Report 2

Reports of the Commissioner of the Environment and Sustainable Development to the Parliament of Canada

Critical Habitat for Species at Risk

Independent Auditor's Report | 2025

Office of the Auditor General of Canada

Bureau du vérificateur général du Canada

Performance audit reports

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

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- 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
- make recommendations for improvement when there are significant differences between criteria and assessed performance

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At a Glance

Overall message

The loss and degradation of habitat is the primary threat for most species at risk. To address this threat, it is important to identify the location of the critical habitat that species use. Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada identified critical habitat using the best available information at the time. In most cases, additional information was needed to further identify the critical habitat through a schedule of studies. However, most studies necessary for the full identification of critical habitat were not completed on time, which could jeopardize the recovery of species at risk.

Environment and Climate Change Canada and Fisheries and Oceans Canada did limited monitoring of the implementation of planned actions from action plans to conserve critical habitat on federal land. The organizations clearly linked only 57% of the planned actions to documentation on activities undertaken. This resulted in a lack of focused effort to get conservation actions completed to conserve and restore critical habitat, which is important to the recovery of most species at risk. This could affect the federal government's ability to meet its commitment to take urgent action to halt and reverse biodiversity loss by 2030.

Activities resulting in the harmful alteration, disruption, or destruction of fish habitat are prohibited unless otherwise authorized. As a last resort, offset measures to counterbalance the harm done to the critical habitat must be considered. Even though Fisheries and Oceans Canada followed its processes to approve authorizations for activities that destroy or degrade critical habitat, we identified an offset implementation risk when there is no finalized offsetting plan in place prior to granting an authorization. In addition, the department did not have an assessment of how the offsetting plans performed overall.

Key facts and findings

- Only 32% of the species at risk had their critical habitat fully identified in their recovery strategy or action plan.
- Of the 120 studies necessary to fully identify critical habitat, over half (62) were either completed late or overdue. Many of those were overdue by 3 years or more.
- The organizations clearly monitored 57% of the conservation actions, meaning that they lacked information on the remainder.

See **Recommendations and Responses** at the end of this report.

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Introduction

Background

Critical habitat

2.1 According to the United Nations, the rapid decline of biodiversity is threatening more species with global extinction now than at any other time in human history. Habitat loss is one of the most serious threats to species in Canada and globally. Habitats are the areas on which species rely to survive, such as where they feed, reproduce, and raise their young.

2.2 The Species at Risk Act defines critical habitat as "the habitat that is necessary for the survival or recovery of a listed wildlife species and that is identified as the species' critical habitat in the recovery strategy or in an action plan for the species." Depending on location, protecting critical habitat in Canada can require the collaboration of many parties, including federal, provincial, and territorial governments.

2.3 Under the Species at Risk Act, once a wildlife species is listed as threatened, endangered, or extirpated (Exhibit 2.1), the responsible federal organization must prepare a recovery strategy regardless of whether the species is found on federal, provincial, or territorial lands. If the federal organization determines that the recovery of the species is feasible, this strategy must identify the species' critical habitat to the extent possible and based on the best available information. When the available information to fully identify the critical habitat is deemed inadequate by the federal organization, the habitat is then either partially identified to the extent possible or not identified. According to the act, a schedule of studies to identify the complete critical habitat must be included in the recovery strategy when the recovery of the species is feasible.

Exhibit 2.1—Classifications of wildlife species under the Species at Risk Act

Species at risk classification	Description
Extirpated	A wildlife species that no longer exists in the wild in Canada, but exists elsewhere in the wild.
Endangered	A wildlife species that is facing imminent extirpation or extinction.
Threatened	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.
Special concern	A wildlife species that may become a threatened or an endangered species because of a combination of biological characteristics and identified threats.

Source: Species at Risk Act

2.4 In addition to recovery strategies, the responsible federal organizations prepare action plans to operationalize the recovery of a species. These plans must include a statement of the proposed actions toward the protection of critical habitat. The organizations can complete the actions themselves. They can also support the implementation of the actions by providing funding to recipients, such as community organizations, which complete the actions. In certain cases, the federal organizations collaborate with and rely on other parties, such as provinces and territories, to complete action plans. In other cases, the federal organizations may look to collaborate with partners, such as community groups or researchers, to support additional actions if interest or capacity exists.

2.5 Under the Species at Risk Act, reporting by the responsible organizations on the progress and implementation of a recovery strategy is required every 5 years until either its objectives have been achieved or the species' recovery is no longer feasible. The monitoring of and reporting on the progress and implementation of action plans are required once after 5 years. See elements of the Species at Risk Act process in our 2024 audit report on supporting species at risk assessment and reassessment.

2.6 The Species at Risk Act allows the responsible minister to enter into an agreement with, or issue a permit to, a person to carry out activities that can negatively affect critical habitat. The Fisheries Act has similar provisions. Applicants propose offset measures to support their permit applications, where residual harms to species at risk cannot be fully avoided or minimized. Offset measures are, for example, the creation of new suitable habitat or the rehabilitation of degraded critical habitat. According to policy, offset measures are to be used as a last resort when avoiding and minimizing harm to the critical habitat is not possible.

