



HOUSE OF COMMONS  
CANADA

**CHAPTER 4, MANAGING RISKS TO CANADA'S  
PLANT RESOURCES - CANADIAN FOOD  
INSPECTION AGENCY OF THE DECEMBER 2008  
REPORT OF THE AUDITOR GENERAL OF  
CANADA**

**Report of the Standing Committee on  
Public Accounts**

**Hon. Shawn Murphy, MP  
Chair**

**JUNE 2009**

**40th PARLIAMENT, 2nd SESSION**



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# **THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

has the honour to present its

## **EIGHTEENTH REPORT**

Pursuant to its mandate under Standing Order 108(3)(g), the Committee has studied Chapter 4, Managing Risks to Canada's Plant Resources - Canadian Food Inspection Agency of the December 2008 Report of the Auditor General of Canada and has agreed to report the following:

## INTRODUCTION

Plant resources, which include forest and agricultural commodities, are responsible for a substantial amount of Canada's economic activity. Invasive plants and pests are the second most serious threat to biodiversity of plant resources, after habitat loss. Inadequate controls over the importation of invasive species could threaten the Canadian environment, and pose significant risks to forest and agricultural production, valued at approximately \$100 billion in 2005.

The Canadian Food Inspection Agency (CFIA) is charged with safeguarding Canada's food supply, protecting animals and plants from diseases, and supporting food related trade and commerce. Its responsibilities include regulating the importation of plants and plant products into Canada, which it does through import policies and standards, import permits, and by carrying out inspections at Canadian borders. In the 2006–2007 fiscal year, the CFIA spent \$65.2 million protecting Canada's plant resources. The CFIA also certifies exports of plants and plant products leaving Canada, as part of our international obligations under the International Plant Protection Convention.

There is a general consensus that it costs less to deal with invasive plants, pests, and diseases before they become established. The CFIA's task is made more difficult by changing environmental conditions, globalization, and the increasing diversity of plants and plant products being imported into Canada. An estimated 84,000 shipments enter Canada every year, and the volume of shipments is increasing over time.

In its December 2008 Report, the Office of the Auditor General (OAG) examined whether the CFIA adequately managed the risk that invasive alien plants, seeds, plant pests, and plant diseases could enter Canada.<sup>1</sup> The OAG looked at how the CFIA administers standards, conducts pest surveys and plant health risk assessments, and inspects imports of plants and plant products.

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<sup>1</sup> Office of the Auditor General of Canada, *December 2008 Report of the Auditor General of Canada, Chapter 4 – Managing Risks to Canada's Plant Resources – Canadian Food Inspection Agency*, [http://www.oag-bvg.gc.ca/internet/English/parl\\_oag\\_200812\\_04\\_e\\_31828.html](http://www.oag-bvg.gc.ca/internet/English/parl_oag_200812_04_e_31828.html).

## **ACTION PLAN AND STATUS REPORT**

While the CFIA has many competing priorities, including ensuring the safety of the Canadian food supply, the Committee believes that CFIA must also devote sufficient attention to managing risks to Canada's plant resources. The audit focussed on the impact of invasive species on plant resources, and the Committee notes that these species do not present any direct risks to human health. Nonetheless, the audit found a number of weaknesses in the CFIA's capacity to detect and monitor invasive species entering Canada, which could have serious repercussions for the Canadian economy.

The Committee is concerned that many of the weaknesses identified in the audit are not new, and have been raised in previous audits. Issues related to information management have been known for many years, and were raised in a 1996 audit of the animal and plant health program of Agriculture and Agri-Food Canada. In the fall of 2003, the CFIA reviewed the key elements of delivery of the Plant Health Program, and identified problems similar to those found by the OAG.

In its audit, the OAG recommended that the CFIA develop and implement a formal risk-based approach to pest surveys; formally define the performance information it requires from Canada Border Services Agency; implement quality management systems designed to effectively manage risks; assess possible information management upgrades for the Plant Health Program; and define the required level of science, policy, and operations necessary to fulfil its plant protection mandate. As the CFIA has agreed with the recommendations, the Committee expects that they will be fully implemented.

In order to demonstrate a commitment to the implementation of OAG recommendations, the Committee expects government agencies to prepare an action plan that details what actions the agency will take in response to each OAG recommendation. The action plan should specify timelines for the completion of the actions, and identify responsible individuals who will ensure the actions are undertaken in a prompt and effective manner.



