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1994/95: REPORT 2

Value-for-Money Audit

PROVINCIAL AGRICULTURAL
LAND COMMISSION



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Auditor General of British Columbia

8 Bastion Square
Victoria, British Columbia
V8V 1X4

(604) 387-6803
Fax (604) 387-1230

The Honourable Emery Barnes
Speaker of the Legislative Assembly
Province of British Columbia
Victoria, British Columbia
V8V 1X4

Sir:

I have the honour to transmit herewith my Value-for-Money Report to the Legislative Assembly on the Provincial Agricultural Land Commission.

A handwritten signature in cursive script that reads "George L. Morfitt".

George L. Morfitt, FCA
Auditor General

Victoria, British Columbia
September 1994

copy: Mr. E. George MacMinn, Q.C.
Clerk of the Legislative Assembly





Provincial Agricultural Land Commission

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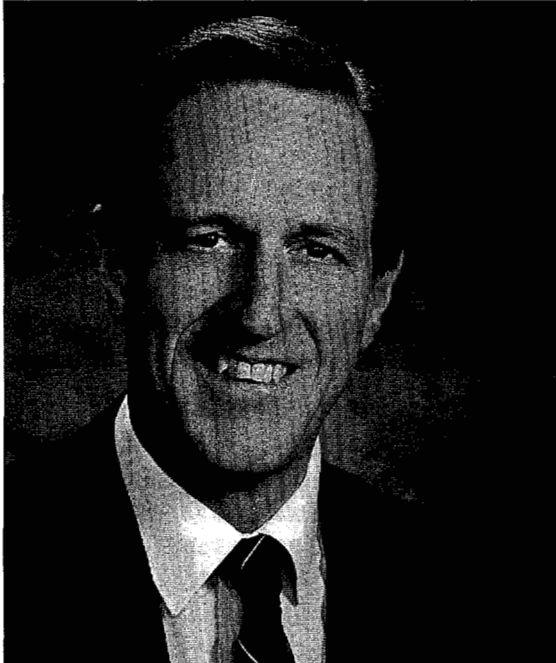
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Auditor General's Comments



Auditor General's Comments



This report, my second to the Legislative Assembly for the 1994/95 year, contains the results of a value-for-money audit pertaining to agriculture in the province.

My Office last reported on agricultural matters in 1985. At that time, we looked at two of the major programs of the Ministry of Agriculture and Food, the financial assistance program and the extension program, and two ministry-wide functions, financial management and control, and strategic direction and accountability.

This year's audit considers a different aspect of agriculture: the province's agricultural land base. Agricultural lands are important because they provide the province with a domestic food source and support thousands of food production and processing jobs. However, only a small percentage of the province's land is suitable for agricultural use. Early settlement patterns led to the

development and growth of communities on sites suitable for agriculture. As these communities expanded, they generally did so onto agricultural lands. By the early 1970's many in the province were expressing concern over the rate at which agricultural lands were being converted to other uses. The government responded by introducing legislation to set up a Commission to preserve agricultural lands.

Since the Provincial Agricultural Land Commission was established 20 years ago, British Columbia's growing population and expanding economy have continued to put pressure on our finite land base. People increasingly are bringing competing values to resource use questions. As other land use issues have risen to prominence, additional provincial agencies have been established to resolve land use questions.

The Commission on Resources and Environment (CORE) was created in 1992 to develop a provincial land use strategy, including regional and community-based planning and management processes. In 1994, the Forest Land Commission was established to control land use in Forest Land Reserves. This group has a role with respect to privately-owned forest lands similar to the one that the Provincial Agricultural Land Commission has in regard to agricultural land.



The Provincial Agricultural Land Commission continues to be a major participant in the province's land use decision-making processes. Although it is small, with few staff and a limited budget, it has a significant impact on the province. It has a mandate to preserve agricultural land and establish and maintain farms. Its decisions affect the 5% of the province designated as Agricultural Land Reserve, and influence local government planning and the contribution of the agricultural industry to the provincial economy. We therefore decided to conduct our review in the Provincial Agricultural Land Commission.

Our audit assesses how the Provincial Agricultural Land Commission carries out its role, and the extent to which it reports on its activities to the Legislative Assembly and the public.

I greatly appreciate the assistance the Commissioners and Commission staff provided to our audit team. Their interest and cooperation on the audit were welcomed and contributed to a full exploration of the audit issues.

George L. Morfitt, FCA
Auditor General

Victoria, British Columbia
August 19, 1994



Provincial Agricultural Land Commission

An audit of how the Commission preserves agricultural land and establishes and maintains farms

To protect agricultural lands, the government designated certain lands, primarily during 1974 and 1975, for an Agricultural Land Reserve (ALR). The Provincial Agricultural Land Commission is responsible for preserving agricultural lands and for encouraging the establishment and maintenance of British Columbia's farms.

Audit Purpose and Scope

We conducted this audit to assess how the Commission carries out its role and to determine whether it is gathering and reporting sufficient information on its performance to the Legislative Assembly and the public. In particular, we looked at the two methods the Commission uses in fulfilling its role: processing of applications and involvement in land-use planning issues.

We focused our audit on practices in use during the period July 1993 to November 1993. Our examination was performed in accordance with value-for-money auditing standards recommended by the Canadian Institute of Chartered Accountants, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Overall Conclusion

Overall, we concluded that the Commission needs clearer direction, improved management processes, and better information about the results it is achieving if it is to carry out its role adequately and provide full public accountability on its performance.

Although the legislation gives the Commission a general mandate to preserve agricultural land, the Commission has not established clear objectives for doing so. Without such objectives, the long-term direction for the ALR is unclear and there is insufficient information against which actual results can be compared.

The Commission's management processes are appropriate to enable it to carry out its role, but not as efficient as they could be. The Commission needs to increase its automation through greater use of computer technology, and to improve its ability to monitor and analyze both internal operations and land use in the ALR.



As well, the Commission needs to identify the measures that are appropriate for reporting on its performance, and then to collect that information and provide it to the Legislative Assembly and the public. Information currently provided in its annual report is not as comprehensive as it should be.

Key Findings

Mandate Is Clear but Objectives Have Not Been Established

The legislation gives the Commission two main goals: to preserve agricultural land and to encourage the establishment and maintenance of farms. These goals, however, have not been translated into objectives that clearly show what the Commission expects to accomplish. Clear objectives would provide a basis for measuring the Commission's performance in preserving agricultural land.

Better Communication and Information About Acceptance Is Needed

The Commission has undertaken a number of initiatives to improve its communications with stakeholders. It has developed several new communications documents and is working on others. However, it lacks an up-to-date, comprehensive document through which its policies and practices can be communicated to key stakeholders. Although a handbook of Commission operations exists and has been provided to agencies and local governments, it is incomplete and out-of-date.