2.7 The Species at Risk Act defines what constitutes lands under federal responsibility. "Federal land" is defined as "(a) land that belongs to Her Majesty in right of Canada, or that Her Majesty in right of Canada has the power to dispose of, and all waters on and airspace above that land; (b) the internal waters of Canada and the territorial sea of Canada; and (c) reserves and any other lands that are set apart for the use and benefit of a band under the Indian Act, and all waters on and airspace above those reserves and lands."

2.8 Canada has committed internationally to protect and prevent the extinction of species at risk. In 2015, Canada adopted the United Nations' 2030 Agenda for Sustainable Development, including Sustainable Development Goal 14 (Life Below Water) and Goal 15 (Life on Land), which aim to halt biodiversity loss. In 2022, Canada signed the Kunming-Montreal Global Biodiversity Framework, which commits

to taking urgent action to halt and reverse biodiversity loss by 2030. A component of meeting these commitments is the protection of critical habitat for species at risk.

Roles and responsibilities

2.9 **Parks Canada, Fisheries and Oceans Canada, and Environment and Climate Change Canada.** The organizations share the responsibility for identifying and protecting critical habitat on federal lands. Organizational responsibility depends on the type and location of the species:

- Parks Canada is responsible for terrestrial and aquatic species found in or on federal lands administered by Parks Canada.
- Fisheries and Oceans Canada is responsible for all other aquatic species.
- Environment and Climate Change Canada is responsible for all other species.

Focus of the audit

2.10 This audit focused on whether

- Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada identified critical habitat to the extent possible based on the best available information
- Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada monitored the implementation of conservation actions for critical habitat on federal land
- Fisheries and Oceans Canada evaluated whether the applicants minimized impacts to species at risk before issuing authorizations and permits

2.11 This audit is important because populations of species at risk are in decline and the number of species at risk is increasing. Ensuring the protection of species' critical habitat is key to reversing biodiversity loss in line with Canada's 2030 Nature Strategy: Halting and Reversing Biodiversity Loss in Canada.

2.12 We did not audit the underlying science, such as the accuracy of the information used to identify critical habitat, the sufficiency of the critical habitat identified, the decisions to fully identify or partially identify a critical habitat, and the need for and effectiveness of offsetting plans in authorizations.

2.13 More details about the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this report.

Findings and Recommendations

Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada identified critical habitat to the extent possible but were late in completing studies to fully identify it

Why this finding matters

2.14 This finding matters because without fully identifying critical habitat, it is impossible to conserve it to the best extent possible. Delaying the identification of critical habitat could result in its destruction before it is even identified, jeopardizing the recovery of species at risk. Furthermore, delays could make it more costly to recover degraded critical habitat.

Delays in the completion of studies to fully identify critical habitat

Findings

2.15 We used representative sampling to examine whether Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada had identified critical habitat for species at risk as required. We found that for 91% of species (43 out of 47), the organizations had included the following in the recovery strategies or action plans: the description of features and biophysical attributes of the species' critical habitat, a geographical delineation of the critical habitat, and whether the critical habitat was sufficient for the recovery objective. In the 4 remaining cases, the recovery of the species was not feasible or it was unclear whether the recovery was feasible.

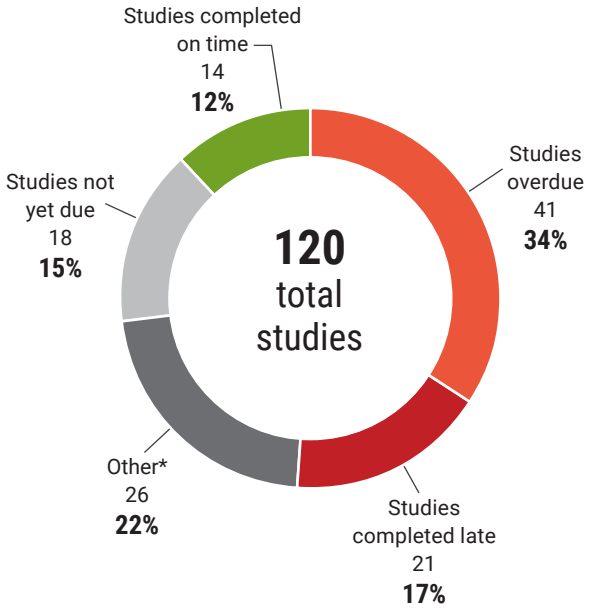
2.16 We found that the organizations were able to identify critical habitat to the extent possible using the best available information at the time. The organizations established and followed procedures to identify critical habitat, and recovery strategies' content improved over the years (for example, in identifying whether the critical habitat was sufficient). However, in most cases, recovery strategies indicated that additional information was required to fully identify the critical habitat.

