

Fall 2013



## Report of the Commissioner of the Environment and Sustainable Development

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### CHAPTER 5

#### Funding Programs for Species at Risk



Office of the Auditor General of Canada

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## **CHAPTER 5**

### **Funding Programs for Species at Risk**

## Performance audit reports

This report presents the results of a performance audit conducted by the Office of the Auditor General of Canada under the authority of the *Auditor General Act*.

A performance audit is an independent, objective, and systematic assessment of how well government is managing its activities, responsibilities, and resources. Audit topics are selected based on their significance. While the Office may comment on policy implementation in a performance audit, it does not comment on the merits of a policy.

Performance audits are planned, performed, and reported in accordance with professional auditing standards and Office policies. They are conducted by qualified auditors who

- establish audit objectives and criteria for the assessment of performance,
- gather the evidence necessary to assess performance against the criteria,
- report both positive and negative findings,
- conclude against the established audit objectives, and
- make recommendations for improvement when there are significant differences between criteria and assessed performance.

Performance audits contribute to a public service that is ethical and effective and a government that is accountable to Parliament and Canadians.

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# Funding Programs for Species at Risk

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## Main Points

### What we examined

The decline of species can be linked to a number of factors, especially habitat loss. Under the *Species at Risk Act*, Environment Canada is responsible for ensuring that recovery documents—recovery strategies, management plans, and action plans—are prepared for the species assigned to it under the Act. In many cases, the Department promotes the implementation of the actions called for in recovery documents through funding programs that directly or indirectly support the protection and recovery of species at risk.

We examined whether Environment Canada has assessed results achieved through five funding programs and impacts on the recovery of species at risk.

Audit work for this chapter was completed on 30 July 2013. More details on the conduct of the audit are in **About the Audit** at the end of this chapter.

### Why it's important

From 2008–09 to 2011–12, the federal government made an average annual contribution of \$73 million to the Habitat Stewardship Program for Species at Risk, the Aboriginal Fund for Species at Risk, the Interdepartmental Recovery Fund, the Natural Areas Conservation Program, and the Ecological Gifts Program.

There are 518 species at risk listed under the *Species at Risk Act*, of which 331 are the responsibility of Environment Canada. Tracking the results of recovery efforts for these species is important, as it can inform Environment Canada on the extent to which the planned actions in recovery documents have been implemented and inform future funding decisions.

### What we found

- Environment Canada does reasonably well at tracking the results of individual projects it funds to recover species at risk and protect their habitats. However, the Department does not know the extent to which actions called for in recovery documents have been implemented through its funding programs. Compiling results from across the funding programs can help inform future funding decisions. Furthermore, along with other types of information, such

as species reassessment data, this can help the Department assess the effectiveness of recovery actions and support its reporting obligations on species at risk.

**The Department has responded.** The Department agrees with our recommendation. Its detailed response follows the recommendation in the chapter.



## Introduction

Chapter 6 of this report presents our findings regarding the federal government's preparation of recovery strategies, management plans, and action plans in accordance with timelines of the *Species at Risk Act*.

**Recovery documents**—These include recovery strategies, action plans, and management plans as defined under the *Species at Risk Act*.

**5.1** Recovery of species at risk is a nationally shared responsibility that includes initiatives at both the federal and provincial/territorial levels. At the federal level, under the *Species at Risk Act*, Environment Canada, Fisheries and Oceans Canada, and Parks Canada are responsible for ensuring that **recovery documents** are prepared for the species assigned to each of them.

**5.2** Environment Canada is responsible for the overall administration of the Act on behalf of the federal government, including coordination with provinces and territories. The Department plays a lead role for species at risk nationally and is responsible for ensuring that recovery documents are prepared for a large number of species. For these reasons, we undertook an audit to look more closely at Environment Canada's activities directed at implementing actions from the recovery documents.