The Commission does not have formal processes to obtain information about the extent to which its role is accepted by stakeholders and the public. It relies on informal feedback obtained in its dealings with various individuals and entities, and on information developed by them. The Ministry of Agriculture, Fisheries and Food has carried out some surveys that include information about acceptance levels, but these surveys are limited in their review of the Commission's role and operations.

Organization Is Generally Appropriate but Increased Use of Technology Is Required

Several studies carried out in the past have examined whether changes to the program delivery structure should be made. These, as well as reviews of other jurisdictions, have shown that the province-wide, mandatory approach taken in British Columbia is the most effective way of preserving agricultural lands. The Commission itself has identified a number of desired legislative changes that would further strengthen the program.

Although it is part of the Commission's mandate to encourage the establishment and maintenance of farms, the Commission has no



program specifically aimed at accomplishing this objective. Instead it relies on indirect means to do this.

The processing of applications under the *Agricultural Land Commission Act* accounts for two-thirds of the Commission's work load. Approximately 28,000 files have been processed since the Commission started. Despite this volume, managing application files and file information is largely a manual process. None of this information has been transferred onto electronic files. The time taken to process applications is approximately six months. The Commission's objective is to reduce it to 90 days. Achieving that will require a better balance of resources and processing methods.

Similarly, information about the ALR is maintained solely on manual copies of maps; the information has not been entered onto a Geographic Information System (GIS). As a result, the Commission's ability to manage applications and analyze information is greatly restricted.

Information for Decision-Making Needs Improvement

The criteria the Commission uses for making decisions about ALR land focus on biophysical characteristics, surrounding land uses, impact on nearby lands, and area concerns. The Canada Land Inventory classification is an important measure of the biophysical characteristics, and in many cases is the best information the Commission has available about the land's agricultural capability. However, this classification does not recognize the suitability of a site for specific agricultural products, and the scale at which the classifications were done can result in inaccurate information being used for decision-making.

Inter-Agency Coordination Is Being Strengthened

The Commission has increased its efforts to improve coordination with other agencies. Memorandums of Understanding have been developed with key ministries and Commission staff are active in committees at local government levels.

However, coordination could be improved further in the review of Official Community Plans (OCPs) developed by local governments. The Commission is seeking legislative amendments to establish a formal process that ensures OCPs are sent to the Commission for review.

Better Land Use Monitoring Is Needed

In 1978, the Select Standing Committee on Agriculture (SSCA) of the Legislative Assembly carried out a review of lands in the ALR. It reported on the need to improve inventory information about land use and land capability. The SSCA recommended that the



Commission set up a land use and land tenure monitoring program to collect, update, review, and analyze land use and land tenure information in the ALR. Such information could be used to support the direction of policy initiatives. No such program has yet been developed and detailed information gathering about actual land use is limited.

Some information on land use is available from other agencies. Statistics Canada carries out a farm census every five years and, until recently, the Canada Land Use Monitoring program provided information about the conversion of rural land to urban-related uses. Neither of these sources, however, provides broad land use information, nor do they distinguish between ALR lands and other agricultural land in the province.

Program Has Not Been Fully Evaluated

The Commission has provided some information about the results it has achieved, but there are no objectives against which this information can be compared. Furthermore, the Commission has not clearly identified the performance measures it needs to evaluate its performance.

According to Commission reports, fewer than 700 hectares of prime land per year are being lost now, compared to the estimated 6,000 hectares per year that were being lost to urban developments before the ALR was established. The current figures, however, refer to an area's change in status as being either in or out of the ALR. Since land can be excluded yet still remain available for agriculture, this measure may not identify loss of agricultural land in a valid way.

In addition to the results it is intending to achieve, the Commission's existence and operations can have other impacts, too—positive as well as negative. There has been no evaluation to assess the extent of these other impacts.

Some potential secondary effects of the ALR have been identified by other agencies. These include effects on land prices, rural land uses, and provincial tax revenues. While it is difficult to link the Commission's operations and the ALR directly to some of these impacts, efforts should be made to obtain such information and provide it to policy-makers so that the full effects of the program can be understood.

Accountability Reporting Needs to Be Improved

The Commission has not gathered and reported key performance information to the Legislative Assembly. The annual report to March 1992 identifies broad goals but no specific objectives. It also provides no information on the extent to which intended results have been achieved.



As we concluded our field work, the Commission advised us that its next annual report would contain more useful and relevant information about its operations.



Establishing the Agricultural Land Preservation Program

Importance of Agriculture

According to the Ministry of Agriculture, Fisheries and Food, the agriculture and food industry was a \$9 billion industry in 1991/92. It involved over 120 different commodities and employed more than 190,000 British Columbians. The agriculture investment in land, equipment, stock, and other tangible assets exceeded \$6 billion. Although British Columbia is Canada's third largest province (93 million hectares of land), less than 4 million hectares is considered arable or potentially arable. Much of the best agricultural land is near urban areas and has been subject to many pressures for development into other uses.

Legislative Authority over Agricultural Land

In 1972, the provincial government, recognizing that the limited agricultural land in British Columbia was under increasing development pressures, began legislative action to preserve farmland. It was estimated that, in the 20 years preceding 1972, an average of 4,000 to 6,000 hectares per year of agricultural land were being lost to urbanization and conversion to other uses. At the same time, the province was importing about 65% of its food needs. In December 1972, the government issued an Order-in-Council that was intended to limit further subdivision of all lands taxed as farmland and other lands deemed suitable for agricultural cultivation until the new legislation was in place.

In April 1973, the *Land Commission Act* was passed and the

Provincial Land Commission established in May. At that time, the objectives of the Act included the preservation of agricultural land, greenbelt land, landbank land (for urban and industrial development), and park land. The Commission was given regulatory powers for agricultural land only. The Act granted the Commission powers to preserve agricultural land by managing and regulating its use, but required the Commission to purchase lands if it wanted to preserve them for one of the other purposes.

