



Office of the Auditor General

Auditor General's Statement to the Media

Release of November 2017 Report to the Nova Scotia House of Assembly

11/1/2017



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Good afternoon everyone. Thank you for coming here today and for your interest in our work on the Environment.

Introduction

Today, I tabled my first stand-alone report on the Environment which contains four environment-related chapters:

- one covers audit work on environmental assessments,
- one reports the results of an audit on climate change, and
- two are information chapters – one covering accounting for contaminated sites and the other on our previous environment-related audit work.

Results of our 2 performance audits as reported today

Chapter 4

In Chapter 4 we reported on the effectiveness of the Department of Environment's environmental assessment process, including approvals and monitoring. Overall, we found that Nova Scotia Environment's monitoring of the terms and conditions on approved projects was poor. Terms and conditions include things such as ground water surveys or wildlife monitoring, and failure to ensure these steps are taken increases the possibility that environmental risks are not addressed as required when approval was given.

In our examination of 22 approvals, Environment was unsure if 23 of the 53 terms and conditions – nearly half – had been met because they didn't check. On top of this, I am quite concerned that the Department of Environment has not determined if the terms and conditions it sets are working to reduce risks to the environment. Not checking to see that certain requirements are met, and not knowing if those requirements are effective, weakens the whole approval process. Frankly, it is hard to understand why this hasn't been done.

While we noted Environment is approving projects according to legislative requirements, the setting of terms and conditions attached to those approvals needs to be strengthened. For example, key details such as deadlines to meet requirements and reporting on compliance with them were often not included. As well, weaknesses in setting terms and conditions include:

- often being developed without adequate input from inspectors,
- not cleared with other departments that were involved, or
- not adequately reviewed with project owners

Simply meeting legislative requirements does not guarantee an approval process is adequate, and as our work shows, more needs to be done.

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Chapter 3

Chapter 3 looked at government's climate change management, coordinated by Nova Scotia Environment. Our work showed the Province's 2015 greenhouse gas emissions were 18 per cent below 1990 levels, meeting the minimum 10 per cent reduction target for 2020.

We also reported the Province had completed most of the 68 actions in its 2009 climate change action plan. But climate change is ongoing and will continue to impact our province – new plans and actions are needed and should be shared with the public.

In dealing with climate change, we expected that any plans and actions developed would be based on a risk assessment. Environment completed a risk assessment in 2005 but has not reviewed it since that time. Good practice would include periodic review of risks to see if anything has changed and taking actions when needed.

Information reported in the 2 other chapters

In the two information chapters, I want to draw attention to other work we have done related to the environment.

Chapter 2

In Chapter 2 we looked at environment-related work we did over the last 10 years. For the three audits the Department of Environment, we noted 20 of our 43 recommendations were not complete when we last followed up on them. 11 were from our 2010 audit on Contaminated Sites, 8 were from our Public Drinking Water Safety audit, and 1 remained from the 2008 Environmental Monitoring and Compliance audit. Although government agreed to implement them, too many recommendations were not done. Weaknesses we identified and the risks they pose likely still exist. Department and government attention is needed to ensure there is oversight and accountability for completing the recommendations. I would also note that I hope Nova Scotia's Public Accounts Committee would look to hold the Department of Environment and government accountable for the results and how they plan to get their commitments done.

Chapter 1

In Chapter 1 we outlined how environmental costs are accounted for by government. The government's 2017 liability for future costs of contaminated sites is \$212 million at March 31, 2017. The Boat Harbour and Sydney Steel cleanups account for about 93% of the total liability. The liability amount is based on estimates and assumptions, which are uncertain and could change as more information becomes known. This uncertainty presents challenges for fiscal planning.

For example, a \$130 million liability was recognized for Boat Harbour in 2017, up from \$88 million in 2016 and more than 10 times the original \$12 million estimated in 2013. The cleanup plan for this site is expected to be finalized in three to four years as the amount of contamination is still being determined.

Conclusion

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That concludes my comments on the report. I invite you to visit our website if you are interested in reviewing a brief 2-minute video on each of the 4 chapters.

Once again, I want to thank my staff for their tremendous efforts to produce this report. This was the result of the work of a dedicated team at my Office. Also, my thanks go out to the public servants in government whose cooperation is essential to our work, especially at the Department of Environment where most of this work was focused.

Now I would be happy to take your questions.