2.17 The organizations had fully identified the critical habitat of only 32% of species (15 out of 47) in the recovery strategy or action plan. For the remainder, the organizations determined that they needed further information to identify critical habitat or, for 2 species, that further information was no longer required, as recovery was deemed not feasible.

2.18 When the information is inadequate to fully identify critical habitat, the Species at Risk Act requires a schedule of studies. Such a schedule was required for 64% (30 out of 47) of the species in our sample. Although the federal organizations are responsible for identifying critical habitat, the studies are sometimes conducted by others, such as researchers, or require collaboration with other parties, such as provinces. However, the recovery strategies and action plans do not specify who is responsible for conducting the schedule of studies. This means that there is a risk that studies are not completed according to the timelines included in the recovery strategies and action plans because there is no accountability identified.

2.19 In the files we reviewed, there were 120 studies identified in the recovery strategies or action plans where further information was needed to fully identify critical habitat. We found that the majority of studies were either completed late or still overdue (Exhibit 2.2).

Exhibit 2.2—The majority of studies were completed late or still overdue as of 31 August 2024



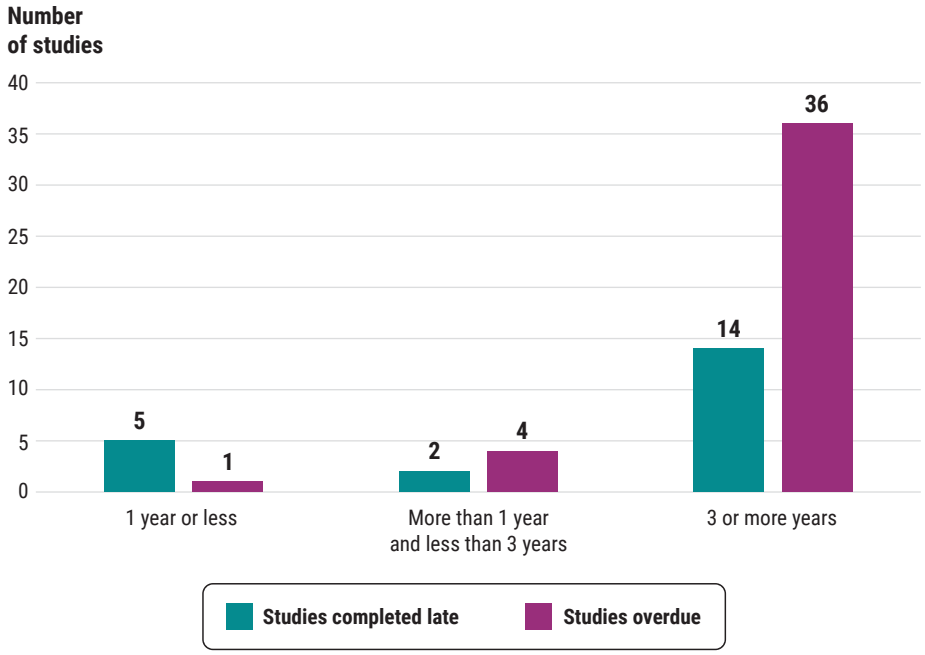
* Other includes studies cancelled, studies for species that are extirpated, and studies that can be completed only after other studies.

Source: Based on data from Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada

Read the Exhibit 2.2 text description

2.20 We also found that many studies overdue and studies completed late were, in fact, overdue by 3 or more years (Exhibit 2.3). For example, Environment and Climate Change Canada had 1 study that was completed 14 years late and another that was overdue by 18 years. Fisheries and Oceans Canada also had studies overdue by 14 and 15 years.

Exhibit 2.3—Many studies were completed late or were still overdue as of 31 August 2024



Source: Based on data from Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada

Read the Exhibit 2.3 text description

Recommendation

2.21 To support the timely identification and protection of critical habitat, Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada should each develop and implement a plan to support the completion of studies to meet their timelines.

Response of each entity. Agreed.

See **Recommendations and Responses** at the end of this report for detailed responses.

Environment and Climate Change Canada and Fisheries and Oceans Canada lacked information on how activities undertaken supported planned actions to conserve critical habitat