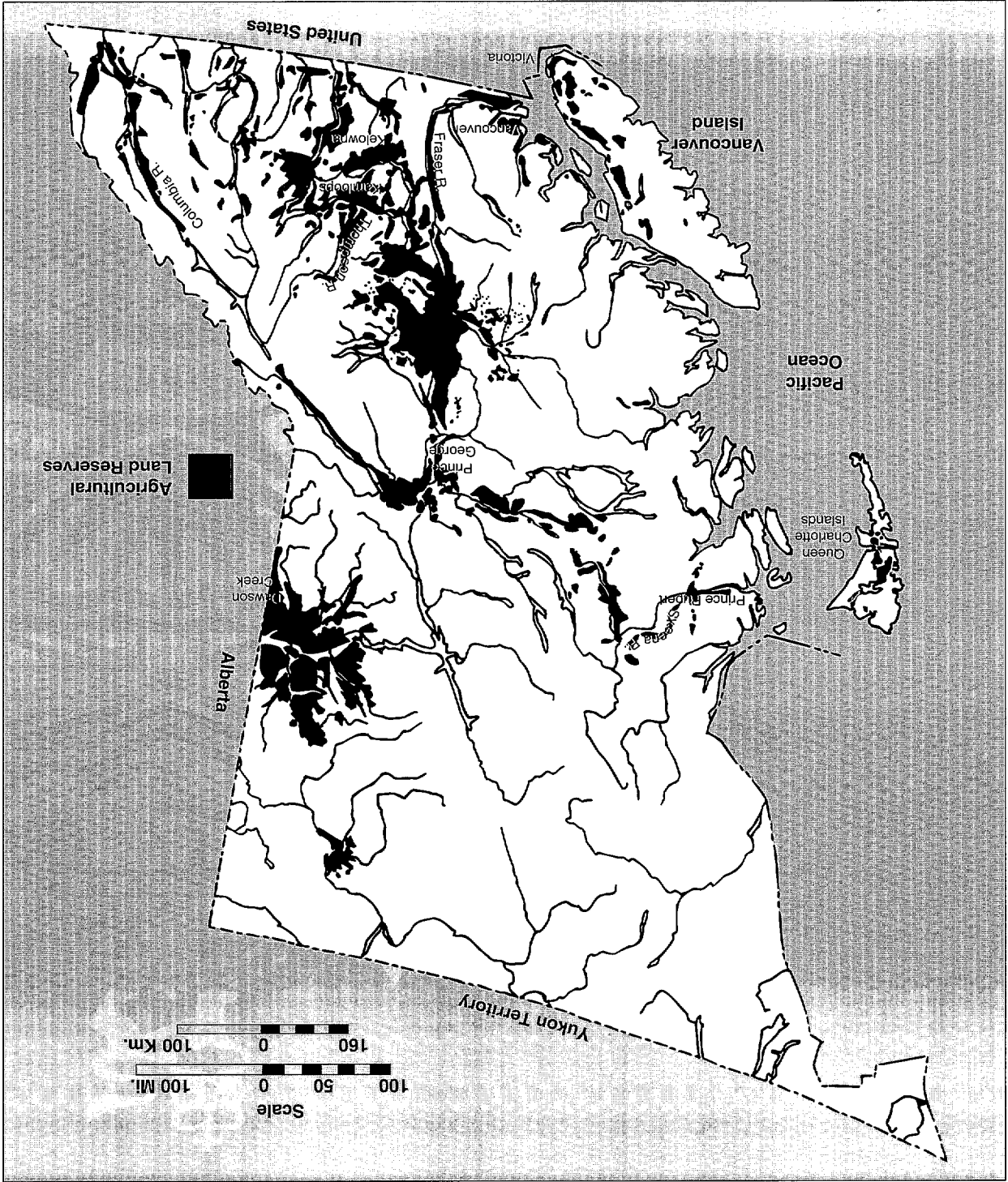
Agricultural land was to be preserved through the establishment of a reserve. This reserve—the Agricultural Land Reserve (ALR)—was in place by 1975. Exhibit 1.1 shows the current location of ALR land.

In 1977, the *Land Commission Act* was amended such that it applied to agricultural land only. It was retitled the *Agricultural Land Commission Act* and the Commission became the Provincial Agricultural Land Commission. Section 7 of the current Act identifies the three objectives for the Commission as being to:

- “(a) preserve agricultural land;
- (b) encourage the establishment and maintenance of farms, and the use of land in an agricultural land reserve compatible with agricultural purposes; and
- (c) assist municipalities and regional districts in the preparation of land reserve plans required under this Act.”

Exhibit 1.1

Location of Agricultural Land Reserves in British Columbia



Source: Provincial Agricultural Land Commission



At present, the Commission is dealing primarily with the first objective, that of preserving agricultural land. By satisfying that objective, the Commission believes it is also encouraging the establishment and maintenance of farms—the second objective. It also uses its regulatory authority and involvement in land use planning to promote a favorable agricultural environment, thus indirectly promoting farms.

Until recently, Commission decisions could be appealed to the Environment and Land Use Committee (ELUC) of government. In July 1993, however, legislative amendments eliminated such appeals. Under the new legislation, the Commission now deals with all applications other than those deemed to be of "provincial interest." The latter are to be removed from the Commission and referred to either a new environmental assessment board—to be created under the pending *Environmental Assessment Act*—or to a commissioner appointed under the *Inquiry Act*. The criteria for defining "provincial interest" have not yet been set.

The *Agricultural Land Commission Act* sets up the Commission as a Crown corporation consisting of at least five government-appointed members. Appointments are for terms of up to four years. There are currently five commissioners, including the Chair, each selected from a different region of the province. The Commission meets once every three weeks for five days to conduct business. About a third of its time is devoted to travel around the province to conduct application hearings (where needed), meet with local

governments and organizations, and carry out site visits.

The Commission is also responsible for administering the *Soil Conservation Act*. This Act governs the removal of soil from, or the placing of fill on, agricultural land contained within the ALR. Commission approval is required for these activities.

Regulations and General Orders Governed by the Commission

The Commission is responsible for a number of Regulations and General Orders relating to the Acts.

The Regulations, authorized by government, identify the procedures for submitting inclusion or exclusion applications, the land uses permitted in the ALR, and the land uses permitted but requiring Commission approval. The Regulations also cover procedures for soil conservation permits.

The General Orders, issued by the Commission, identify ways that specific matters can be handled without requiring formal application to the Commission. Examples of such matters include:

- the widening of highways or road rights-of-way;
- the construction of additional dwellings on the non-ALR portion of lands partially within the ALR;
- the temporary use of mobile homes as second dwellings;
- the development of oil and gas well sites within the ALR;
- the establishment of rights-of-way for existing private roads within the ALR;
- the conduct of placer work within the ALR; and



- the establishment of existing roads as Forest Service roads within the ALR.

The Agricultural Land Reserve

The boundaries of the Reserve were initially established between 1973 and 1975. During that time, regional districts submitted to the Commission maps and plans of their agricultural lands to be included in the Reserve. As the basis for their regional maps, the districts used the existing Canada Land Inventory (CLI) agricultural capability maps, along with the knowledge of Ministry of Agriculture, Fisheries and Food field staff. The CLI classifications rate the agricultural capability of the land according to the limitations on the land that would restrict the range of crops grown on it. Class 1 is land with virtually no restrictions; class 7 is land with so many limitations that it has no agricultural capability

(Exhibit 1.2). The Commission reviewed and amended, as necessary, all of the plans. Each regional district ALR plan was then approved by Cabinet, before receiving official designation as part of the ALR by the Commission.

It should be noted that the ALR does not contain all of the agricultural land in the province. Of the province's 93 million hectares of land, 30 million hectares has been classified for agricultural capability (Exhibit 1.3). Lands having varying capability for agriculture (class 1 to 6) total 15 million hectares, or approximately 16% of the province's land base. Only 5% of the province's land base, however, is in the ALR .

