. Increased incidents of winter road closures, a shortened winter road season and reduced load weight limits have resulted in higher costs for the delivery of supplies to communities and concerns about safety.

The shortened season also has negative consequences for those living traditional lifestyles, as they have a shorter timeframe for safe travel to traplines and travel conditions are less predictable.

### **Increased Variation in Precipitation**

Increased precipitation, including wetter, heavier snowfalls, have led to road flooding and washouts, and damage to building foundations and roofs. Low water levels have an impact on remote communities that rely on barges to supply essential goods and those that rely on hydroelectric power.

### **Extreme Weather Events**

Extreme weather events, including storms, floods and droughts, occur more frequently as a result of climate change. In the Northwest Territories, the frequency and intensity of boreal forest fires have affected residents' health and safety and impacted lands and wildlife used by residents for traditional lifestyles and subsistence living.

The summer of 2014 was one of the worst forest fires seasons on record in the Northwest Territories, when 385 fires burned 3.4 million hectares of land and cost the GNWT over \$56 million.

Although the GNWT is a small emitter of greenhouse gases<sup>2</sup>, it is particularly vulnerable to the impacts of climate change, which threaten the livelihood of residents and the way of life, particularly in remote, Indigenous NWT communities. For this reason, the Auditor General's report points out, responding to the impacts of climate change is a shared responsibility, requiring partnerships

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<sup>2</sup>According to Environment and Climate Change Canada it was responsible for 0.2% of Canada's total emissions in 2013. Source: Auditor General's report, paragraph 3, p. 2.

within and across governments and with non-governmental organizations, industry and the public.

## **THE ROLE OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

The Department of Environment and Natural Resources is the lead department for climate change for the Northwest Territories, with the responsibility to:

- ▶ Lead the development of strategies to address greenhouse gas emissions and to adapt to climate change impacts;
- ▶ Lead the sharing of climate change information to support GNWT departments and the public in their adaptation efforts;
- ▶ Promote the use of scientific research, traditional knowledge, and public education to understand climate change in the Northwest Territories; and
- ▶ Represent the territorial government in national climate change initiatives.

ENR is also responsible to maintain, conserve and protect the condition, quality, diversity and abundance of the environment, including water, air, wildlife, habitat and forests in the NWT.

## **THE ROLE OF THE DEPARTMENT OF INFRASTRUCTURE**

The Department of Infrastructure is responsible for promoting energy efficiency in the management of GNWT assets and adapting them to the impacts of climate change. It is also responsible for adapting the Northwest Territories' transportation infrastructure to the impacts of climate change.

## **ABOUT THE AUDIT**

The Auditor General's performance audit covered the period from April 1, 2013 to June 30, 2017. However, to gain a more complete understanding of ENR's leadership role for climate change, the OAG examined matters dating back to 2001.

It may be of interest to note that the work done by the Office of the Auditor General on behalf of the residents of the Northwest Territories is not paid for or reimbursed by the Legislative Assembly or the Government of the Northwest Territories. This gives the Office of the Auditor General the ability to independently select the subject of a performance audit and provide objective assessment and recommendations based on the information that is evaluated during the audit and the findings contained within.

The Office of the Auditor General works closely with departments during the audit process and obtains confirmation from senior management that the findings in the Auditor General's report are factually based. Additionally, it should be noted that the Departments' formal responses to each of the Auditor General's recommendations are included within the report itself.<sup>3</sup>

The audit examined whether the Department of Environment and Natural Resources and the Department of Infrastructure took adequate steps to meet their commitments to reduce territorial greenhouse gas emissions and to adapt to climate change impacts in the Northwest Territories.

The Standing Committee points out that the audit does not compare the work of government departments against similar work done in other jurisdictions. Similarly, the audit does not examine whether the budget allocated to each department by the Legislative Assembly is sufficient, nor does it consider whether the legislation, regulations and policies governing a department's work are adequate or appropriate. The audit simply accepts these things as given and looks only at whether or not the department in question is meeting the obligations that exist under the current legislative and policy framework.

The Office of the Auditor General works with the departments in question to define the scope of the audit. Only those parameters that fall within the scope of the audit are examined. It is important to note that, in this case, the scope of the audit did not include an examination of the role of other GNWT departments, community governments, associations, the federal government, or the private sector, in managing greenhouse gas emissions or in adapting to climate change impacts.

