

# Lessons Learned from Canada's Record on Climate Change

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Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
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# Responsibilities of the Office of the Auditor General of Canada relating to the Environment and Sustainable Development

- Since 1995, the Office of the Auditor General of Canada has a specific mandate related to the environment and sustainable development.
- Since 1998 we have examined and reported on Canada's implementation of measures aimed at reducing GHG emissions and adapting to climate change

1998 - 2010

Implementation of Canada's response to climate change  
Energy Efficiency  
Kyoto targets  
Adaptation  
Kyoto plans

2011 - 2022

Climate Report  
Adaptation  
Kyoto plans and target  
Climate targets  
Mitigation  
Sustainable Infrastructure  
Severe Weather  
Clean Technology  
Tax and Non-tax Fossil Fuel Subsidies  
Climate change in Northern Territories  
Reducing greenhouse gases  
Canada collaborative audit  
Progress on targets  
Investing in Canada Plan  
Emissions Reduction Fund  
Carbon Pricing  
Just Transition  
Climate Resilient Infrastructure  
Hydrogen  
Climate Risk Disclosure

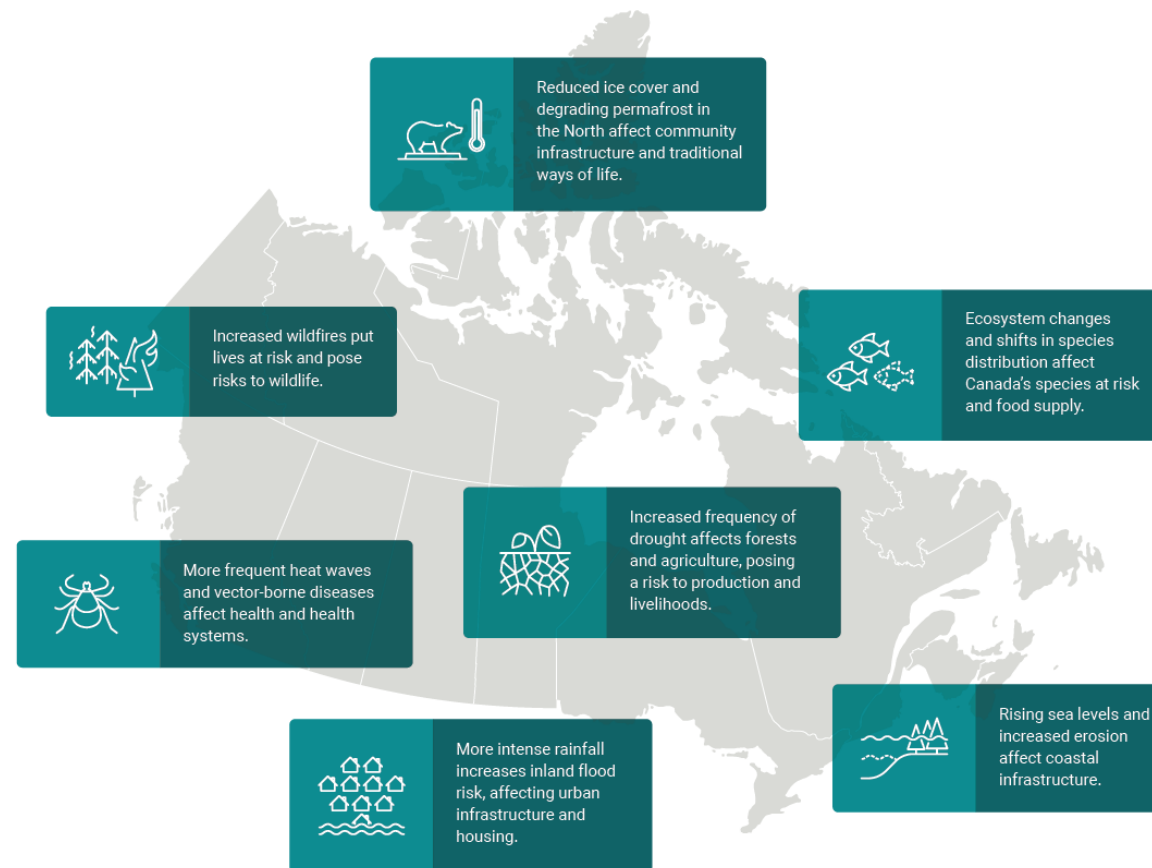


# About the Report

- Historical perspective on Canada's action to address climate change
- Look at 3 decades of Canadian action and inaction on climate change and offers 8 lessons learned
  - Based on OAG audit work and interviews with senior climate experts, former government officials, and former commissioners