Why this finding matters

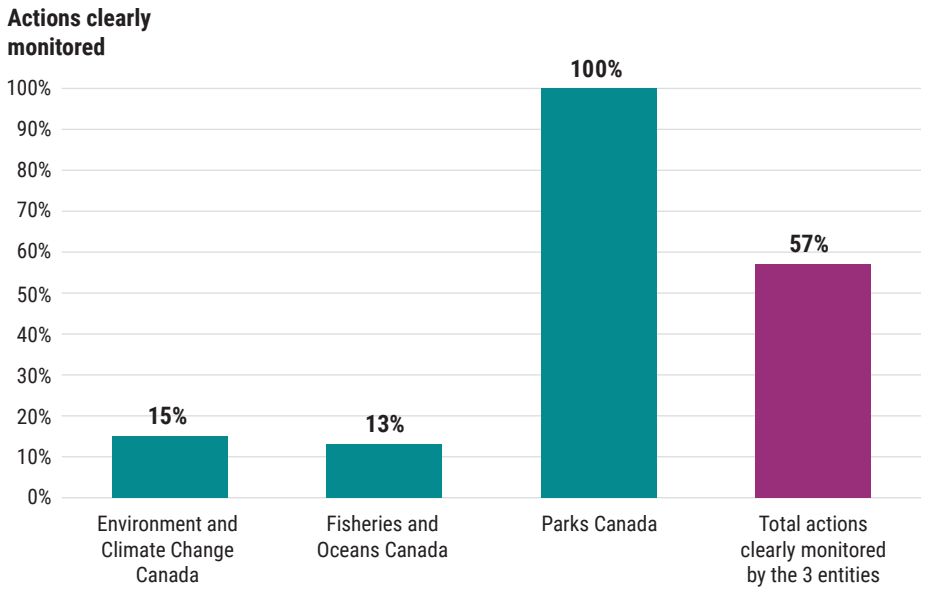
2.22 This finding matters because a lack of information from monitoring actions hinders the organizations' ability to change planned actions should they not have the intended outcomes. This would affect the federal government's ability to meet its commitment to take urgent action to halt and reverse biodiversity loss by 2030.

Limited monitoring of actions to conserve critical habitat

Findings

2.23 We found that Environment and Climate Change Canada and Fisheries and Oceans Canada did limited monitoring of the implementation of planned actions from action plans to conserve critical habitat on federal land. Parks Canada's monitoring rate was the highest, and the agency used a database to monitor its actions. Overall, we found that the monitoring was limited because the organizations clearly linked only 57% of their planned actions related to critical habitat to documentation on activities undertaken (Exhibit 2.4).

Exhibit 2.4—Environment and Climate Change Canada and Fisheries and Oceans Canada did limited monitoring of planned actions from action plans



Source: Based on data from Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada

Read the Exhibit 2.4 text description

2.24 We found that Environment and Climate Change Canada and Fisheries and Oceans Canada did not clearly monitor the progress made on the specific actions included in the action plans. Although both organizations had progress reports from funding recipients as evidence of monitoring the actions, those reports did not make a clear link to the specific actions included in the action plans. As such, the departments were not tracking progress made for all actions. This resulted in organizations having limited or no knowledge of whether the activities undertaken supported planned actions that contribute to conserving critical habitat.

2.25 We found that Parks Canada used a database to clearly monitor progress on the actions it committed to undertake in its action plans. The agency's action plans also included additional actions that could be implemented only if there were interest from partners like researchers and community groups or if additional funding became available. Officials noted that they considered that the critical habitat was still effectively conserved if those additional actions were not undertaken and that if they were undertaken, they would be monitored.

2.26 In addition, the 3 organizations did not ensure that all actions contributing to the conservation of critical habitat were completed on time, according to the timelines set out in their action plans. We found that 15% of actions from our sample (20 out of 130) had been completed on time.

Recommendation

2.27 To clearly monitor actions that contribute to conserving critical habitat on federal land and to report progress in a timely manner, Environment and Climate Change Canada and Fisheries and Oceans Canada should ensure that clear links are made with supporting evidence between planned conservation actions found in their action plans and activities taken by the organizations or their partners.

Response of each entity. Agreed.

See **Recommendations and Responses** at the end of this report for detailed responses.

Fisheries and Oceans Canada followed its process to approve authorizations to allow activities that impact critical habitat in most cases, but implementation risks remained