Additionally, the Standing Committee wishes to point out that an estimated 6,000 hours of work by the Office of the Auditor General went into the audit. This does not include the hours put in by the departments in responding to the information needs of the auditors. The Committee notes it here, to give people a sense of the amount of time and effort involved in conducting a compliance audit.

## **KEY AUDIT FINDINGS**

### **Department of Environment and Natural Resources**

Overall, the Auditor General found that ENR did not fulfill its leadership role and meet its commitments on climate change,<sup>4</sup> nor did it address long-standing

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<sup>3</sup> A list of the recommendations and the Departments' responses can be found on page 29 of the Auditor General's Report.

<sup>4</sup> Auditor General's report, paragraph 14, p. 4.

deficiencies affecting its leadership on climate change.<sup>5</sup> It did not assess what authorities and resources it required to fulfill its leadership role. For example, the Department committed to put a climate change network in place in 2007, to share information and promote climate change action and collaboration. The OAG found that “the Department did not establish this network, despite two attempts, and was unable to explain why.”<sup>6</sup>

The audit further found that the Department did not identify the risks to the Northwest Territories posed by climate change, or provide departments and communities with easy access to the information needed to take action on climate change.<sup>7</sup> Despite a commitment to do so almost ten years ago, ENR failed to establish a territorial strategy to adapt to climate change.<sup>8</sup>

This lack of leadership led to a piecemeal approach, as departments and communities pursued their own adaptation efforts. This left ENR without the ability to know what the NWT was doing to adapt to climate change, whether it was enough to mitigate the greatest risks, or whether individual adaptation actions negatively affected one another.<sup>9</sup>

Additionally, the audit found that, while ENR “focused its climate change efforts on developing greenhouse gas strategies, it did not set meaningful emission targets or focus on the greatest emitters.”<sup>10</sup> As a result, the 2011-2015 territorial greenhouse gas strategy did not have a significant impact on reducing emissions levels.

Finally, the audit found that, with respect to adapting to climate change impacts, the Department did set out protections for some vulnerable wildlife species, but had no overall adaptation plan to better protect wildlife and ensure that areas of greatest risk were being addressed.<sup>11</sup>

## **Department of Infrastructure**

With respect to adapting to climate change impacts, the audit found that the Department of Infrastructure identified specific adaptation actions to protect public roads and buildings from the risks posed by climate change, but these were only routinely carried out for roads.<sup>12</sup>

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<sup>5</sup> Auditor General’s report, paragraph 52, p. 13.

<sup>6</sup> Auditor General’s report, paragraph 58, p. 13.

<sup>7</sup> Auditor General’s report, paragraph 14, p. 4.

<sup>8</sup> Auditor General’s report, paragraph 18, p. 5.

<sup>9</sup> Auditor General’s report, paragraph 15, p. 4.

<sup>10</sup> Auditor General’s report, paragraph 16, p. 4.

<sup>11</sup> Auditor General’s report, paragraph 61, p. 14.

<sup>12</sup> Auditor General’s report, paragraph 62, p. 14.

The Department assessed the climate change risks for public buildings such as health centres and hospitals and determined the two greatest risks to be permafrost degradation affecting foundations, and snow loads affecting roof stability.<sup>13</sup> The audit found that the Department did not develop a formal climate change adaptation plan for public buildings, and often did not follow its own practices for operations and maintenance of public buildings. For example, 63% of the buildings reviewed by the OAG did not undergo required annual roof inspections, and snow removal occurred on only 50% of the buildings examined.<sup>14</sup>

The audit found that the Department of Infrastructure developed a climate change plan for transportation infrastructure in 2013. This plan identified all-weather and winter roads as the greatest areas of risk and committed to a range of adaptive actions to manage these risks, including: testing and using new technologies to manage the impacts of permafrost degradation and changing ice conditions; conducting research on the viability of winter roads; and changing operations and maintenance practices to better protect roads from impacts such as melting ice.<sup>15</sup>

The audit found that the Department did not regularly conduct required inspections of all-weather roads, to identify required maintenance and rehabilitation. While the Department inspected 90% of large culverts, approximately 50% of the small culverts the Department should have inspected were not inspected.