When the ALR was established in 1975, it was estimated to contain 4,721,295 hectares of land (other estimates from that period suggested there were only 4,599,259 hectares; see Exhibit 1.3). By 1993, the most

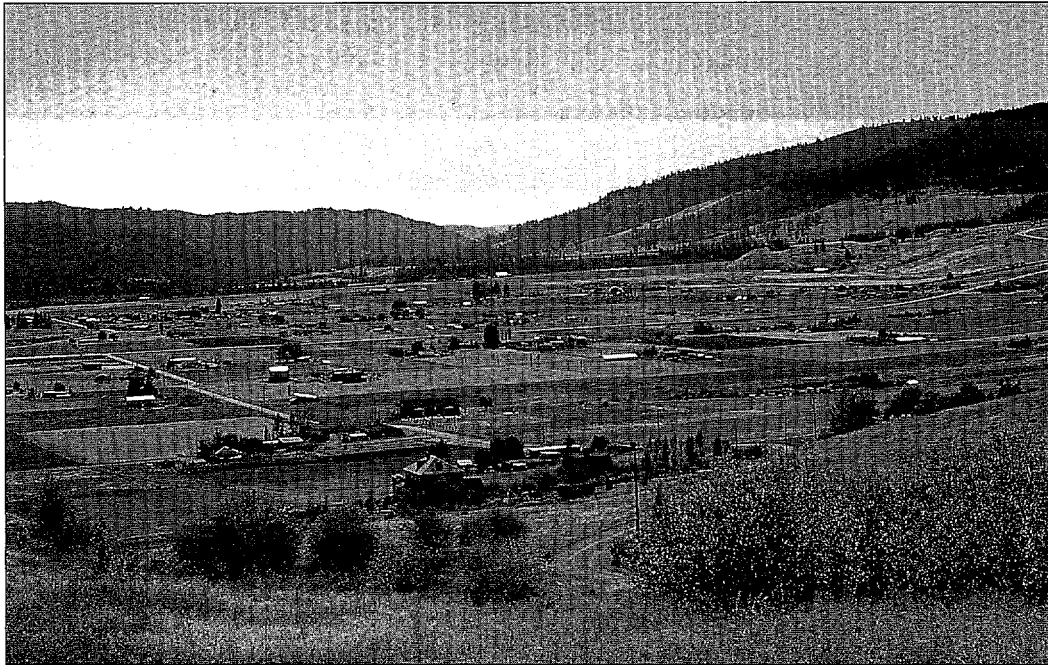
Exhibit 1.2

Canada Land Inventory Agricultural Capability Classifications

These classifications identify the restrictions that exist on different classes of land

Class 1	Land with no or very slight limitations that restrict its use for the production of common agricultural crops.
Class 2	Land with minor limitations that require good ongoing management practices or that slightly restrict the range of crops, or both.
Class 3	Land with limitations that require moderately intensive management practices or that moderately restrict the range of crops, or both.
Class 4	Land with limitations that require special management practices or that severely restrict the range of crops, or both.
Class 5	Land with limitations that restrict its capability to produce perennial crops or other specially adapted crops.
Class 6	Land that is non-arable but is capable of producing native and/or uncultivated perennial forage crops.
Class 7	Land that has no capability for arable culture or sustained natural grazing.

Source: Provincial Agricultural Land Commission



Courtesy of Provincial Agricultural Land Commission

Farmland near Rock Creek

Exhibit 1.3

Total Classified Lands and Agricultural Land Reserve Lands in British Columbia

This table shows the extent to which classified lands have been included in the ALR, as analyzed by the Select Standing Committee on Agriculture, 1978

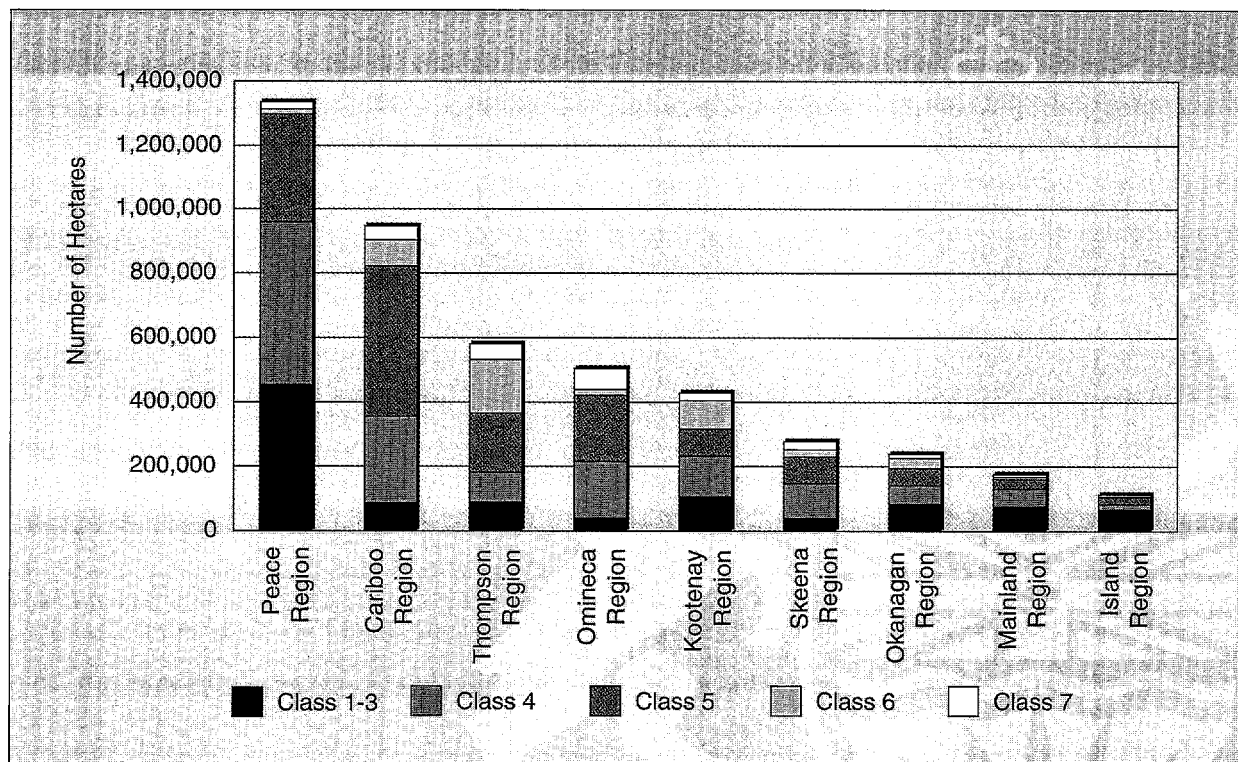
Canada Land Inventory Agricultural Classification	Total Area Classified (hectares)	ALR Lands (hectares)	ALR Lands as % of Lands Classified
Class 1	69,989	52,920	75.6%
Class 2	397,634	289,079	72.7%
Class 3	999,644	692,090	69.2%
Class 4	2,131,581	1,409,080	66.1%
Class 5	6,137,470	1,468,100	23.9%
Class 6	5,357,181	431,560	8.1%
Class 7	14,898,572	167,540	1.1%
Water		88,890	
	29,992,071	4,599,259	