### Funding programs to support recovery actions and secure habitat

**5.3** Environment Canada is responsible for ensuring recovery documents are prepared for over 60 percent of the species listed under the *Species at Risk Act* (331 out of 518 species). The Department does not directly implement many of the actions called for in these documents, but collaborates with Fisheries and Oceans Canada and Parks Canada to promote the implementation of recovery actions through three funding programs centred on the protection and recovery of species at risk (Exhibit 5.1). Environment Canada is the administrative lead for these three programs:

- the Habitat Stewardship Program for Species at Risk,
- the Aboriginal Fund for Species at Risk, and
- the Interdepartmental Recovery Fund.

Recovery documents provide key guidance to those who wish to undertake recovery actions for listed species at risk. In the case of the species at risk funding programs, the three federal organizations use recovery documents as a reference point for establishing priorities and selecting projects for funding. Provinces and territories also participate in the Habitat Stewardship Program and the Aboriginal Fund by providing technical advice and funding recommendations.

**Endangered species**—A wildlife species that is facing imminent **extirpation** or extinction (that is, the species no longer exists anywhere in the world).

**Extirpated species**—A wildlife species that no longer exists in the wild in Canada, but exists elsewhere in the wild.

Source: *Species at Risk Act*

**Threatened species**—A wildlife species that is likely to become an endangered species if nothing is done to reverse the factors leading to its extirpation or extinction.

Source: *Species at Risk Act*

**Stewardship**—Refers to the wide range of voluntary actions that Canadians take to care for the environment, ranging from conserving wild species and their habitats directly, to improving the quality of habitat by mitigating human impact.

**5.4** The three funding programs support different types of recovery work. The Interdepartmental Recovery Fund supports work by federal organizations to assess or conserve species and habitats on their lands and waters. For example, in the 2011–12 fiscal year, Aboriginal Affairs and Northern Development Canada received about \$20,000 to restore the streamside habitats of three **endangered** species (Tiger Salamander, Western Screech-owl, and Yellow-breasted Chat) in British Columbia.

**5.5** The Aboriginal Fund for Species at Risk emphasizes capacity building for Aboriginal organizations and supports Aboriginal involvement in activities that protect or conserve species at risk and their habitats. For example, First Nations in Newfoundland and Labrador received \$10,000 to conduct surveys of seven bird species listed under the *Species at Risk Act* and to raise awareness in Aboriginal communities. Species addressed by the project included, among others, the Piping Plover (endangered) and the Red Crossbill (endangered). In British Columbia, a First Nation group received about \$60,000 to conduct surveys, outreach, and tests of methods to minimize the impact of Aboriginal fishing on seabirds, such as the Marbled Murrelet (**threatened**), Pink-footed Shearwater (threatened), and Short-tailed Albatross (threatened).

**5.6** Habitat loss is recognized as the biggest threat to species at risk in Canada. Established in 2000, the Habitat Stewardship Program is the most significant of the three species at risk funding programs in terms of both budget and impact on habitat. The objectives of the program are

- to support habitat projects that benefit species at risk,
- to enable Canadians to become actively and concretely involved in stewardship projects for species at risk, and
- to improve the understanding of the role **stewardship** has as a conservation tool.

**5.7** The Habitat Stewardship Program supports a wide range of activities, including research, education, purchase of lands with significant habitat, outreach to private landowners, and mitigation of threats to species. Funding is available to organizations such as provinces and territories, Aboriginal communities, non-governmental organizations, and private individuals and businesses.

**Species of special concern**—A wildlife species that may become a threatened or endangered species because of a combination of biological characteristics and identified threats.

Source: *Species at Risk Act*

**5.8** For example, a non-governmental organization received about \$860,000 from the Habitat Stewardship Program in the 2011–12 fiscal year for projects to conserve 10 different species in southern Alberta listed under the *Species at Risk Act*. Activities included habitat improvements, such as planting native vegetation and building nest sites, and developing conservation agreements with private landowners. Species covered by the project included, among others, the Burrowing Owl (endangered), Greater Sage-grouse (endangered), Swift Fox (now threatened, it was listed as endangered at the time of the project) and Loggerhead Shrike (threatened). In addition, about half of the funding was used to purchase 388 hectares of Northern Leopard frog habitat (**special concern**).