Despite these issues, Infrastructure, the OAG found, did take some positive steps to manage the impacts of climate change.<sup>16</sup> The audit found that the Department worked with various partners to undertake research and test new technologies for climate change adaptation. The Committee takes this opportunity to acknowledge the Department of Infrastructure for this work.

## **AUDIT RECOMMENDATIONS**

The report of the Auditor General contains a total of eight recommendations. For Department of Environment and Natural Resources, five recommendations are related to its leadership role for climate change and one is related to wildlife management actions to adequately adapt to climate change. The final two recommendations are directed toward the Department of Infrastructure's work relating to adapting to climate change impacts.

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<sup>13</sup> Auditor General's report, paragraph 74, p. 18.

<sup>14</sup> Auditor General's report, Exhibit 5, p. 20.

<sup>15</sup> Auditor General's report, paragraph 82, p. 21.

<sup>16</sup> Auditor General's report, paragraph 75, p. 18.

The Standing Committee endorses all of the recommendations made by the Office of the Auditor General and recommends that the departments ensure these are implemented in a timely manner.

**Recommendation 1**

**The Standing Committee on Government Operations endorses the eight recommendations made by the Office of the Auditor General in its report and recommends that the Department of Environment and Natural Resources and the Department of Infrastructure take the steps necessary to ensure that all recommendations are fully implemented in a timely manner.**

**COMMITTEE RECOMMENDATIONS – GENERAL**

Although compliance audits are backwards-looking, the value of such an exercise lies in assessing past performance shortfalls with a view to improving future performance. In this vein, the Standing Committee's observations and recommendations are intended to provide departments with additional insight that may assist them in implementing actions that will ultimately help fulfill the recommendations made by the Auditor General.

The Auditor General's key finding in the 2017 Report on Climate Change in the Northwest Territories is that the Department of Environment and Natural Resources failed, in a very fundamental way and over an extended period of time, to fulfill the leadership role that is necessary for the Northwest Territories to plan for, mitigate, and adapt to climate change and the dramatic consequences it holds for the Northwest Territories. This is a very concerning finding that should be met with serious consideration.

The Committee notes that, of the five recommendations of the OAG related to the Department's failure to show leadership, all five responses point to the Climate Change Strategic Framework (CCSF) as the answer to this failure. This suggests to the Committee that the Department, on a very foundational level, fails to appreciate the gravity of the Auditor General's finding and does not recognize that improvement will take a concerted effort on a number of fronts and will not be achieved solely through the delivery of a strategic framework.

The Committee has heard both the Deputy Minister, during the public hearing, and the Minister, in the Legislative Assembly,<sup>17</sup> make the point that the audit

<sup>17</sup> *"The department has not failed in its leadership role. In fact, we're doing a lot of work. I think the Auditor General even made comment to the work we did. Some of the work that they were doing was before the work that we did. We are using the recommendations from the Office of*

period did not address the Department's work on the Climate Change Strategic Framework, with the inference being that the utility of the audit was, therefore, limited. The Committee is disappointed with this dismissive response, which attempts to minimize the Auditor General's findings. Committee would have preferred to hear some acknowledgement that the audit findings point to deep-rooted, systemic problems that have persisted over a decade or more. For these problems to be adequately addressed they must first be acknowledged.

The Standing Committee takes this opportunity to recognize, with sincerity, the effort, dedication and hard work of the employees of ENR. The Committee's observations should not be construed, in any way, as criticism of the Department's hard-working public servants, but rather as a critique of poor management decisions which resulted in the Department's hard work being less effective than it might have been. The Committee encourages the Minister, his Cabinet colleagues and the Department's senior management to do some soul-searching, reflect on past mistakes and ensure those mistakes are not repeated.

### **Timely Transmittal of Materials**

The Standing Committee received the presentation materials and ENR's draft Action Plan at midday on January 15, 2018, a day and a half before the start of the public hearing. Section 10 of the *Process Convention on Communications between Cabinet Ministers, Standing Committees and Regular Members* requires that such materials be transmitted no later than three business days prior to the meeting at which the materials will be considered.