Exhibit 1.4

Agricultural Land Reserve Land Classification by Region

This illustration shows the ALR composition in each region by class of land, as analyzed by the Select Standing Committee on Agriculture, 1978



recent date for which statistics are available, the total had declined by 13,638 hectares to 4,707,657 hectares. This is as a result of 108,074 hectares having been removed from the reserve and 94,436 having been added. Significantly, however, the ALR includes about 70% of the prime agricultural land (land in classes 1 to 3) in the province. The Commission estimates that some of the prime land shown in Exhibit 1.3 as not being in the ALR was either left out intentionally to provide space for urban growth or had been urbanized prior to the ALR being established.

The Act does not stipulate how much of British Columbia's agricultural lands should be included. At the time the initial boundaries were established, some land that was of a low capability classification, or was deemed to be isolated and not under pressure of development, was not included in the ALR. Other agricultural land was also left outside the ALR to provide for future urban growth needs. Today, agricultural land continues to be under development pressure. It is not difficult to find ALR land being offered for sale for other than agricultural purposes.

Exhibit 1.4 shows the ALR land classes by region. Two regions—the Peace and the Cariboo—contain half of all ALR lands.

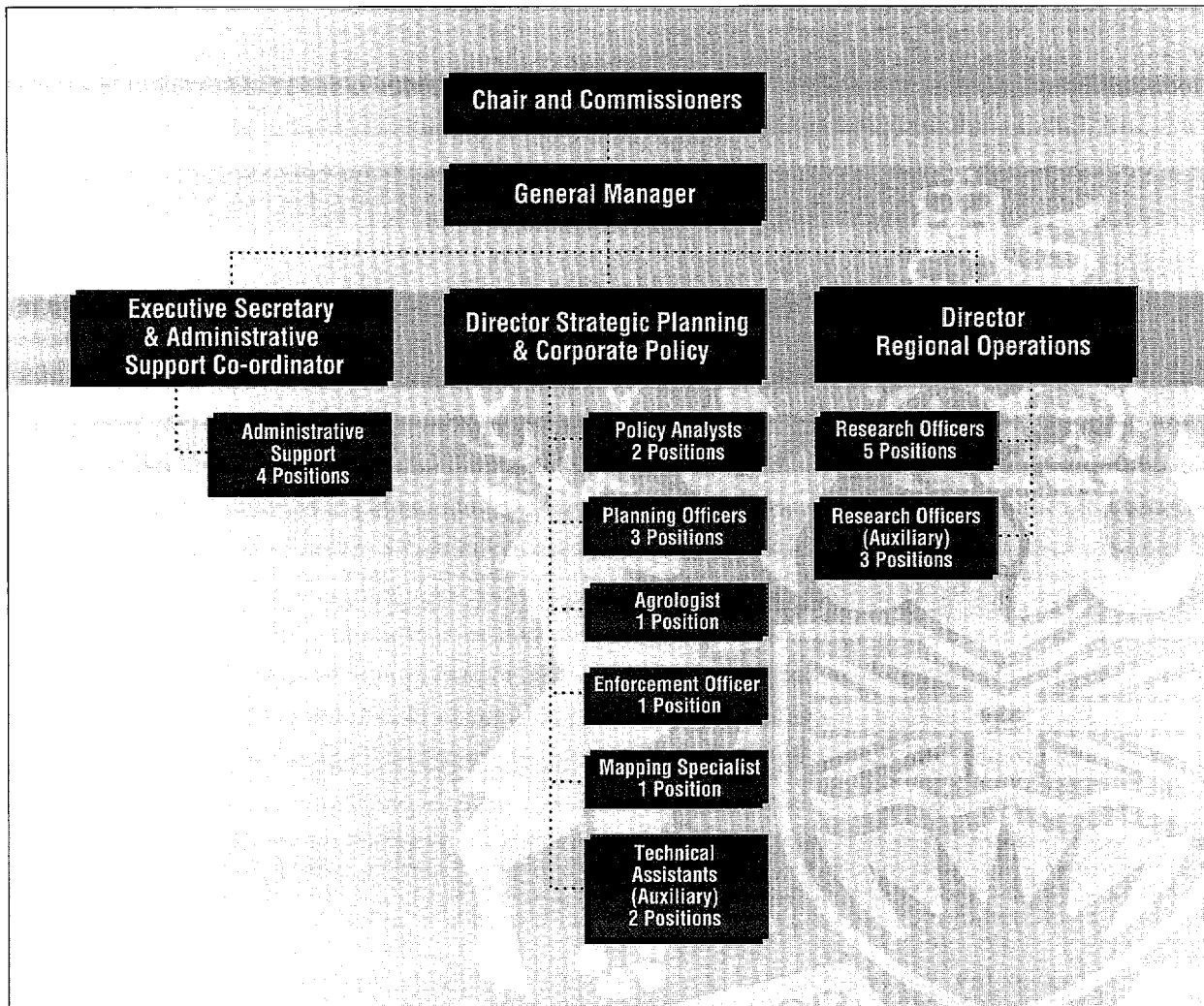
Organization and Resources of the Commission

In 1993/94, the Commission had 23 staff and a budget of \$2,064,553. Of this budget amount, \$1,242,716 was for salaries, \$181,335

was for Commission expenses, and \$230,802 was for occupancy costs. The commissioners and staff work out of one office, located in Burnaby. There are now no regional offices. A Victoria office, which had two staff, was closed approximately two years ago. Exhibit 1.5 illustrates the organizational structure of the Commission.

Exhibit 1.5

The Organization of the Provincial Agricultural Land Commission



Source: Provincial Agricultural Land Commission



The Commission, in seeking to achieve its primary goal of preserving farmland, administers its program in two ways: one is proactive—through the Planning and Corporate Policy group; the other is reactive—through the Regional Operations group.

The reactive role involves the processing of applications submitted mainly for exclusions, subdivisions, and special uses of ALR land as well as applications for inclusion of land into the ALR. This has been the Commission's dominant role. The Commission estimates that about 1,200 applications are processed annually. Processing of these applications comprises 66 to 75% of the Commission's work load and occupies nine staff, including the manager for the group (Director, Regional Operations). So long as the Commission continues to accept applications, this will continue to be a significant area.

The Commission is striving to be more proactive, primarily by increasing its involvement in planning issues. While the Commission has always been involved in review of community plans, a separate planning and policy function, which includes several

planners, was established about two years ago to provide a greater focus on planning issues.