Why this finding matters

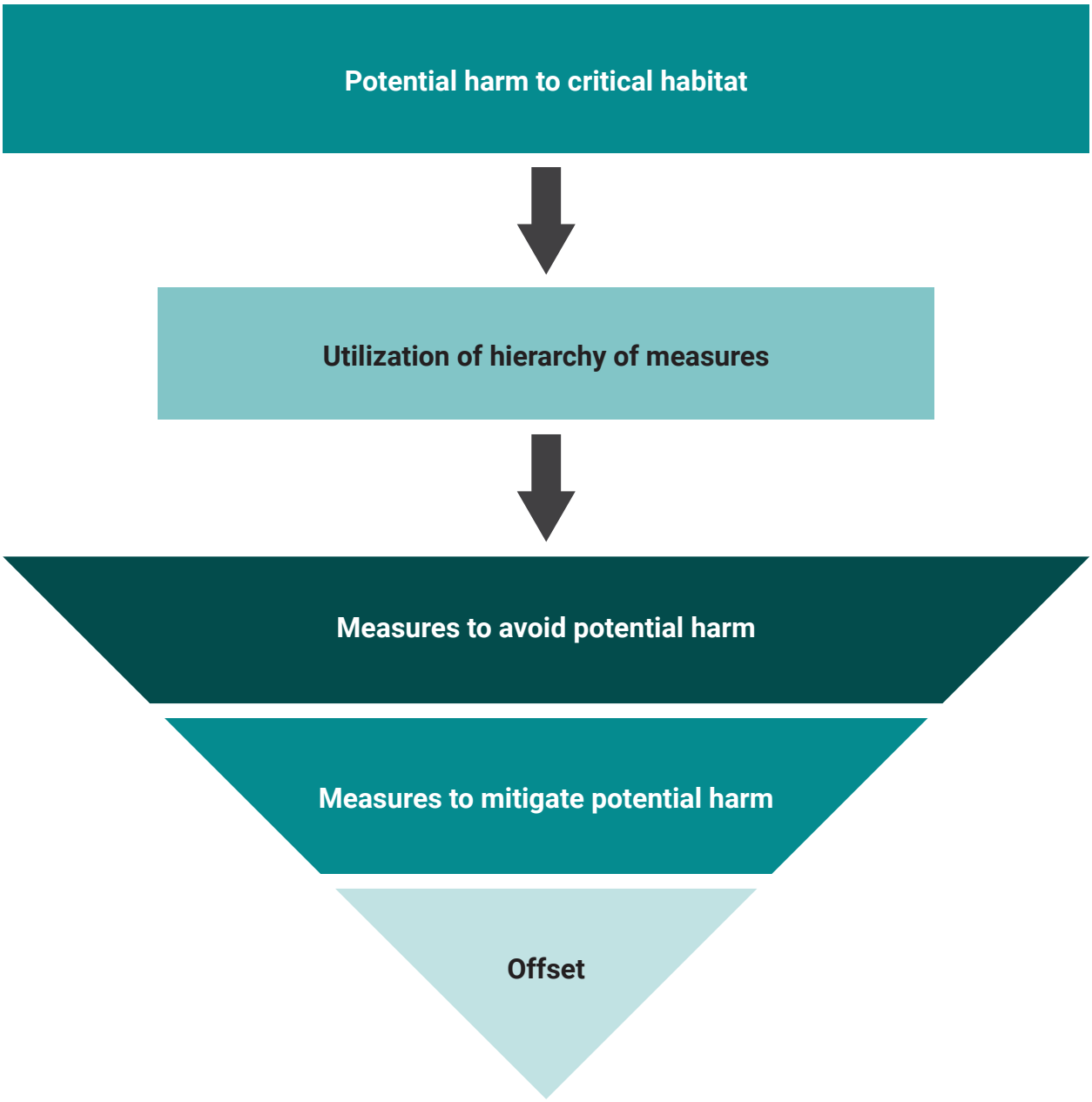
2.28 This finding matters because activities resulting in the harmful alteration, disruption, or destruction of fish habitat are prohibited under the Fisheries Act unless otherwise authorized. As a last resort, offset measures to counterbalance the harm done to the critical habitat must be considered. If offsets do not counterbalance the residual harm as planned, critical habitat can be irreversibly harmed or destroyed, which negatively impacts the recovery of a species at risk.

Context

2.29 Before authorizing activities that will result in the death of fish or the harmful alteration, disruption, or destruction of fish habitat, Fisheries and Oceans Canada must review applications from project proponents. In reviewing these applications, the department must first consider whether there are alternatives to avoid negative impacts because of planned disturbances. Only when the department determines that adverse effects on fish and fish habitat are unavoidable can the department consider mitigating measures to reduce or minimize residual effects. If there are any residual effects, the department must consider measures to offset the death of fish and the harmful alteration, disruption, or destruction of fish habitat. Only after these considerations can project authorizations and offsets be approved. According to policy, offsets should be used as a last resort (Exhibit 2.5). The department is also responsible for monitoring the offsets.

2.30 From 1 September 2019 to 31 August 2024, the department received 24,805 referrals for authorizations from project proponents, which are the first step in the department's review process. After this initial review, a project could be redesigned by the proponent to avoid any harms to fish, which would negate the need for an authorization. Of the 24,805 referrals, 1,306 were approved and became authorizations. Of these approved authorizations, 48 served as permits for the destruction of critical habitat and had an offset.

Exhibit 2.5—Fisheries and Oceans Canada put in place a mitigation hierarchy to minimize harm



Source: Based on the Policy for Applying Measures to Offset Adverse Effects on Fish and Fish Habitat Under the Fisheries Act, Fisheries and Oceans Canada, 2019

Read the Exhibit 2.5 text description

Assessments of applications for project authorizations were performed

Findings

2.31 We found that Fisheries and Oceans Canada reviewed and approved applications for project authorizations with offsets during our audit period in accordance with requirements in its policy and regulations. We reviewed 34 authorizations active during the audit period, from 1 April 2022 to 31 August 2024, that had adverse effects on at least 1 species at risk and included an offsetting plan.

2.32 We found that before approving authorizations and offsets, the department reviewed whether there were alternatives to avoid adverse effects on fish and fish habitat. When there were no alternatives, it reviewed whether there were mitigation measures to reduce or minimize those adverse effects. We also noted that the department considered cumulative effects on fish and fish habitat before approving individual offsets. When the department deemed it necessary, it requested and obtained additional information from applicants before providing approvals.