Unfortunately, this is not the first time a contravention of the process convention has occurred with respect to the public review of an audit report. The Committee again reminds Ministers and their senior officials of their obligation to ensure the timely transmittal of materials. Accordingly, the Committee makes the following recommendation:

#### ***Recommendation 2***

**The Standing Committee on Government Operations again recommends that, in future, any GNWT department being audited provide the Standing Committee on Government Operations with a copy of its action or implementation plan at the earliest possible opportunity and no later than three business days prior to the Public Review on the Auditor General's**

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*the Auditor General to strengthen our role. They did look at it a [finite] period of time and did not consider all of the good work that is being done to develop the Climate Change Strategic Framework. The document is a roadmap as to how the GNWT will address and respond to climate change up to 2030.*" Minister of Environment and Natural Resources, Unedited Hansard, February 26, 2018, p. 12.

**report consistent with the *Process Convention on Communications between Cabinet Ministers, Standing Committees and Regular Members.***

### **Receipt of the Action Plan in Draft Format**

The Standing Committee has an excellent working relationship with Office of the Auditor General and, as a matter of course, has in-depth discussions, both in camera and in public, with the Auditor General and his staff. This gives the Committee insight into the findings and recommendations made in the audit, and as importantly, into the purpose of the Auditor General's recommendations and the outcome that his Office hopes the audit will achieve. This dialogue informs the production of this report and the Committee's recommendations, which may be of some benefit to the audited department in refining its approach to addressing the concerns the Auditor General raises.

The Committee notes that ENR's Action Plan was provided in a draft format. The recommendation, below, is intended with respect to future audits.

### ***Recommendation 3***

**The Standing Committee on Government Operations recommends that, in future, any GNWT department selected for an audit provide the Standing Committee on Government Operations with a copy of its action or implementation plan in draft format and, further, that the document not be finalized until the Department has had an opportunity to consider the recommendations made as a result of the Standing Committee's review.**

## **COMMITTEE OBSERVATIONS AND RECOMMENDATIONS – SPECIFIC**

The Standing Committee has identified a number of recommendations that are specific to the audit and related to the recommendations made by the Office of the Auditor General. These are identified below:

### **OAG Recommendation 1: Develop and Implement a Climate Change Strategy**

The OAG recommends<sup>18</sup> that ENR develop and implement a strategy outlining how the Northwest Territories will adapt to climate change that includes a territory-wide assessment of climate change risks; is developed with input from other GNWT departments and NWT residents; takes into account a number of

<sup>18</sup> Auditor General's report, paragraph 27, p. 6.

factors including regional diversity; and uses indicators to facilitate tracking of climate change adaptation.

The Department's response indicates that the implementation of the CCSF will require an action plan, to be developed over the 2017-18 fiscal year. This action plan will include a performance measurement framework with specific indicators to help track the progress and commitments made in the CCSF. Ongoing assessment of adaptation efforts in the Northwest Territories will be assessed as part of the action plan.

The Standing Committee makes the following recommendations related to the development of the Climate Change Strategic Framework and accompanying Action Plan:

***Recommendation 4***

**The Standing Committee on Government Operations recommends that the Department of Environment and Natural Resources acknowledge and reference the Auditor General's Report and recommendations in the Climate Change Strategic Framework.**

***Recommendation 5***

**The Standing Committee on Government Operations recommends that the Department of Environment and Natural Resources bring forward a draft *Climate Change Strategic Framework Action Plan* for the consideration of the Standing Committee, no later than May 11, 2018, which identifies specific activities to be undertaken by the department in support of the Climate Change Strategic Framework and in response to the recommendations of the Auditor General.**

**OAG Recommendation 2: Identify Climate Change Information Needs and Make Information Available**

The OAG recommends<sup>19</sup> that, to better support climate change information needs and adaptation decisions, ENR should:

- Identify the climate change information needs of Government of the Northwest Territories departments as well as those of communities.

<sup>19</sup> Auditor General's report, paragraph 39, p. 9.

- Provide departments and others with access to relevant climate change information to make informed adaptation decisions. This would include collecting new information, accessing information already available, and establishing mechanisms to house and share this information. The Department should work with other government departments, agencies, communities, and research institutions to identify existing climate change–related information.
- Monitor implementation of the *Knowledge Agenda: Northern Research for Northern Priorities*.

The *Knowledge Agenda* is an aspirational document that identifies high level strategic goals for research the following areas: cultural sustainability, environmental stewardship; health and wellness; natural resource management and sustainable communities. An Action Plan should identify how the strategic goals of the *Knowledge Agenda* will be achieved, including which partnership agencies will be involved in the collection and storage of information and how that information will be warehoused and shared.