The Commission sees the proactive role as being more beneficial than the reactive role in the long-term preservation of agricultural land. By getting involved at the planning stage, the Commission hopes to reduce the number of applications being submitted. In this role, planning staff review local and regional plans, assist in resolving land use issues, and participate in policy development and analysis for the Commission. During the year, staff may deal with any of 126 local governments, including 29 regional districts, which have ALR areas within their jurisdictions. To date, over 800 planning projects throughout the province have been reviewed by the Commission.

The Commission receives fewer applications under the *Soil Conservation Act*: since 1978, as many as 102 and as few as 52 applications per year. These represent only a small part of its work load.





Setting Objectives for Agricultural Land

To ensure that the Commission understands what it is to accomplish, there should be guidance in the form of a clear mandate. Objectives related to the mandate should be established and sanctioned by the government. We examined whether these were in place.

Conclusion

Although the Commission's mandate is provided in legislation, clear direction beyond this broad mandate has not been set. The Commission has started a strategic planning process but it has not yet developed clear objectives against which results can be compared. Because the Commission is responsible only for land in the ALR, it is not developing a complete provincial strategy that looks at the province's total agricultural land capacity.

Findings

Agricultural Land and the ALR

Land in the countryside can be used for a number of purposes. Any decisions on land use should therefore be based on clearly identified land use goals. We found that the existing information about the amount of agricultural land makes this difficult.

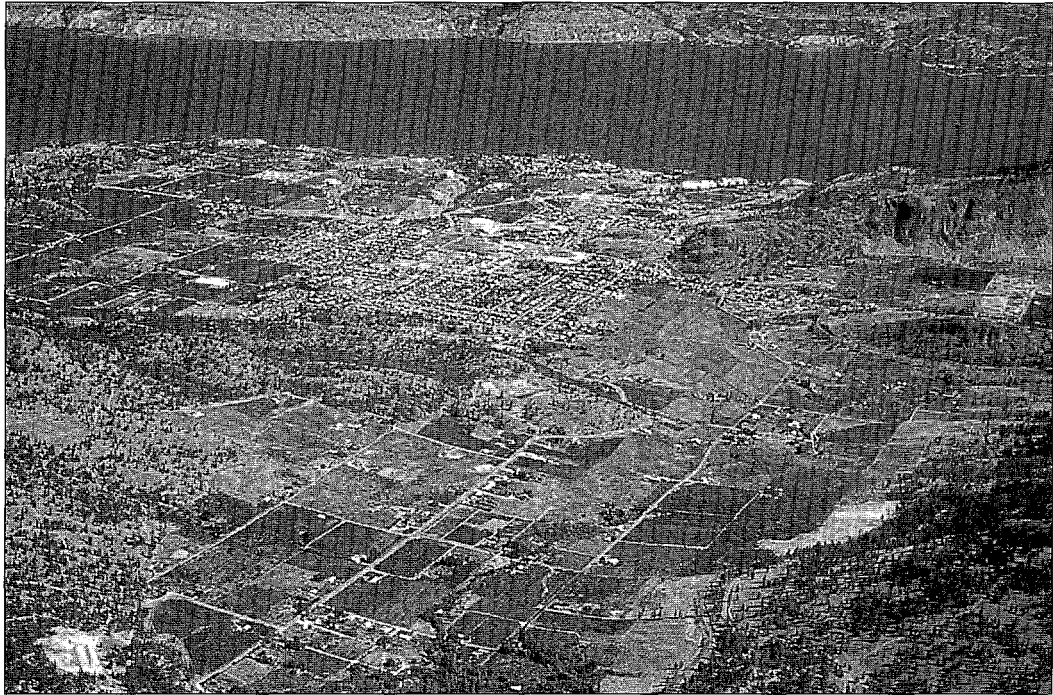
In 1978, the Select Standing Committee on Agriculture (SSCA) of the Legislative Assembly carried out a review of lands in the ALR. It reported that the class 1-4 lands actually available for agriculture totaled 1.9 million hectares. Of

these, it found that only 520,000 hectares were being actively cultivated. That left room for a theoretical four-fold increase in area available for cultivation. It was the opinion of the SSCA that these lands could provide for complete provincial self-sufficiency in all products (except beef) to the turn of the century.

The SSCA concluded that the supply of agricultural land was not a limiting factor in the expansion of agriculture. It recognized the need to protect "our truly capable agricultural lands," but criticized the protection of lands with marginal capability for cropping purposes. It felt that although many of these lands were better suited to other purposes, Commission policies inhibited their conversion to other land uses.

The SSCA report also noted the need for improved inventory information about land use and land capability. The inadequacy of the inventory base was felt to have led to the reservation of land for purposes for which it was not suited. "Scarcities have been promoted where none actually exist," the report noted. The SSCA also noted that, in many areas, lands of little worth had been included in the ALR, while in other areas valuable range lands were not included.

We noted a number of documents that stated that agricultural land accounts for only 5% of the provincial land base. This, however, is the size of the ALR only, not of the province's agricultural lands. Other documents provide



Courtesy of Provincial Agricultural Land Commission

Aerial view of the Okanagan Valley.

different information. The Ministry of Agriculture, Fisheries and Food has reported that land actively being farmed and land with some agricultural capability amount to approximately 17% of the province's land area. The government's 1993 Economic and Statistical Review reports that up to 30% of the province has some agricultural capability. Focusing only on the ALR can therefore result in misunderstandings about the agricultural land in the province.

The Commission's draft strategic plan recognizes the need for a comprehensive provincial plan that identifies production goals and the land and water resources needed to meet those goals. There is a need to consider the development of a provincial strategy for agricultural land that encompasses all agricultural land and not just the ALR lands.

The Commission's Mandate

Under the *Agricultural Land Commission Act* the Commission is responsible only for agricultural lands in the ALR. Although there are also agricultural lands outside the ALR, the Commission has no authority over their use.

The legislation gives the Commission two clear goals: 1) to preserve agricultural land, and 2) to encourage the establishment and maintenance of farms. We found that these goals are well understood by the commissioners and Commission staff. However, because they have not been translated into clear objectives, the Commission does not know what results it is actually trying to achieve.

Setting Objectives

We found that the Commission has established an adequate strategic planning process. Its draft strategic



plan, dated June 1993, includes a mission statement, operating principles, environmental assessment, strategic priorities, and vision of the future. The Commission's mission, notes the plan, is that of "protecting and conserving the limited supply of land . . . important to the current and future needs of agriculture."

What the Commission has not yet done is to translate the goal of preserving agricultural land into measurable objectives for the ALR. The Commission is operating on the assumption that, to meet its goal of preservation, it should secure land for present and future food needs and preserve as much agricultural land as possible. Clear objectives would provide a basis for measuring the Commission's performance in preserving agricultural land.

Other jurisdictions have set clear objectives. Oregon, for example, also has a program to preserve agricultural land. It has set a state-wide policy objective to have 94% of the agricultural land base existing at 1970 still existing in the year 2010. Minnesota has a "no net loss" policy objective for certain wildlife habitats, a concept that we think could also be applied to agricultural land.