2.33 Despite the department following its processes to approve authorizations, we identified an implementation risk. We found that in 3 of 34 files, the department granted project authorizations to forestry companies prior to accepting finalized offsetting plans. Department officials told us that accepting conceptual offsetting plans was sometimes done and allowed forestry activities to be undertaken while the final details of the offsetting plans are negotiated and approved as a condition of the authorizations. There is a risk that, without a finalized offsetting plan in place prior to granting an authorization, offsetting in the area of authorized work is not feasible, either in the scope of work or in the ability to offset the impact on the affected critical habitat. Habitat therefore may be adversely impacted without counterbalancing the harm to critical habitat in the area.

2.34 The department is also responsible for obtaining and reviewing monitoring reports from project proponents. Given that the dates for completion of the offsets we reviewed were not due during our audit period, we reviewed 5 examples of the monitoring of previously established offsetting plans to see whether the department tracked the progress of planned offsets. In 1 case, we found that it was too early for monitoring. For the other 4, offsets were not progressing as planned. One offset was completely overhauled despite being approved by the department because it was not feasible as designed because of pre-existing conditions. Two other offsetting plans were not approved and submitted to the department within the stipulated timeline, and another offsetting plan consistently failed to meet some of its targets 3 years in a row.

2.35 Finally, we also found that the department had not completed any analyses of the overall effectiveness of using offsets or of the impact of authorizations or permits to counterbalance the loss to critical habitat. This means that the department does not know how successful the overall use of authorizations with offset measures has been over time to manage impacts to critical habitat or which types of offsets work best for specific cases. This information would help inform future decisions for similar authorizations, the development of offsetting plans, and the management of critical habitat overall.

Recommendation

2.36 To ensure that the impacts of a project on critical habitat are minimized when an authorization with an offsetting plan is granted, Fisheries and Oceans Canada should verify that a finalized detailed offsetting plan is included as a condition of the authorization before an authorization is approved and issued, except in emergency authorizations.

Fisheries and Oceans Canada's response. Agreed.

See **Recommendations and Responses** at the end of this report for detailed responses.

Recommendation

2.37 To inform future decisions related to authorizations with offsetting plans and ensure that negative impacts on critical habitat are minimized, Fisheries and Oceans Canada should use monitoring reports submitted by project proponents to create and update analysis to ensure that offsets are effective overall. This analysis should be used to inform the development of future offsetting plans, and action should be taken to address any identified deficiencies.

Fisheries and Oceans Canada's response. Agreed.

See **Recommendations and Responses** at the end of this report for detailed responses.

Conclusion

2.38 We concluded that Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada identified critical habitat to the extent possible based on the best available information. However, the organizations often did not obtain the additional information needed to fully identify critical habitat.

2.39 We also concluded that Environment and Climate Change Canada and Fisheries and Oceans Canada did not monitor the implementation of all conservation actions for critical habitat on federal land. We concluded that Parks Canada did monitor implementation.

2.40 Lastly, we concluded that Fisheries and Oceans Canada evaluated whether the applicants minimized impacts to species at risk before issuing authorizations and permits. However, the department had not completed any analyses of the overall effectiveness of offsets or the impact of authorizations or permits on critical habitat. This meant that the department did not know whether offsets were working to minimize negative impacts on critical habitat.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on critical habitat for species at risk. Our responsibility was to provide objective information, advice, and assurance to assist Parliament in its scrutiny of the government's management of resources and programs and to conclude on whether the selected federal organizations complied in all significant respects with the applicable criteria.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office of the Auditor General of Canada applies the Canadian Standard on Quality Management 1—Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we complied with the independence and other ethical requirements of the relevant rules of professional conduct applicable to the practice of public accounting in Canada, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from entity management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the audit report is factually accurate

Audit objective

The objective of this audit was to determine whether

- Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada identified critical habitat to the extent possible based on the best available information
- Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada monitored the implementation of conservation actions for critical habitat on federal land
- Fisheries and Oceans Canada evaluated whether the applicants minimized impacts to species at risk before issuing authorizations and permits

Scope and approach

We reviewed documentation related to species-at-risk critical habitat identification, recovery actions, and authorizations. We also conducted interviews with officials in each audited organization.

To assess the identification of critical habitat, we used recovery strategies on the species-at-risk public registry. We selected a representative sample of 47 species at risk, stratified by organizations, from a population of 460 species at risk with a finalized recovery strategy by the end of the audit period, 31 August 2024.

To assess the conservation of critical habitat on federal land, we used action plans on the species-at-risk public registry and documents provided by the audited organizations. The audit team selected a representative sample of 39 species at risk, stratified by organizations, from a population of 140 species at risk with a finalized action plan by the end of the audit period, 31 August 2024. From the selected representative sample, the audit team reviewed all 130 recovery actions linked to the conservation of critical habitat.

To assess the approval of authorizations with offsets, the audit team reviewed documents provided by Fisheries and Oceans Canada. The audit team selected all 34 authorizations active during the audit period, from 1 April 2022 to 31 August 2024, that had an impact on at least 1 species at risk and that included an offsetting plan.