The Action Plan should ensure there is a clear role for traditional knowledge in managing and adapting to climate change and should include the development of a central repository of the traditional knowledge currently provided to or collected by field staff working in in all GNWT program departments. The Committee makes the following recommendation:

### ***Recommendation 6***

**The Standing Committee on Government Operations recommends that the Department of Environment and Natural Resources bring forward a draft *Knowledge Agenda Action Plan* for the consideration of the Standing Committee, no later than May 11, 2018, which identifies specific activities to be undertaken by the department in support of the Climate Change Strategic Framework and in response to the recommendations of the Auditor General.**

### **OAG Recommendation 3: Develop a New Greenhouse Gas Strategy and Report Regularly on Progress Made and Results Achieved**

In response to the above recommendation,<sup>20</sup> ENR notes that the draft Climate Change Strategic Framework (CCSF) includes mitigation of greenhouse gas

<sup>20</sup>Auditor General's report, paragraph 50, p. 12.

(GHG) emissions in the Northwest Territories. Emissions targets are identified for the years 2020, 2025 and 2030.<sup>21</sup>

The CCSF sets out ENR's intention to undertake a five-year planning timeline to support the implementation of the priorities and activities outlined in the CCSF. The five-year review process contemplates the development of successive five-year action plans, with the first review scheduled for 2024 and the second in 2030.

The Committee is concerned that, if target necessary target adjustments are only made at the conclusion of the five-year review process, will lack the flexibility necessary to allow for target adjustments to occur before 2024, and again before 2030, if required.

The Committee notes that the CCSF indicates that "as actions are implemented, annual tracking and report is required to measure progress and prepare for a formal review"<sup>22</sup> of the CCSF. This commitment to annual reporting is repeated in the Department's response to the Auditor General's recommendation:

*"The performance measurement framework, as part of the action plan, will monitor how actions are addressing emissions and monitor commitments made in the CCSF and the 2030 Energy Strategy. The Department of Environment and Natural Resources commits to reporting annually to the public."<sup>23</sup>*

To ensure that the process has the flexibility to accommodate any necessary target adjustments prior to 2024 and in the period between 2024 and 2030, the Committee makes the following recommendation:

### **Recommendation 7**

**The Standing Committee on Government Operations recommends that the Department of Environment and Natural Resources report annually on progress being made to meet the greenhouse gas (GHG) emissions targets established in the Climate Change Strategic Framework and remain open to the possibility of making target adjustments, as required, to meet the overall emissions reduction target by 2030.**

<sup>21</sup> Emissions targets are identified as follows: 2020 – 1,400 kt CO<sub>2</sub>e; 2025 – 1,300 kt CO<sub>2</sub>e; 2030 – 1,150 kt CO<sub>2</sub>e. Department of Environment and Natural Resources, *Draft Climate Change Strategic Framework*, November 2017, p. 8.

<sup>22</sup> Department of Environment and Natural Resources, *Draft Climate Change Strategic Framework*, November 2017, p. 35.

<sup>23</sup> Auditor General's report, Department's response to the OAG recommendation at paragraph 50, p. 12.

#### **AG Recommendation 4: Stakeholder Engagement on new Greenhouse Gas Strategy**

The Auditor General recommended that, “in developing and implementing its greenhouse gas (GHG) strategy, the Department of Environment and Natural Resources should engage with stakeholders, *including industry*, to clearly identify commitments to address GHG emissions in each sector across the Northwest Territories”<sup>24</sup> (*emphasis added*). Committee notes that the engagement of industry will be critical to the success of the first goal set out in the CCSF, which is to transition to a lower carbon economy. Industry buy-in is essential if the GNWT hopes to meet the sector-specific targets set in the CCSF.

The Department’s response to the OAG’s recommendation makes no reference to industry.<sup>25</sup> When questioned, ENR provided the Committee with additional information about a meeting that had taken place between Department officials and industry representatives during the development of the draft CCSF.