In response to the audit, the CFIA submitted an action plan that outlines how the CFIA will implement the audit recommendations over the coming years. However, when the Committee met with officials from the CFIA, it was evident that the action plan was a work in progress. The Auditor General told the Committee that her office had examined the plan, and found it satisfactory, but believed that the CFIA needed to prepare more detailed and technical plans to supplement its more general action plan.<sup>2</sup> The President of the CFIA recognised the need for a more comprehensive action plan, when she told the Committee “[w]e do have a plan of action that we tabled with the committee. It is clear that we need to make that more precise.”<sup>3</sup> In addition, the failure of the CFIA to implement recommendations from the 1996 and 2003 audits suggests that a status report on the action plan is necessary. The Committee recommends:

#### **RECOMMENDATION 1**

**That the CFIA provide a detailed and technical action plan to the Public Accounts Committee by 31 December 2009.**

#### **RECOMMENDATION 2**

**That the CFIA provide the Public Accounts Committee with an interim status report on its progress in implementing that action plan by 30 June 2010, and that additional status reports be submitted to the Committee annually until the recommendations contained in the audit are fully implemented.**

### **OBSERVATIONS AND RECOMMENDATIONS**

#### **A. Risk Assessments and Pest Surveys**

A risk-based approach to threats from invasive species is integral to the proper functioning of the Plant Health Program. Carol Swan, the President of the CFIA, explained to the Committee that a risk-based approach required prioritizing threats, and

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<sup>2</sup> House of Commons Standing Committee on Public Accounts, 40<sup>th</sup> Parliament, 2<sup>nd</sup> Session, Meeting 24, at 15:35.

<sup>3</sup> Ibid, at 16:30.

an “understanding that you can't do everything, you have to look at areas of highest potential impact, in terms of the occurrence of the event and the implication of the event occurring.”<sup>4</sup>

The CFIA supports its efforts with two key science-based activities: plant health risk assessments and pest surveys. The audit found that the CFIA had difficulty delivering timely plant health risk assessments, and that as of March 2008, there was a growing backlog for risk assessments, equivalent to a year's worth of work. Some of the requests for risk assessments dated back to 1999. In her testimony, Ms. Swan told the Committee that the backlog would be cleared up by March 2010.

The CFIA conducts pest surveys throughout Canada. The results of the pest surveys provide the CFIA with the scientific data used to inform regulatory decision making. A risk-based approach to the surveys would enable management to focus survey activities on the highest-risk invasive plants, pests, and diseases. The audit found that the yearly pest survey plans are not risk-based, and focus almost exclusively on existing invasive species rather than identifying potential new threats. When she appeared before the Committee, Ms. Swan stated that a formal risk-based approach would be implemented by December 2009.

Risk assessments and pest surveys represent the primary means of mitigating risks associated with invasive species. The Committee recommends:

### **RECOMMENDATION 3**

**That in the interim status report provided to the Committee, the CFIA include a summary of the progress it has made in reducing the risk assessment backlog, and in implementing a formal risk-based approach for pest surveys in order to identify new threats.**

### **B. Inspection of Plants Entering Canada**

The OAG reported that conducting sufficient import inspections remained a challenge for the CFIA. The CFIA's national inspection targets for imports are interpreted and applied inconsistently across the country, and high-risk imported commodities, which

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<sup>4</sup> Ibid at 17:10.

are subject to 100% inspection, are sometimes released for distribution without being inspected. The audit voiced concerns over missed inspections and lost information.

During the course of its audit, the OAG selected 27 approved import application packages with a Notice to Importer (packages that require 100% inspection) and tracked them to the relevant inspection offices to determine if all inspections were completed. The OAG found that ten of the packages were released without inspection, and in six cases, the inspection office nearest the destination had no record of having received the import application packages. Only 11 of the 27 packages were inspected in accordance with CFIA requirements. The OAG was told that the inspection of plant imports competes with export certification for inspectors' time, and that exports were considered a higher priority.

The Committee finds the results of the survey disturbing. It indicates that packages that are supposed to be inspected all of the time are in fact inspected less than half the time. The OAG found that the CFIA did not have an adequate quality assurance program for inspections, and suggested that the CFIA draw random samples from imported plant and plant product shipments to assess the effectiveness of its import inspection practices. The Committee recommends:

#### **RECOMMENDATION 4**

**That the CFIA proceed with implementation of a quality assurance program, and that the CFIA include quality assurance assessments of its import inspection practices in the interim status report.**

#### **C. Inadequate Communication**

In its audit report, the OAG stated that a fundamental component of risk management is adequate communications, which ensures that the activities and objectives of the staff and organization are aligned. The audit found that the CFIA's risk management is limited by inadequate communication and feedback between CFIA branches, and between the CFIA and Canada Border Services Agency (CBSA), which serves as a key partner in protecting Canada's plant resources.

The audit notes that poor communications hamper the CFIA in a number of ways. For example, problems of communication between regional branches lead to inconsistent inspection approaches. The audit found that the Montreal, Toronto, and Vancouver offices provided the OAG with target inspection standards from the 1997–1998, 2006–2007, and 2003–2004 fiscal years, respectively. The inspection standards in the three regions vary for a given commodity. For fresh fruits and vegetables, Toronto and Vancouver’s list calls for a 10% inspection rate, while Montreal’s calls for a 50% inspection rate.