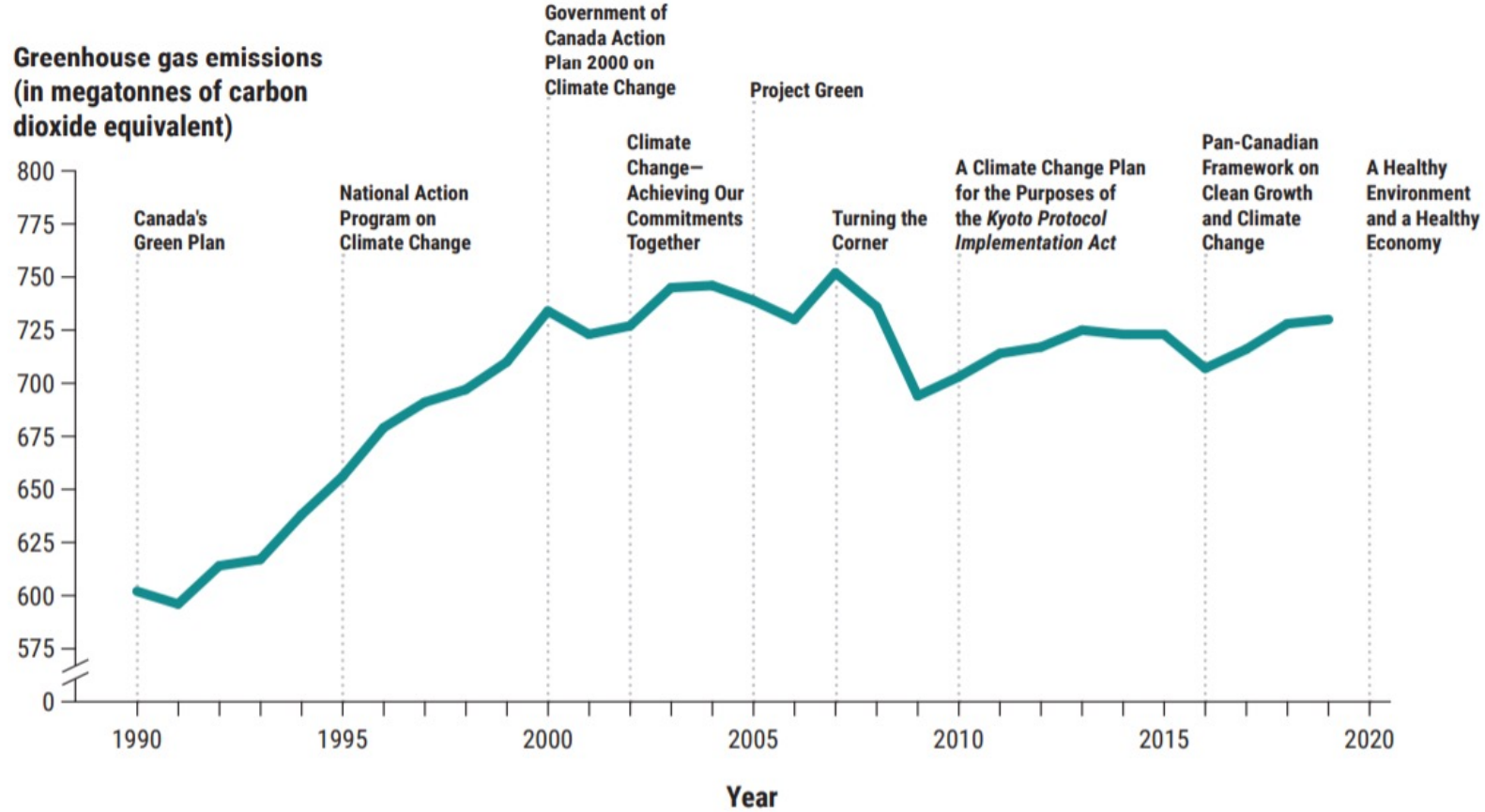
# The effects of climate change pose risks in all parts of Canada



Source: Adapted from Canada's Sixth National Report on Climate Change: Actions to Meet Commitments Under the United Nations Framework Convention on Climate Change, Government of Canada, 2014; Canada's Top Climate Change Risks: Expert Panel on Climate Change Risks and Adaptation, Council of Canadian Academies, 2019



# Canada's emissions have grown despite numerous plans



Source: Based on emission data from Canada's 2021 National Inventory Report



# Lesson 1: Stronger leadership and coordination are needed to drive progress toward climate commitments

- Climate change knows no borders. Addressing the climate change crisis requires leadership and coordination among all levels of government.