The Standing Committee is of the view that the Department’s efforts to engage industry have, to date, been inadequate. Additional work is needed, not at the officials’ level but at the political level, to ensure that the GNWT secures the cooperation of industry in meeting the goals of the CCSF. The Committee urges the Minister and his Cabinet colleagues to show leadership in this regard, by adopting and implementing the following recommendation:

#### ***Recommendation 8***

**The Standing Committee on Government Operations recommends that the Minister of Environment and Natural Resources, with Cabinet endorsement and participation, hold a Ministerial round table on climate change in the Northwest Territories as a method for seeking industry input into the Climate Change Strategic Framework and to secure commitments, at the political level, that industry will work to meet the targets set in the CCSF.**

The Ministerial roundtable could serve as an ongoing mechanism for securing the input of industry representatives during development and implementation of

<sup>24</sup> Auditor General’s report, paragraph 51, p. 12.

<sup>25</sup> “Agreed. Regional engagement workshops, an online survey, and written submissions have informed requirements for addressing greenhouse gas emissions in the Northwest Territories in the Northwest Territories Climate Change Strategic Framework (CCSF). In the development of the CCSF action plan, the Department of Environment and Natural Resources will continue to engage with stakeholders and Aboriginal governments to develop sector commitments.” Auditor General’s report, Department’s response to the OAG recommendation at paragraph 51, p. 12.

the Action Plan and could include other stakeholders such as non-governmental organizations. The Committee would welcome the opportunity to review any draft Terms of Reference developed to support this approach.

### **OAG Recommendation 5: Climate Change Leadership**

As stated earlier, the Standing Committee believes that the most significant finding in the Auditor General's report is the failure of the Department of Environment and Natural Resources to provide leadership, on behalf of the Government of the Northwest Territories, for the climate change file. The Auditor General recommended that ENR consider options for how best to fulfill its responsibilities as the lead for climate change, including considering what authority is needed, and identifying the resources required to fulfill its responsibilities.<sup>26</sup>

The Department responded by stating that, as part of the exercise to develop a CCSF Action Plan, ENR will look at its authority, roles, and responsibilities, and the resources required to effectively carry out the CCSF. This response, together with answers provided to the Committee's questions during the public hearing, suggest to the Committee that the Department lacks sufficient clarity as to what the OAG means by the use of the term "authority."

The Committee understands the use of the term "authority," in this context, to mean the strategic development and deployment of procedural authoritative instruments – ie. laws, policies, and procedures – designed to ensure that ENR has the appropriate mandate to act in a leadership capacity and can compel other departments, through this mandate, to assist in the attainment of desired outcomes.

If it is ENR's preference to consider these questions of authority in the context of developing a CCSF Action Plan, that is the Department's prerogative. Whether this exercise takes place in this context, or as a separate initiative, the Committee recommends that the ENR give consideration to the development of the following:

1. The establishment of a *Climate Change Act*, which could:
  - ▶ Provide for the carbon tax; formalize any commitments made on a sectoral basis to meet GHG emissions targets;
  - ▶ Provide for consequential changes to the *Financial Administration Act*, if necessary, to ensure climate change impact analysis is included as part of any program and service submissions and budgeting; and

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<sup>26</sup>Auditor General's report, paragraph 51, p. 12.

- ▶ Establish the authority and requirements for public reporting;
2. The development of a formal GNWT *Climate Change Policy*, for the approval of the Premier in Executive Council, which could:
- ▶ Set forth the principles that the GNWT will uphold when addressing climate change;
  - ▶ Establish the authorities of the Minister and of the Department of ENR to lead the GNWT's climate change response;
  - ▶ Make clear how conflicting mandates will be addressed (such as the potential conflicts between carbon pricing and emissions targets);
  - ▶ Formalize the establishment of the Assistant Deputy Ministers Climate Change Committee, including ENR's leadership of the Committee; and
  - ▶ Include provisions identifying how the GNWT will prioritize and approve federal funding applications, and
  - ▶ Include provisions identifying how submissions for the consideration of Cabinet and the Financial Management board will be screened and assessed for climate change impacts by GNWT analysts.
3. The development and implementation of Memoranda of Understanding, pursuant to the above-noted policy, which clearly identify Ministerial and departmental responsibilities for any climate change initiatives, including those undertaken pursuant to the *CCSF Action Plan*, the *Knowledge Agenda Action Plan* and any action plan developed for the *2030 Energy Strategy*.
4. An assessment exercise intended to determine what resources are needed by ENR to provide the department with sufficient capacity to complete the CCSF and Action Plan, and implementation of both within the identified timeframes, given that there have been significant delays to date.