Poor communication extended to the CFIA’s interactions with the CBSA. While the two agencies have signed a memorandum of understanding, the CFIA had not developed a list of the performance information that it requires from the CBSA, and a strategy for obtaining that information in a regular and systematic way.

The Auditor General reported that there are systemic problems in communications between the three CFIA branches, between headquarters and the regions, and between the CFIA and the CBSA. The Committee understands that the CFIA has followed the OAG’s recommendation and has appointed a champion to address the communications failures identified in the audit, and hopes that the champion will be given the powers and resources necessary to address these issues.

#### **D. Problems Related to Information Management and Technology**

The audit identified additional problems in the CFIA’s use of information technology. According to the audit, plant protection programs were not adequately supported by information management and technology, resulting in the need for thousands of faxes sent internally across the CFIA, and the corresponding loss of documents. In their testimony before the Committee, officials from the CFIA stated that the use of fax machines is a work-around, that the system is “partly automated”, and that current communications interfaces with importers required the use of paper-based forms.<sup>5</sup> However the Committee is somewhat mystified as to why a further “work-around” cannot be developed using existing IT systems. For example, the paper-based documents could be scanned and sent by e-mail, which would at least allow for a digital record of the documents.

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<sup>5</sup> Ibid, at 16:10.

The audit found that information management was further hampered by a lack of an adequate system for tracking imports. Decisions to approve or reject import application packages were based on a manual reconciliation of information from a variety of paper and computer sources. The audit notes that the absence of a national tracking system creates a number of problems. In one instance, officials at a Toronto inspection office told the OAG that a 2001 trace-back of a shipment of chrysanthemums required the redeployment of five employees for five days to search through paper records.

The CFIA clearly needs to improve its information management, and to implement changes to its information technologies. The OAG recommended that the CFIA complete an assessment of possible information management and technology support for the Plant Health Program, and identify options for funding those needs. CFIA agreed with the recommendation and said it will identify overall information management and information technology needs across the agency. During their appearance before the Committee, officials from the CFIA said that it was developing a business plan for information technology, had laid the groundwork for increased investment in IT, and would be making investments in systems that have applicability across many programs.<sup>6</sup> However the Committee remains concerned that because information management systems are to be developed for the CFIA as a whole, progress on addressing the specific problems identified in the audit remains years away. The Committee recommends:

#### **RECOMMENDATION 5**

**That in addition to identifying overall information management needs, the Plant Health Program explore the possibility of reforming its information management using existing technologies that are currently at its disposal, and that CFIA include a summary of their progress in updating information management and technology in the interim status report.**

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<sup>6</sup> Ibid., at 15:55 and 16:35.

## **E. Funding of the Plant Health Program**

Overall, the audit found that the Plant Health Program lacked coordination between CFIA branches, quality management processes in import-related activities, and information management and technology support. Along with increasing import volumes, these factors compromised CFIA's ability to ensure that only low-risk shipments are approved for entry into the country.

Addressing both increases in import volumes and problems associated with information technology will require a stable source of funding. The audit recommended that the CFIA define the required level of science, policy, and operations necessary to fulfil its plant protection mandate as it relates to imports, and then determine the level of funding needed to carry out these responsibilities.

The audit indicated that the Plant Health Program is primarily funded by the Invasive Alien Species Strategy, which has enabled core activities, including preventative measures, risk assessments, pest surveys, and inspections. The Invasive Alien Species Strategy is a time-limited initiative, and it is scheduled to end in 2010. The CFIA told the Committee that they were developing plans for the next strategy and would be attempting to renew it. However the Committee believes that a more stable source of funding may add predictability to the financial management of the Plant Health Program. The Committee recommends:

### **RECOMMENDATION 6**

**That the government provide the CFIA with ongoing funding to support the Plant Health Program.**

## **Conclusion**

While the protection of plant resources may or may not have direct consequences on the health of Canadians, it can have significant impacts on the Canadian environment and the economic prospects of entire communities. The numerous concerns raised by the audit demonstrate that the CFIA needs to devote more attention to the Plant Health Program. The audit recommended that the CFIA undertake a comprehensive

assessment of the scope and delivery of the Plant Health Program as it relates to imports, and suggested that the CFIA needs a clear champion to coordinate the efforts of the various CFIA branches. The Committee is encouraged that the CFIA has developed an action plan and has already appointed a champion to supervise the implementation of this plan, and hopes that the CFIA will remain committed to solving the problems identified in the audit.

## APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<b>Canadian Food Inspection Agency</b> Stephen Baker, Vice-President, Finance, Administration and Information Technology  Brian Evans, Executive Vice-President  Paul Mayers, Associate Vice-President, Programs  Carole Swan, President	2009/06/02	24
<b>Office of the Auditor General of Canada</b> Sheila Fraser, Auditor General of Canada  Neil Maxwell, Assistant Auditor General  Dale Shier, Principal		



# REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings ([Meetings Nos. 24 and 28](#)) is tabled.

Respectfully submitted,

Hon. Shawn Murphy, MP

Chair