



To A	Regional Management Committee Pacific Region	Security Classification - Classification de sécurité UNCLASSIFIED
		Our file - Notre référence 382570
From De	Associate Regional Director General Pacific Region	Your File - Votre référence
		Date December 3, 2003

Subject **PRELIMINARY FINDINGS ON THE FOLLOW-UP SALMON AUDIT**
Object

The purpose of this memo is to provide an update on the preliminary findings by the Office of the Auditor General on the follow-up audit on the three chapters on salmon and habitat reported in 1997, 1999 and 2000.

On November 24, I met with the local senior Auditor General staff who conducted the audit and they provided a verbal update on the issues they will be pursuing in the report. The process they are following is to brief senior departmental officials in advance of drafting the final report. Their next briefing will be with the Deputy Minister of Fisheries and Oceans in early January to present their preliminary findings and to receive feedback from the Deputy on the issues presented. The auditors are expecting to prepare a draft report for departmental review by the end of January. At that time senior staff within the department will have an opportunity to review the applicable sections for accuracy and to respond to the audit recommendations. The final report will be completed before May 2004 and tabled with Parliament shortly thereafter.

The overall theme of the preliminary findings is that the department is not making as much progress on the implementation of the recommendations from the three previous audits as the auditors were expecting. They have a number of specific examples which I will outline.

To ensure the accuracy and validity of the auditors observations I am requesting additional information from the appropriate Director for a number of the observations. It is important that the auditors receive the most current updates, reports, etc. as soon as possible and before they start writing their final report. Additional information should be forwarded to Ron Faust and he will ensure the auditors receive it.

The following is a summary of the briefing I received from the auditors:

Canada

Wild Salmon Policy Implementation

There is concern by the auditors that the wild salmon policy will not be completed by December 31 as indicated in the 2002 Sockeye Review and the auditors are unaware of a revised schedule for completing the policy. This will definitely be an observation in the report so it is important at this stage to provide them with the current time frames for consultation and internal review so these timelines can be factored into the draft. I would also ask that the draft operational guidelines be provided to the auditors. They were also seeking clarification on how the department is ensuring compatibility on the definition of conservation units between COSEWIC and the department.

Action Director Policy

Salmon Stock Assessment

The auditors noted that up to 40% of salmon stocks are not being assessed on a regular basis due to resource constraints and that with the introduction of SARA and a wild salmon policy demand for additional stock assessment will grow without the necessary resources to respond. It would be useful to confirm that the 40% reflects the current state of affairs and explain how we meet our objectives without assessing 100% of the stocks.

The auditors should also receive the salmon stock status report presented by Blair Houtby at the SFI annual meeting.

Action Regional Director Science

SARA

The observation on SARA is the department is not providing a response statement within 90 days of receiving the stock status reports as generated by COSEWIC. Their understanding is the stock status reports for the three listed stocks were completed in March; however the department has yet to respond. We need to confirm our approach and if their interpretation is incorrect we need to provide further clarification.

Action Regional Director Policy

Recovery Planning and the IFMP

The auditors observed that recovery planning has yet to be factored into IFMPS. I am requesting an update on status of recovery planning and how we plan to factor this into the 2004 IFMPS.

We also need to ensure we factor socio economic objectives and a scientific based risk assessment framework into the IFMPS. I believe we did have a consultant look at socio economic factors in preparation of the 2003 IFMPS. We need to provide that analysis to the auditors as well to demonstrate what we attempted to do in 2003.

Action Regional Director Fisheries Management

Catch Monitoring

The auditors observed that the department is progressing slowly on salmon catch monitoring initiatives. They have seen the consultation document for catch monitoring but have not yet seen an action plan. I am requesting an update on the status of catch monitoring and how we are progressing.

Action Regional Director Fisheries Management

Selective Fishing

While the auditors confirm the department continues to implement short term projects they are concerned that no long term mortality studies are planned. If there is information relevant to this concern it should be brought to the attention of the auditors.

Action Regional Director Fisheries Management

Allocation Board

The auditors observed that the department has not made progress towards the creation of an Allocation Board. If there is information relevant to this concern it should be brought to the attention of the auditors.

Action Regional Director Fisheries Management

Salmon Enhancement Evaluation

The auditors indicated they were not able to obtain any reports on the costs and benefits of hatcheries. I indicated that there are at least two reports on the evaluation of SEP (Pearce and Gislason). Information relevant to this issue should be brought to the attention of the auditors.

Action Regional Director Habitat

Annual Report on the Administration and Enforcement of Habitat Protection and Pollution Prevention Provisions

This national report is an annual requirement to Parliament. The auditors have noted the last report was prepared for the 2000/01 fiscal year and tabled in 2003. Is anything happening for 2001/02 and 2002/03? There was also an observation that the report generally listed activities but did not describe performance measures especially as it applies to the no net loss policy.

Action Regional Director Habitat Management

National Review of Habitat Compensation Projects

There was an expectation that this review would be completed this fall. I would like to know current status and if a draft report is available we need to provide a copy to the auditors. There is a sense that the department is not achieving no net loss and in some cases we may be going in the opposite direction. There were also concerns over habitat referral workload issues that would also contribute to not achieving no net loss.

Action Regional Director Habitat Management

Community Based Habitat Planning

It was recognized that a watershed planning document has been produced however the auditors would like to see a more structured approach to watershed planning. Have there been any recent developments? There was general concern voiced by the auditors over sun setting programs and the elimination of the habitat stewardship programs and potential negative effects on net loss of habitat.

Action Regional Director Habitat Management

Salmon Aquaculture

There were a myriad of comments related to salmon aquaculture. The discussion centered on these key areas:

1) Research Knowledge Gaps with Emphasis on Sea Lice

The auditors could find no definitive answers from the department on the effects of sea lice on wild salmon. They would like to see clear answers on the effects of sea lice on wild salmon and if salmon farming is a contributing factor. I would like to see the results of the Broughton Archipelago action plan as well as a summary of the research that has taken place to date on the effects of sea lice on wild salmon. The auditors have indicated that no research took place in 2002 and no further research is planned for 2004.

It was acknowledged that three knowledge initiatives papers were prepared identifying knowledge gaps (e.g. on use of chemicals) however there was no clear strategy on implementation due to

resource constraints. There was a general observation that there was a need for more support from Science on mitigation strategies. It was observed that there was no Environment Canada /DFO agreement on the use of harmful substances.

2) Monitoring and Site Applications

The auditors recognized the challenges of the environmental assessments and made a couple of observations. There appeared to be a lack of clarity on information requirements from proponents and there appeared to be difficulty in assessing cumulative environmental effects.

Under section 5 of the Navigational Waters Protection Act it was not clear to the auditors whether an exemption would trigger an environmental assessment. The department needs to provide some guidance on this. There was also an observation from the auditors that an aquaculture company put fish into a new site on Kent Island without an NWP permit and the department took no action. DFO rejected the proposal but took no legal action. The province did however fine the company.

Finally there was a comment about the need to improve national coordination and harmonization with the provinces and criticism that the Office of Sustainable Aquaculture had not issued an annual report for 2002/03.

I would appreciate any comments on the accuracy of this section and relevant new information we could pass on the auditors.

Action for aquaculture issues - Regional Director Habitat, Regional Director Science

The auditors did indicate that they would not touch on every observation in their final report. They will choose significant issues that will be of interest to politicians as the report will be tabled in Parliament.

Could you please provide the requested information to Ron Faust by December 12, 2003.

Thank you for your cooperation.

Original signed by

P. Macgillivray

cc: John C. Davis