### **Recommendation 9**

**The Standing Committee on Government Operations recommends that the Department of Environment and Natural Resources give consideration to the development of the following procedural authoritative instruments: a territorial *Climate Change Act*; a formal GNWT *Climate Change Policy*; Memoranda of Understanding identifying Ministerial and departmental responsibilities for climate change initiatives; and an assessment exercise designed to identify and provide the department with sufficient capacity to fulfill its leadership role.**

**The Standing Committee further recommends that ENR report back to the Committee on its consideration of these recommendations – identifying those procedural authoritative instruments it will adopt, together with reasons for any decision to not proceed with these instruments.**

For the consideration of the Minister and his Cabinet colleagues, Committee closes this section by emphasizing that ENR will be best supported to lead at the departmental level only if it is complemented by climate change leadership at the political level, with all Ministers fully engaged and leading within their respective areas, including working with industry, stakeholders, Indigenous Governments and non-governmental organizations.

### **OAG Recommendation 6: Impacts on Wildlife**

The Auditor General recommended<sup>27</sup> that ENR identify and implement wildlife management actions to adequately adapt to climate change, including:

- Conducting an assessment of risk for its overall wildlife management strategy to ensure that all climate change risks to wildlife have been identified;
- Collecting the information required to understand climate change impacts on wildlife, including the status of species in the territory;
- Taking action to address the risks identified; and
- Working to fulfill those commitments it had already identified as important to addressing climate change impacts on wildlife.

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<sup>27</sup> Auditor General's report, paragraph 73, p. 18.

The Committee is troubled that the Department's response to this recommendation which, while ostensibly agreeing with the recommendation, essentially states that the Department intends to continue doing what it is already doing – that is, monitoring wildlife on a species-specific basis. The only commitment by ENR to change what it already does is a vague reference to “include *efforts* to identify and better understand climate change impacts on individual species, its contribution to cumulative effects, and species-specific options to mitigate cumulative effects and enhance population health and resilience” (*emphasis added*).<sup>28</sup>

ENR should identify what efforts, specifically, it intends to employ to identify and manage the impacts of climate change on wildlife in the NWT. The Department should consider modelling climate change impacts on keystone species and landscapes, risk assessments, and the identification of actions to deal with the risks. The species-specific management plans should be amended to deal with climate change on some kind of a priority basis, with a firm timetable for the implementation of specific actions.

The Committee makes the following recommendation:

***Recommendation 10***

**The Standing Committee on Government Operations recommends that the Department of Environment and Natural Resources identify, in its *CCSF Action Plan*, specific measures that will be undertaken, with associated timelines, to fulfill the wildlife management actions recommended by the OAG, including the development of an inventory of commitments already identified as important to addressing climate change impacts on wildlife, with a view to ensuring those commitments are met.**

**OAG Recommendations 7 and 8: Public Building Infrastructure and  
Transportation Infrastructure (INF)**

For the Department of Infrastructure, the Auditor General recommended that the Department should consistently carry out those operational practices that it committed to, in order to manage the impacts of climate change on public buildings and roads. For roads, in particular, the Department should carry out the operational practices identified for small culverts and ice roads.

<sup>28</sup>Auditor General's report, Department's response to the OAG recommendation at paragraph 73, p. 18.

The Standing Committee encourages the Department to ensure that lessons learned from climate change adaptation lead to improved building and road design.

## **CONCLUSION**

According to the Auditor General, the measures taken by the Departments of ENR and Infrastructure were not adequate to fulfill the government's climate change commitments to reduce territorial greenhouse gas emissions and to adapt to climate change impacts in the Northwest Territories.

For the Department of Environment and Natural Resources, in particular, while the Committee is encouraged that the Department accepted the Auditor General's recommendations, the responses to some of these were so vague as to leave the Standing Committee with little assurance that appropriate steps will be taken to ensure that the Department meets the challenge of fulfilling its leadership role. The Standing Committee's recommendations, therefore, are intended to further assist the Department to address the deficiencies found by the audit.

The Standing Committee will be monitoring the Department's progress and looks forward to receiving substantive progress reports.

The Committee makes the following, final recommendation:

### ***Recommendation 11***

**The Standing Committee on Government Operations recommends that the Government of the Northwest Territories provide a response to this report within 120 days.**

This concludes the Standing Committee on Government Operations review of the 2017 Report of the Auditor General of Canada on Climate Change in the Northwest Territories.