**5.9** Two other Environment Canada programs may also contribute to the recovery of species at risk, as they are used mainly to support the purchase and donation of lands with significant ecological values for long-term protection:

- The Natural Areas Conservation Program provides funding for qualified organizations to acquire ecologically sensitive lands.
- The Ecological Gifts Program provides tax benefits to those who donate ecologically sensitive land.

The recovery of species at risk is only one of many funding criteria for these two programs. Exhibit 5.1 provides an overview of all five funding programs.

### Focus of the audit

**5.10** In this audit, we examined whether Environment Canada was tracking the results of its five funding programs, and specifically the results achieved on the recovery of species at risk. We did not examine other aspects of Environment Canada's management of grants and contributions, or the involvement of Parks Canada and Fisheries and Oceans Canada.

**5.11** More details about the audit objective, scope, approach, and criterion are in **About the Audit** at the end of this chapter.

**Exhibit 5.1 Funding programs support conservation of species at risk and their habitats**

Program	Habitat Stewardship Program for Species at Risk	Aboriginal Fund for Species at Risk	Interdepartmental Recovery Fund	Natural Areas Conservation Program	Ecological Gifts Program
	These programs are for species at risk and their habitats.			These programs can be used for conserving habitats of species at risk, as well as for other conservation purposes.	
Start date	2000	2004	2002	2007	1995
Eligibility	Non-federal parties on private lands, provincial Crown lands, Aboriginal lands, aquatic and marine areas	Aboriginal organizations and communities	Federal departments and agencies and Crown corporations	Non-profit organizations that secure ecologically sensitive lands	Private landowners working with a qualified charitable or governmental organization
Examples of activities	<ul style="list-style-type: none"> <li>Acquiring and securing habitat</li> <li>Negotiating agreements with landowners</li> <li>Mitigating threats</li> <li>Providing education</li> <li>Making inventories or monitoring</li> <li>Improving habitat</li> </ul>	<ul style="list-style-type: none"> <li>Building capacity</li> <li>Collecting traditional knowledge</li> <li>Participating in conservation planning</li> <li>Providing education</li> <li>Making inventories or monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Mitigating threats</li> <li>Contributing to the identification of critical habitat</li> <li>Making inventories or monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Acquiring ecologically sensitive lands</li> </ul>	<ul style="list-style-type: none"> <li>Donating ecologically sensitive lands</li> </ul>
Average annual federal contribution, from the 2008–09 to the 2011–12 fiscal years*	\$12 million	\$3 million	\$2 million	\$36 million	\$20 million**
Average annual third-party contributions, from the 2008–09 to the 2011–12 fiscal years*	\$25 million	\$2 million	Not applicable	\$51 million	Not applicable
Total area of habitat secured, from the 2008–09 to the 2011–12 fiscal years*	47,500 hectares	700 hectares (2010–11 to 2011–12 only)	Not applicable	249,000 hectares	86,800 hectares

Notes:

\* The numbers were provided by Environment Canada; the Office of the Auditor General did not audit these numbers. Hectares secured should not be added up across programs as some habitat securement projects may be supported by more than one program.

\*\* The Ecological Gifts Program does not provide direct funding for conservation work. It supports conservation by providing tax relief to donors of land.

## Observations and Recommendation

### Funding programs for species at risk and habitat

**5.12** We examined whether Environment Canada was tracking results for species at risk and habitat achieved through the five funding programs

- Habitat Stewardship Program for Species at Risk,
- Aboriginal Fund for Species at Risk,
- Interdepartmental Recovery Fund,
- Natural Areas Conservation Program, and
- Ecological Gifts Program.

**5.13** As part of our examination, we reviewed program documentation and met with staff to discuss what mechanisms were in place to track results. Tracking program results is important because it helps evaluate the implementation of recovery actions. It can help program managers make informed decisions, such as determining whether further action may be needed or whether recovery objectives or protection measures need to be adjusted or adapted.