Where representative sampling was used, samples were sufficient in size to conclude on the sampled population with a confidence level of no less than 90% and a margin of error of no greater than +10%.

We did not audit the underlying science, such as the accuracy of the information used to identify critical habitat, the sufficiency of the critical habitat identified, the decisions to fully identify or partially identify a critical habitat, and the need for and effectiveness of offsetting plans in authorizations.

Criteria

We used the following criteria to conclude against our audit objective:

Criteria	Sources
Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada identify critical habitat following requirements in policies, directives, and procedures.	• Species at Risk Act • Species at Risk Act: Operational Procedures—Completing the Action Plan Template (Federal), 2012 • Directive on the Identification of Critical Habitat for Aquatic Species at Risk, Fisheries and Oceans Canada, 2015 • Guidelines for the Identification of Critical Habitat for Aquatic Species at Risk, Fisheries and Oceans Canada, 2015 • Identification of Critical Habitat When Habitat Loss/Degradation in Canada Is Not a Significant Threat to Recovery or Survival: Species at Risk Act Policies, Government of Canada, 2019 • Policy Regarding the Identification of Anthropogenic Structures as Critical Habitat: Species at Risk Act Policies, Government of Canada, 2019 • The United Nations Declaration on the Rights of Indigenous Peoples Act Action Plan, Department of Justice Canada, 2023 • Critical Habitat Identification Toolbox: Species at Risk Act Guidance, Environment and Climate Change Canada, 2016 • Species at Risk Policy on Recovery and Survival, Environment and Climate Change Canada, 2021 • Guidelines on Characterizing Recovery and Developing Population and Distribution Objectives, Environment and Climate Change Canada
Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada monitor the implementation of planned strategies and actions toward protecting critical habitat on federal land.	• Species at Risk Act • Fisheries Act • Oceans Act • The United Nations Declaration on the Rights of Indigenous Peoples Act Action Plan, Department of Justice Canada, 2023 • Policy on Results, Treasury Board

Criteria	Sources
Fisheries and Oceans Canada reviews and approves applications for authorizations and permits that impact critical habitat in accordance with its policy and regulations.	• Species at Risk Act • Fisheries Act • Authorizations Concerning Fish and Fish Habitat Protection Regulations • Species at Risk Act Guidelines: Guidelines for Permitting Under Section 73 of the Species at Risk Act, Government of Canada • Policy for Applying Measures to Offset Adverse Effects on Fish and Fish Habitat Under the Fisheries Act, Fisheries and Oceans Canada, 2019

Period covered by the audit

The audit covered the period from 1 April 2022 to 31 August 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters that preceded the start date of this period.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 31 March 2025, in Ottawa, Canada.

Audit team

This audit was completed by a multidisciplinary team from across the Office of the Auditor General of Canada led by Susan Gomez, Principal. The principal has overall responsibility for audit quality, including conducting the audit in accordance with professional standards, applicable legal and regulatory requirements, and the office's policies and system of quality management.

Recommendations and Responses

Responses appear as they were received by the Office of the Auditor General of Canada.

In the following table, the paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Response
2.21 To support the timely identification and protection of critical habitat, Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada should each develop and implement a plan to support the completion of studies to meet their timelines.	**Environment and Climate Change Canada's response.** Agreed. ECCC will develop tools to support the completion of Schedules of Studies for the identification of critical habitat by September 2026. **Fisheries and Oceans Canada's response.** Agreed. DFO Species at Risk Program, in collaboration with DFO Science, will incorporate the studies into its existing internal tracking system, creating a comprehensive inventory by September 2026. Completion of these studies will be prioritized based on their necessity for identifying and achieving a full critical habitat identification and will also be based on careful consideration of available resources and capacity. DFO Species at Risk Program, in collaboration with DFO Science, will develop guidance to ensure future recovery strategies only include studies essential for completion of critical habitat identification by March 2027. This will result in a more focused list of studies, with supporting studies that refine or address knowledge gaps captured separately from the Schedule of Studies. **Parks Canada's response.** Agreed. Parks Canada will incorporate and track the list of schedule of studies in an internal tracking system. Completion of these studies will be prioritized based on their ability to support the population and distribution objectives set for the species, the magnitude of the benefits resulting from the completion of each study, and on consideration of available resources and capacity. Timelines may be adjusted after this analysis. The prioritized list will be completed by March 31, 2026, under the leadership of the Species Conservation team in cooperation with operational staff as necessary.