We noted that the Commission's 1987 strategic plan explored the issue of objectives indirectly. The document reported that the lower mainland is under great population pressure and that some 20,000 hectares of Lower Coast ALR land could be excluded by the turn of the century. On a provincial basis, the Commission projected that, if trends continue, it would exclude some 50,000 hectares by the year 2000. The Commission did not develop from these trends any specific objectives for preserving lands.

Just as unclear is what the Commission is expected to accomplish today under the other main goal—that of encouraging the establishment and maintenance of farms. Again, clear objectives have not been identified for meeting this goal.

Recommendation 1: The Commission should identify its objectives and have them sanctioned by government. Consideration should be given to setting regional and provincial level objectives. These objectives should be identified in a way that will allow for future measurement of the degree to which they have been achieved.





Stakeholder Understanding and Acceptance of the Commission's Role

It is important that the Commission's objectives, policies, and processes be understood and accepted by key stakeholders and constituencies. Communicating these enable stakeholders and constituencies to understand what the Commission is trying to achieve and how it organizes itself to fulfill its role. At the same time, understanding how well these groups accept what it is doing would allow the Commission to know how different elements of its performance are viewed and supported.

We expected the Commission, in striving to achieve its mandate, to establish and communicate those policies and processes it intended to use. We also looked at the methods the Commission uses to obtain information about the degree to which its role, policies, and practices are accepted by major stakeholders.

Conclusion

The Commission has recognized the need to communicate its role and policies better, and plans are underway to improve the communications process. The Commission does not have a formal process of its own to obtain information on the extent to which its role is accepted, but it collects some information gathered by other agencies.

Findings

Communicating with Stakeholders

The Commission, through its decisions and its policies, is not just preserving agricultural land, but is

helping to shape what the rural environment—the ALR component—will look like. Some of its policies, however, have not been formally documented or widely communicated.

The Commission lacks an up-to-date, comprehensive document through which it can communicate its policies and practices to key stakeholders. Although a handbook of Commission operations exists and contains information about legislation, policies, regulations, and application formats, it is incomplete and out-of-date.

The Commission developed a strategic communications plan in 1991. The plan identifies target groups and strategies, calls for an updated users manual and sets a three-year implementation schedule. As part of the strategy, the Commission intends to hold workshops with local governments to ensure their information needs are met. Updating of the manual is now underway.

In addition to this overall plan, the Commission has undertaken a number of initiatives to improve its communications with stakeholders. It has developed the *Preserving Our Foodlands* brochure, which reviews the issue of preserving agricultural land for food production and the Commission's role in this. This is the first brochure prepared by the Commission for many years. As well, it has developed a new communications document, the *ALR Advisory*, to keep interested parties up-to-date on Commission matters.



The three quarterly issues produced to September 1993 have been well received by those parties the Commission has identified as users of this information. A staff member is also working on a document, titled *Planning for Agriculture*, to provide local government planners with guidance in integrating agricultural issues into their planning process.

The Commission uses informal communications processes, as well, to communicate with stakeholders. Commission representatives attend various agriculture functions, such as the British Columbia Federation of Agriculture annual meeting, and meet with commodity groups, farm associations, and district agricultural advisory committees. They also attend functions held by other groups, for example, meetings of community planners and the annual meeting of the Union of British

Columbia Municipalities. These activities give the Commission an opportunity to provide outside groups with current information about its operations.

Recommendation 2: The Commission should document all of its policies affecting ALR land decisions and communicate them to its stakeholders.

Acceptance of the Commission and the ALR

The Commission does not have formal processes for obtaining information on the extent to which its role is accepted. Instead, it relies on informal feedback that its staff obtain in their dealings with other individuals and entities. Informal feedback is also received by commissioners and Commission staff during their visits to the regions.



Courtesy of Provincial Agricultural Land Commission

Harvesting in the Dawson Creek area.



Formal reviews have been carried out primarily by other agencies. In 1987, the government, through the Regional Ministers of State, reviewed the procedures and operations of the Commission. Their findings indicated a high level of support for the concept of the Commission's program, but many operational changes were also suggested.

More recently, the Ministry of Agriculture, Fisheries and Food has conducted several surveys which have included questions about how well the Commission and the ALR are accepted by the public. We found some of the surveys to be narrow in their treatment of Commission and ALR issues. Although results have generally shown an 80% acceptance of the concept of having an ALR, there is concern by some observers as to whether respondents had sufficient information available to them to make informed judgments. A 1993 consumer review carried out for the ministry found that consumers in the lower mainland did not know who was responsible for the ALR; many thought it was a municipal responsibility. Overall, however, respondents agreed that agricultural land needs to be protected from development. A survey of farmers, carried out for the ministry in 1993, included only two questions about the ALR—both limited to the issue of removing lands from the ALR. There were no questions about acceptance, need, or operations of the Commission.

Similar results have been reported in surveys carried out by the ministry in the Okanagan. While many respondents appear to support the concept, they know little about the Commission or the size of the ALR. The surveys have also indicated that the public does not generally believe that the Commission is doing a good job of making decisions.

Some agriculture industry representatives have expressed their concern over agricultural issues by rejecting the concept of the land reserve. The B.C. Fruit Growers Association passed a resolution at its last two annual meetings calling for the abolition of the ALR. The British Columbia Federation of Agriculture passed a similar resolution at its December 1993 annual meeting.

The Commission has no plans to develop its own survey processes. Rather, it is considering such options as developing more Commission-related information from survey activities currently being carried out by other agencies. It has, for example, already taken steps to ensure that its interests are addressed in those surveys.

Recommendation 3: The Commission should obtain a broader base of information about the extent to which its role, policies, and decision-making are accepted by its stakeholders.



Delivering the Service

An organization may have alternative structures, policies, and methods it can choose from to deliver its services. Selecting the right approach can result in more economic services, more efficient services, or both. We looked for evidence that the Commission had considered various ways to improve its delivery system, and we assessed whether the systems and practices in use are adequate and reasonable given the Commission's mandate.

The major responsibility for the commissioners is to make decisions on applications under the Act. We looked for evidence that the Commission had adopted a structured process, obtained appropriate information, and identified the criteria it would use for decision-making. Objective criteria are important for promoting consistent and fair decisions.

Managing a land base the size of the ALR makes information an important resource. We looked at the extent to which the Commission had good information about the ALR, and at the processes it used to analyze and manage that information.

Conclusion

Several reviews have considered alternative delivery structures for preserving agricultural land. The Commission has identified the policy and operational changes it believes would improve its performance.