## Opportunities:

- Centralizing responsibility within the federal government
  - France's council of Ministers, equivalent to the Cabinet in Canada, have made climate change a responsibility for the centre of government, rather than a responsibility of an individual department or ministry
- Depolarizing climate action discussions
  - United Kingdom has successfully depolarized some aspects of the climate change discussion, through its independent climate body (the Climate Change Committee), established as part of their *Climate Change Act*, which advises the government on emission targets.
- Taking provincial and territorial needs into account

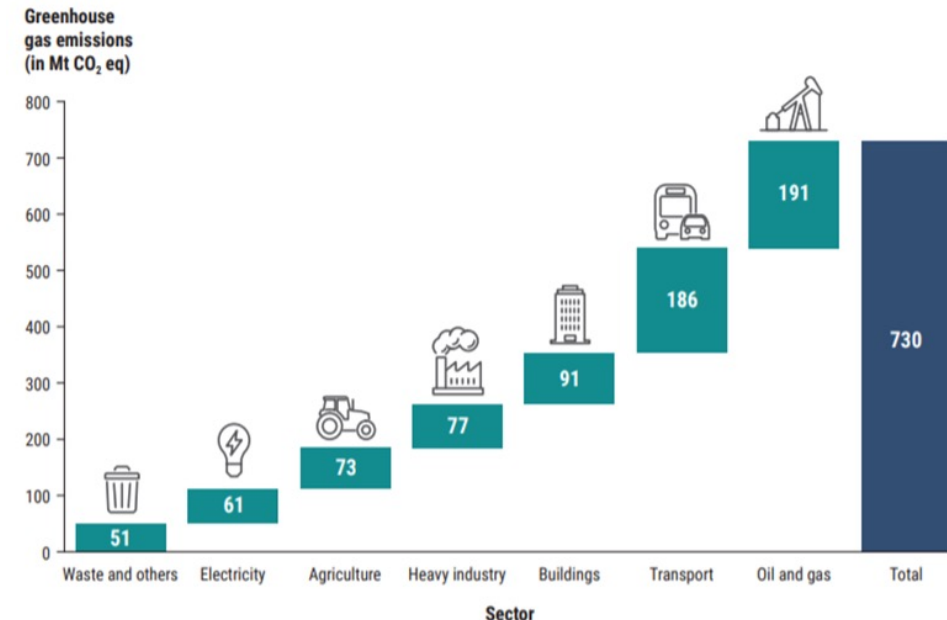


# Lesson 2: Canada's economy is still dependent on emission-intensive sectors

- Oil and gas is an important industry in Canada, accounting for 7.8% of our GDP and 23% of our exports in 2019. But it's also our largest greenhouse gas emitter.

## Opportunities:

- Long-term funding
  - Norway manages its oil wealth through the Government Pension Fund Global, which it set up to shield the economy from ups and downs in oil revenue.
- Diversifying energy production
- Shielding workers and communities
  - The European Union established the Just Transition Mechanism to direct about \$183 billion to the fossil fuel-producing and carbon-intensive regions most affected by the energy transition from 2021 to 2027.
- National energy strategy
  - United Kingdom's Energy White Paper is the country's national 10-point plan that set out how the country will clean up its energy system to reach net-zero emissions by 2050.



Source: Based on emission data from Canada's 2021 National Inventory Report



# Lesson 3: Adaptation must be prioritized to protect against the worst effects of climate change

- Droughts, floods, heat waves, wildfires, and storms are becoming more severe and more common. This poses risks to infrastructure, northern and coastal communities, fisheries, ecosystems, and even human health.

## Opportunities:

- Federal action - national adaptation strategy
- Subnational actions
  - Tsleil-Waututh Nation in British Columbia has initiated a Community Climate Change Resilience Planning project, which includes a hazard and vulnerability assessment and the development and implementation of a 10-year climate action plan.
- Implementing adaptation measures early
  - In 2012, Vancouver adopted a Climate Change Adaptation Strategy to identify and prioritize vulnerabilities and to guide development of policies and programs to build resilience.