Recommendation	Response
2.27 To clearly monitor actions that contribute to conserving critical habitat on federal land and to report progress in a timely manner, Environment and Climate Change Canada and Fisheries and Oceans Canada should ensure that clear links are made with supporting evidence between planned conservation actions found in their action plans and activities taken by the organizations or their partners.	**Environment and Climate Change Canada's response.** Agreed. ECCC will develop national standards/protocols for tracking actions that contribute to the conservation of critical habitat on federal lands, pursuant to Action Plans, and will report on those actions through SARA reporting tools, in alignment with commitments made in previous audits by September 2026. **Fisheries and Oceans Canada's response.** Agreed. Clear links between planned conservation actions found in species actions plans to activities taken by the organizations or their partners should be monitored on a timely basis. DFO ensures clear linkages exist with planned conservation actions outlined in species at risk recovery documents at the time decisions to implement and fund actions are taken. The 5-year progress reports monitor the implementation of all actions to recover species at risk and link the planned activities to the actions undertaken by partners. The 5-year progress reports were not all available during the audit timeframe due to a backlog of overdue documents. To improve the timeliness of the monitoring and reporting, the challenges with the backlog are being addressed based on the findings and recommendations from the CESD's 2023 Audit entitled Follow-up on the Recovery of Species at Risk (Report 2).
2.36 To ensure that the impacts of a project on critical habitat are minimized when an authorization with an offsetting plan is granted, Fisheries and Oceans Canada should verify that a finalized detailed offsetting plan is included as a condition of the authorization before an authorization is approved and issued, except in emergency authorizations.	**Fisheries and Oceans Canada's response.** Agreed. DFO's usual practice when issuing Fisheries Act authorizations is to include the agreed upon offsetting plan as a condition of the authorization. DFO will develop guidance to strengthen the current practice of including an offsetting plan, as outlined in the Authorizations Concerning Fish and Fish Habitat Protection Regulations of the Fisheries Act, as a condition of a SARA-compliant Fisheries Act authorization before the authorization is issued.

Recommendation	Response
2.37 To inform future decisions related to authorizations with offsetting plans and ensure that negative impacts on critical habitat are minimized, Fisheries and Oceans Canada should use monitoring reports submitted by project proponents to create and update analysis to ensure that offsets are effective overall. This analysis should be used to inform the development of future offsetting plans, and action should be taken to address any identified deficiencies.	**Fisheries and Oceans Canada's response.** Agreed. Fisheries and Oceans Canada reviews the project proposals submitted by project proponents to ensure their proposed measures to avoid and mitigate, and the offsetting plan, were sufficient to minimize projects' adverse impacts on the critical habitat of species at risk before issuing authorizations and permits. DFO also reviews all monitoring reports submitted by project proponents, and carries out monitoring site visits strategically, to assess whether the measures to avoid and mitigate, and offsetting plans, met their objectives and were effective at minimizing the impacts on the critical habitat of the affected SARA listed species. Internal capacity permitting, DFO will undertake an analysis to evaluate offsetting measures and leverage existing governance to ensure a nationally coherent approach. This information will be used to inform the development of future offsetting plans and action will be taken to address any identified deficiencies.

Appendix—Text Descriptions of Exhibits

Exhibit 2.2—The majority of studies were completed late or still overdue as of 31 August 2024—Text description

This donut chart shows the number of the 120 studies that were overdue, completed late, not yet due, and completed on time as of 31 August 2024.

Of the 120 studies,

- 41 studies, or 34%, were overdue
- 21 studies, or 17%, were completed late
- 18 studies, or 15%, were not yet due
- 14 studies, or 12%, were completed on time
- 26 studies, or 22%, were classified as “other,” which includes studies that were cancelled, studies for species that are extirpated, and studies that can be completed only after other studies

Source: Based on data from Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada

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Exhibit 2.3—Many studies were completed late or were still overdue as of 31 August 2024—Text description

This bar graph shows the number of studies that were completed late or overdue as of 31 August 2024 by the amount of time that they were late by.

There were 6 studies that were completed late or overdue by 1 year or less. Of these, 5 were completed late and 1 was overdue.

There were 6 studies that were completed late or overdue by more than 1 year and less than 3 years. Of these, 2 were completed late and 4 were overdue.

There were 50 studies that were completed late or overdue by 3 or more years. Of these, 14 were completed late and 36 were overdue.

Source: Based on data from Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada

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Exhibit 2.4—Environment and Climate Change Canada and Fisheries and Oceans Canada did limited monitoring of planned actions from action plans—Text description

This bar graph shows the percentage of planned actions from action plans that each organization clearly monitored.

Environment and Climate Change Canada clearly monitored 15% of the planned actions.

Fisheries and Oceans Canada clearly monitored 13% of the planned actions.

Parks Canada clearly monitored 100% of the planned actions.

Collectively, the organizations clearly monitored 57% of the planned actions.

Source: Based on data from Environment and Climate Change Canada, Fisheries and Oceans Canada, and Parks Canada

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Exhibit 2.5—Fisheries and Oceans Canada put in place a mitigation hierarchy to minimize harm—Text description

This flow chart shows Fisheries and Oceans Canada's mitigation hierarchy.

If there is potential harm to critical habitat, the organization uses the following hierarchy of measures in the following order:

- measures to avoid potential harm
- measures to mitigate potential harm
- offsets

Source: Based on the Policy for Applying Measures to Offset Adverse Effects on Fish and Fish Habitat Under the Fisheries Act, Fisheries and Oceans Canada, 2019

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