#### Environment Canada tracks the results of individual funding programs

**5.14** We found that for four of the five programs we examined, the Department has mechanisms for tracking activities and results regarding species at risk. The mechanisms, which vary by program, include online databases for reporting on performance indicators, the Departmental Performance Measurement Framework, the *Species at Risk Act* annual reports, and internal program evaluations. As protection of habitat for species at risk is not the primary focus of the Ecological Gifts Program, results relating specifically to species at risk are not readily available.

**5.15** The Habitat Stewardship Program, the Aboriginal Fund for Species at Risk, and the Interdepartmental Recovery Fund have established results tracking systems that link the funded activities to actions called for in recovery documents, including indicating how the activities contributed to recovery. For example, these programs require recipients to report on the species at risk affected by their projects, the types of work undertaken, the specific recovery actions addressed, and, where possible, the quantitative results, such as the area of land restored or the number of landowners involved.

**The Department does not know the extent to which planned recovery actions have been implemented through its funding programs**

**5.16** In addition to tracking the results of individual funding programs, it is also important to combine these results to determine the overall contribution of the funding programs to the implementation of the actions described in recovery documents. Combining results in this way would allow Environment Canada to know the extent to which their funding programs have contributed to implementing the recovery actions. It would also allow the Department to determine whether further action may be needed or whether recovery objectives or protection measures need to be adjusted or adapted. This would be useful to establish future funding priorities. In the long term, this information, along with other types of information, such as species reassessment data, could also be used to help the Department assess the effectiveness of individual recovery actions.

**5.17** Compiling the results from across its funding programs would help the Department meet its reporting obligations under the *Species at Risk Act*. The Act requires the Department to report every five years on the implementation of each of its recovery documents and the progress in meeting the recovery objectives it is responsible for.

**5.18** We found that, without significant effort, the Department is not in a position to identify which actions called for in recovery documents have been implemented with the support of its funding programs. For example, a recovery strategy has been in place for the piping plover since 2007 (Exhibit 5.2), but the Department cannot easily determine which recommended actions from the recovery document have been implemented through its funding programs and what the outcomes were. Having this information would be useful to establish future funding priorities. In order to verify how many of the recovery actions have been implemented, the Department would need to manually search its databases and review each project file.

**5.19** We found that the Department has recently begun to develop tools to consolidate data on the recovery actions, including those supported by its funding programs. In development are a geographic-based mapping tool to assess how well projects have targeted priority habitats, and a tracking tool to capture which actions in recovery documents have been supported or implemented by Environment Canada. The mapping tool would allow, for example, the comparison of the location of critical habitat identified in recovery documents with the location of projects supported by the funding programs (such as securing habitat). The tracking tool is designed to collect data on the

progress of over 1,800 specific actions found in recovery documents for species under the Department's responsibility. The Department has begun to populate the tracking tool; as of April 2013, it has recorded information on the implementation of about 40 percent of the recovery actions. These tools could be a significant step forward when completed; however, they are still in development, and the timelines for their completion are not clear.

**5.20** As noted earlier, the *Species at Risk Act* requires the Department to report every five years on the implementation of its recovery documents and the progress in meeting related recovery objectives for which it is responsible. As of 31 March 2013, the Department had not completed any of the 27 reports due at that time. Completing and implementing its new tools would help the Department address the gaps in tracking and reporting results and would help fulfill this obligation.

**Exhibit 5.2 A lot of effort is required for the Department to get an overall picture of the funded recovery actions for the Piping Plover**

There are two sub-species of Piping Plover at risk in Canada—one in the Prairies and one on the east coast. The Prairies population has suffered the largest declines. Piping Plover nests are highly vulnerable to disturbance by people, pets, cattle, and recreational vehicles.

A recovery strategy has been in place for the endangered Piping Plover (*circumcinctus* subspecies) since 2007.



Piping Plover

Photo: Stubblefield Photography/Shutterstock.com

Around 80 projects have been funded for this subspecies. Environment Canada has not yet attempted to take stock of what its funding programs have contributed to the species' recovery. Program databases do not offer an automatic search function for compiling information to know, for example, how these projects as a whole have addressed the recommendations from the recovery strategy. At this time, doing so would require significant efforts to review each project file involving the species.