# Lesson 4: Canada risks falling behind other countries on investing in a climate-resilient future

- Climate change doesn't just threaten the environment; it can also have a big impact on financial markets. As other countries move to financing a low-carbon economy, Canada could be left behind if it doesn't follow suit.

## Opportunities:

- Disclosing climate-related risks
  - In 2015, the Financial Stability Board, established the Task Force on Climate-related Financial Disclosures to develop voluntary and consistent climate-related financial risk disclosures for companies to use when providing information to investors, lenders, insurers, and other stakeholders.
- Incorporating sustainable development into finance
  - In 2019, the Bank of Canada joined the Network for Greening the Financial System, a worldwide forum of central banks and financial system supervisors that defines and promotes best practices in climate risk management for the financial sector and conducts analytical work on green finance.
- Support for developing countries



# Lesson 5: Increasing public awareness of the climate challenge is a key lever for progress

- Climate change doesn't just threaten the environment; it can also have a big impact on financial markets. As other countries move to financing a low-carbon economy, Canada could be left behind if it doesn't follow suit.

## Opportunities:

- Sharing policy objectives
  - Enhanced transparency
  - Climate change in public discourse
- The Government of Canada has taken some steps toward building public awareness of climate change.
    - One of the objectives stated in the national assessment, Canada in a Changing Climate: Advancing our Knowledge for Action, issued by Natural Resources Canada in 2019, is to “increase awareness of the relevance of climate change to Canadians and the need for timely action.”
    - Earlier this year, the government announced an investment of \$3 million to educate 300,000 children on how they can help Canada meet its net-zero emission target by 2050. However, building awareness and seeing the results of associated behavioural shifts takes time.

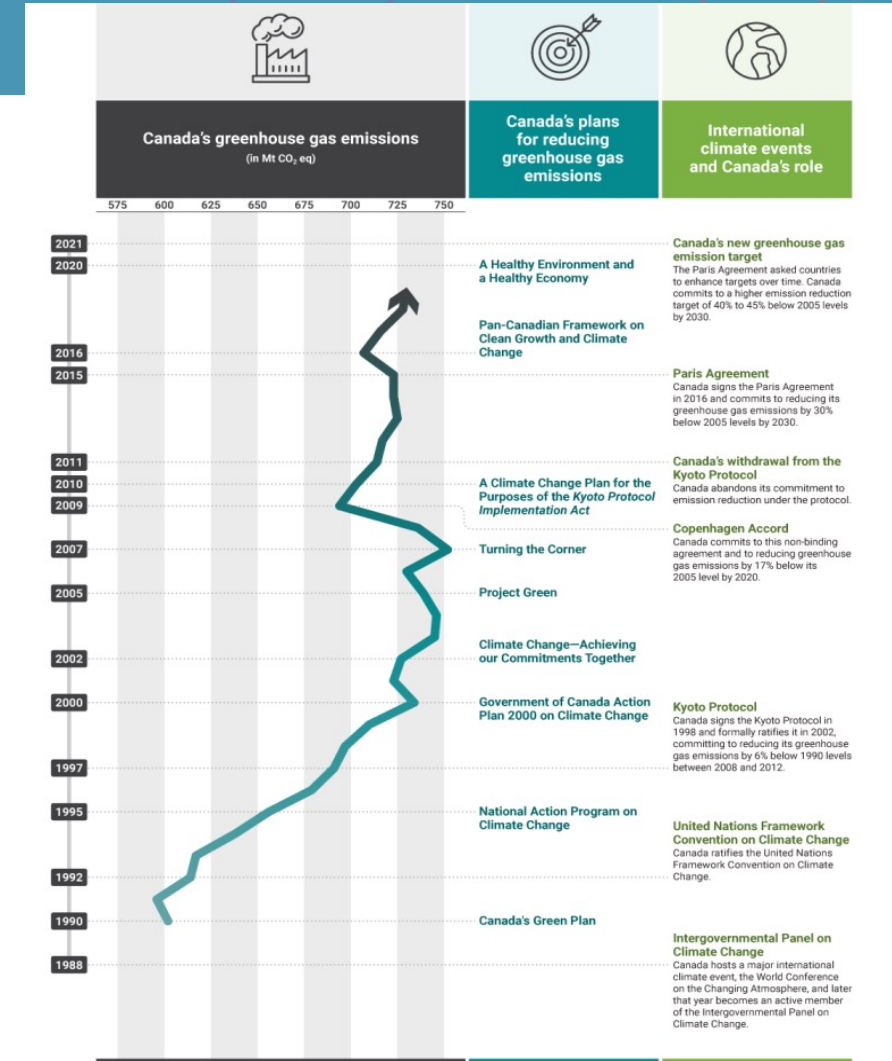


# Lesson 6: Climate targets have not been backed by strong plans or actions

- Setting ambitious emission reductions targets is required to keep global warming to 1.5 degrees Celsius, but countries also need to ensure that they are taking actions to reach these goals.

## Opportunities:

- Achieving the new targets
  - Costa Rica and Kenya have shown leadership in ensuring that their plans and related policies are consistent with their Paris Agreement targets.
- Accountability



# Lesson 7: Enhanced collaboration among all actors is needed to find climate solutions

- Addressing climate change requires all hands on deck. Participation from the private sector, local communities, Indigenous peoples, financial institutions, and civil society is essential.

## Opportunities:

- Many examples internationally and sub-nationally of non-government actors are building momentum for climate action
  - The We Mean Business Coalition now includes more than 2,000 companies committed to climate action; these companies represent \$24.8 trillion in market capitalization worldwide.
  - Canada's new Climate Action and Awareness Fund, announced in 2020, will invest \$206 million over 5 years to support Canadian-led projects that contribute to Canada's emission reductions.
  - In July 2020, the International Institute for Sustainable Development published 7 principles for enabling Canada to meet its commitment to having net-zero emissions by 2050 while fostering economic resilience and creating quality jobs.



# Lesson 8: Climate change is an intergenerational crisis with a rapidly closing window for action

- Inaction on climate change now unfairly burdens future generations, who will experience even greater effects from the long lasting greenhouse gases that have already been emitted.

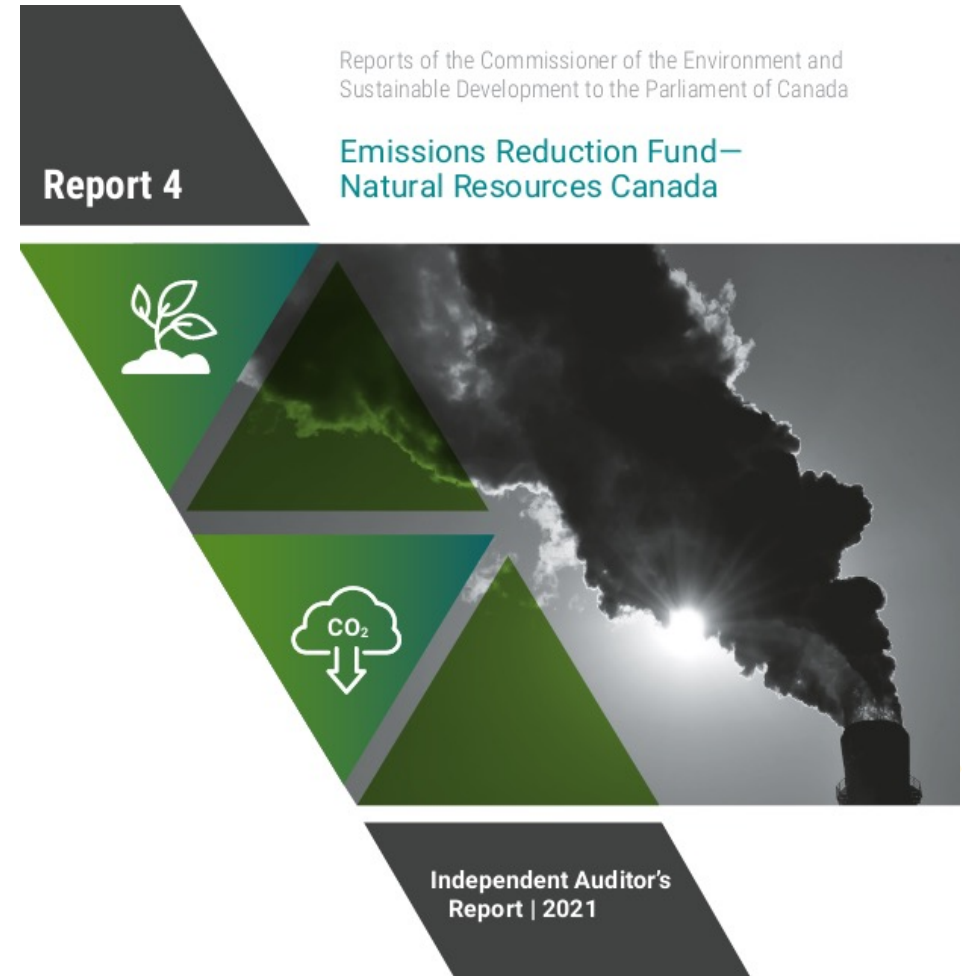
## Opportunities:

- International examples of countries addressing the intergenerational aspect of fighting climate change
  - Hungary has instituted a Commissioner for Fundamental Rights to protect future generations by overcoming short-term political interests. Climate change is one of the priorities of this Commissioner.
- Accountability and the role of Parliament
  - *Canadian Net-Zero Emissions Accountability Act*
  - France's top administrative court has ordered the government to take "all necessary additional steps" within the next nine months to enable it to reach its climate crisis targets or face possible sanctions, including substantial fines.



# Emissions Reduction Fund

- The \$675 million Onshore Program of the Emissions Reduction Fund was launched in November 2020.
  - This Fund was part of the measures that the Government of Canada rolled out in response to the COVID-19 pandemic. It aimed to reduce harmful emissions while maintaining employment and accelerate their deployment of equipment to reduce greenhouse gas emissions.
- This audit focused on whether Natural Resources Canada designed and implemented the Onshore Program to achieve value for money and to ensure that the expected reductions of greenhouse gas emissions after 2023 would be credible and sustainable.



# Emissions Reduction Fund – Selected Findings on Program Design

- Overall, we found that the department did not design the program to ensure value for the money spent or credible reductions of greenhouse gas emissions in the oil and gas sector.
- Natural Resources Canada did not apply greenhouse gas accounting principles or the concept of additionality—that is, that emission reductions should not be attributed to the program if they would have happened regardless, by complying with regulations.
  - As a result, more than half of the total reductions targeted by the program had already been accounted for under the federal methane regulations.
- The department indicated that one of the rationales for the program was to help maintain jobs in the oil and gas sector. However, we found that the department did not list job retention as an eligibility condition or an assessment criterion for funding decisions. The department also did not include job retention or creation in the oil and gas sector as a performance indicator for the Onshore Program.



# Emissions Reduction Fund – Selected Findings on Funded Projects

- The department's expectations for the 40 projects it had funded in the program's first intake period were overestimated and did not consider new emissions from supported production.
- For 27 funded projects, companies had indicated in their submissions that projects would increase oil or gas production. However, the department did not factor in the emissions from increased production into its estimations. Had they been accounted for, they would have lessened or even outweighed the emission reductions expected from these projects.
- The department did not fully assess value for money on the basis of the cost per tonne of greenhouse gas emissions reductions or the number of jobs maintained.
- To help Canada achieve its national targets for reducing greenhouse gas emissions, Natural Resources Canada should make sure that its policies, programs, and measures are based on reliable estimates of the expected emission reductions by using recognized standards.





# Canadian Net-Zero Emissions Accountability Act

- The Commissioner's mandate has been expanded by the Canadian Net-Zero Emissions Accountability Act.
- Enshrines in law Canada's 2050 target - five year milestones from 2030 to 2050 to guide the country's transition to net-zero
- Requires the Commissioner to examine and report on the Government of Canada's implementation of measures aimed at mitigating climate change at least once every five years
  - 24 (1) The Commissioner of the Environment and Sustainable Development must, at least once every five years, examine and report on the Government of Canada's implementation of the measures aimed at mitigating climate change, including those undertaken to achieve its most recent greenhouse gas emissions target as identified in the relevant assessment report.
  - (2) The report may include recommendations related to improving the effectiveness of the Government of Canada's implementation of the measures with respect to climate change mitigation that it has committed to undertake in an emissions reduction plan.
  - (3) The report is submitted as part of the next annual report the Commissioner makes under subsection 23(2) of the Auditor General Act.
  - (4) The first report must be submitted no later than the end of 2024.



**Thank You!**  
**Questions?**



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