Determining how much of the plover's critical habitat has been protected as a result of the Natural Areas Conservation Program and the Ecological Gifts Program would involve greater effort, because the information is not routinely stored in a way that directly answers this question.

Another challenge that the Department has not yet addressed is how to add up the amount of habitat that has been secured across programs without double-counting.

**5.21 Recommendation.** Environment Canada should compile the results from its funding programs to determine their overall contribution to the implementation of actions identified in recovery documents for species at risk and use this information to inform assessments of its funding priorities.

**The Department's response.** Agreed. Annually, in advance of the Calls for Proposals for funding, Environment Canada will cooperatively revise the national and regional Species at Risk priorities to ensure that funded projects are in line with recovery priorities. Further, Environment Canada has developed a logic model for the Species at Risk Funding Programs and is enhancing its Performance Measurement Framework in order to assess whether funded activities have contributed effectively to recovery priorities. The framework will provide intermediate outcomes and indicators that are realistic, appropriate, and ensure that results can be measured and attributed to the Funding Programs.

## Conclusion

**5.22** We concluded that Environment Canada has fulfilled its responsibilities for tracking the results of individual projects it funds for species at risk, through the programs we examined. An important next step will be to compile the results from its funding programs to determine their overall contribution to the implementation of actions called for in recovery documents, and to inform future funding priorities.



## About the Audit

All of the audit work in this chapter was conducted in accordance with the standards for assurance engagements set by The Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

As part of our regular audit process, we obtained management's confirmation that the findings reported in this chapter are factually based.

### Objective

This audit sought to determine whether Environment Canada has fulfilled selected responsibilities regarding the recovery of species at risk.

Specifically, we sought to determine whether Environment Canada was assessing the results of the funding programs it delivers that support the recovery of species at risk.

### Scope and approach

This audit focused on whether Environment Canada was assessing the results of the funding programs it delivers that support the recovery of species at risk. The programs considered in the audit were the Habitat Stewardship Program for Species at Risk, the Aboriginal Fund for Species at Risk, the Interdepartmental Recovery Fund, the Natural Areas Conservation Program, and the Ecological Gifts Program.

In carrying out the audit, we interviewed Environment Canada officials and relevant stakeholders, and reviewed the Department's files, reports, and other supporting documentation. We also visited two regions, the Quebec and western regions, with the aim of better understanding the Department's conservation responsibilities.

### Criteria

Criterion	Sources
<b>To determine whether Environment Canada has fulfilled selected responsibilities regarding the recovery of species at risk, we used the following criterion:</b>	
Environment Canada measures the results it achieved in recovering species at risk.	<ul style="list-style-type: none"> <li>• Federal Sustainable Development Strategy, Environment Canada, 2010</li> <li>• 2012–13 Report on Plans and Priorities, Environment Canada</li> <li>• Policy on Management, Resources and Results Structures, Treasury Board</li> </ul>

Management reviewed and accepted the suitability of the criterion used in the audit.

**Period covered by the audit**

The audit covered the period from April 2008 to April 2013. Audit work for this chapter was completed on 30 July 2013.

**Audit team**

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## Appendix Recommendation

The following recommendation is found in Chapter 5. The number in front of the recommendation indicates the paragraph number where it appears in the chapter. The numbers in parentheses indicate the paragraph numbers where the topic is discussed.

Recommendation	Response
<b>Funding programs for species at risk and habitat</b>	
<p><b>5.21</b> Environment Canada should compile the results from its funding programs to determine their overall contribution to the implementation of actions identified in recovery documents for species at risk and use this information to inform assessments of its funding priorities. (5.16–5.20)</p>	<p>Agreed. Annually, in advance of the Calls for Proposals for funding, Environment Canada will cooperatively revise the national and regional Species at Risk priorities to ensure that funded projects are in line with recovery priorities. Further, Environment Canada has developed a logic model for the Species at Risk Funding Programs and is enhancing its Performance Measurement Framework in order to assess whether funded activities have contributed effectively to recovery priorities. The framework will provide intermediate outcomes and indicators that are realistic, appropriate, and ensure that results can be measured and attributed to the Funding Programs.</p>