Meanwhile the Commission faces three main difficulties:

- Current operational processes are inefficient and restrict the Commission's ability to respond to information needs and requests on a timely basis. Greater use of information technology could make the maintenance of information systems more efficient.
- Although the Commission has identified useful criteria to guide decision-making related to the ALR, information about the suitability of the land for agricultural production is not generally available.
- Allocation of resources to other priorities and lack of specific follow-up procedures have made it hard for the Commission to ensure that matters of non-compliance and enforcement are identified and addressed.

Findings

Organizing the Delivery of Services

Preserving Agricultural Land

Governments can preserve agricultural land in a variety of ways. These include providing tax exemptions or preferential tax treatment, purchasing development rights, taxing gains on rezoning, calling for voluntary enrollment in an agricultural reserve where land conversion is controlled, and adopting an integrated planning approach where preservation is one of many goals.

Greatest control results from a mandatory and province-wide preservation program. Studies by

researchers and analysts of other jurisdictions' programs have shown that this type of program is the most effective way of preserving agricultural lands. Under this approach, a province controls the program, which is characterized by the establishment of agricultural zones in which landowners are restrained by law from most changes of use. British Columbia's agricultural land preservation program is of this type. In jurisdictions with tax policies alone, studies show that this approach does not work as well.

In Canada, only Quebec has modeled its system after British Columbia's. Other Canadian jurisdictions rely on less centralized, less mandatory types of systems. Manitoba appears to have the newest legislation. It includes a mix of tools, focusing on tax exemptions and voluntary use value assessment with

tax paybacks on conversion. It does not include a powerful agricultural zoning law as is the case in British Columbia and Quebec. Alberta and Ontario do not have a zoning program, but rely on provincial policy direction to influence decisions at the local level.

Over the years, several reviews have been carried out to assess alternative program delivery options for British Columbia. A 1973 review, aimed at identifying the cost of purchasing development rights for the province's farmland determined that the price would be more than \$1 billion (in 1973 dollars). Among the issues reviewed in 1987 by the Regional Ministers of State was the question of whether the Commission should be regionalized. Study results indicated a preference for a provincial, rather than regional, focus.



Picking lettuce in the Lower Mainland.

Courtesy of Provincial Agricultural Land Commission

Commission representatives have also visited other jurisdictions in Quebec, Oregon, and California to review land preservation programs and assess opportunities for changes to the Commission's operations.

In 1990, the Office of the Comptroller General, in its internal audit report on the Commission's operations, recommended a number of operational changes. The Commission has implemented many of the recommendations, such as proposing legislative changes, improving policy coordination with the ministry, increasing field travel, and undertaking a more proactive role in local government planning exercises.

In these ways, the Commission has identified the need for policy changes and additional initiatives to improve service quality and strengthen the program.

Establishing and Maintaining Farms

The Ministry of Agriculture, Fisheries and Food, as well as the Commission, has a legislated role related to farms. While the Commission is responsible for encouraging the establishment and maintenance of farms, the ministry is responsible for overseeing the production, marketing, processing, and merchandising of agricultural products and food. It also plays a role in other projects or undertakings related to agriculture and food.

Until the mid-1980s, the Commission had a property management program and, as well, resources to purchase and lease farms. It was seen as an entry level program to encourage development of farms. Today, the Commission relies only on indirect means to



Courtesy of Provincial Agricultural Land Commission

Examining aerial photographs.

accomplish this objective, such as contributing to local and regional government planning.

Soon after the Commission began operations, an Environment Canada review of the ALR questioned the Commission's ability to establish and maintain farms. Environment Canada concluded, in 1978, that the legislation establishing the Commission and the ALR has contributed only slightly to the maintenance of viable farm units. Other factors, it pointed out, needed



to be addressed to ensure maintenance of a viable farm community—factors such as pricing of farm produce, which is better dealt with on a larger continental or national basis.

As well, the viability of farms is affected by the interrelationships between land, capital, human resources, market systems, consumer tastes, farm production systems, environmental regulations, and public policies affecting agriculture. Thus, preserving land alone does not ensure viability. It has no impact on farm revenues and no impact on farm operating expenses.

Processing Applications

Processing of applications accounts for more than two-thirds of

the Commission workload. The Commission receives approximately 1,200 applications per year. Exhibit 1.6 shows the average distribution by type of application.

Each application is given a control number and sent to the appropriate research staff. Staff have regionally-linked responsibilities and look after applications from their assigned regions. Applications are generally handled in the order they are received, but staff will reallocate that order if priorities develop.

Research staff are responsible for ensuring the completeness of information in the applications files. The time spent on applications varies a great deal and depends on the complexity of the issues. Maps, air

Exhibit 1.6

Applications Work Load

This illustration shows the number and type of applications, by legislative authority, that the Commission receives in a year

Type of Application	Legislative Authority	Annual Volume
Local government block exclusion applications	ALC Act, Section 11(1)	15
Individual owner exclusion applications	ALC Act, Section 12(1)	200
Individual owner subdivision or use applications	ALC Act, Section 20(1)	600
Special case subdivision or use applications	Regulations	250
Inclusion applications	ALC Act, Sections 10(3) & 10(5)	25
Soil removal / fill permits	<i>Soil Conservation Act</i>	80
Appeals on exclusion applications	ALC Act, Sections 13(1) & 13(2)	30
Total		1,200

Source: Provincial Agricultural Land Commission



photos, Canada Land Inventory (CLI) data, and correspondence are accumulated and included in the completed file. Research staff meet with Commission planning staff to review contentious issues and consider the impact of new policies on the application. Files are generally completed without field visits by staff to the areas under application. Instead, Ministry of Agriculture, Fisheries and Food field staff are relied on to do site visits and provide reports. This is a convenient way of obtaining the information needed.

We noted that there was widespread concern within the Commission and also with each stakeholder group we contacted about the timeliness of the processing of applications. The Commission is aware that turnaround time for applications is approximately six months. While it has not documented a specific target, staff generally understand that a 90-day turnaround is the Commission's objective. To achieve that, the Commission will have to ensure that resources and processing methods are available to make a 90-day target achievable.

Managing Information

The Commission's information systems are computerized only to a limited extent. We found that this restricts its ability to use software that would assist it in managing applications and analyzing information. The two main areas in which we expected to find computerized applications being used are for applications file information and for ALR inventory information.

Managing Application Files Information

Since it began operations in 1973, the Commission has processed approximately 28,000 applications. All of them are on site in the Commission's office. None of the information has been transferred onto electronic files.

This situation has created several inefficiencies in the Commission's operations. For example, to process applications, staff need information from previous applications for the site in question or surrounding sites. Without having the information in electronic form, staff must rely on paper files, a more time-consuming process than electronic access.

The current manual system also limits the Commission's ability to respond to information requests. For example, if the Commission were asked for detailed information about applications that have been processed, it may not be able to answer without examining all of the files. With an automated system, such information could be stored electronically and quickly accessed.

As well, there is some risk that information in the files could be lost through fire, theft, or some other way. The Commission has determined that little can be done cost-effectively to improve physical security of the manual files. Although it believes that the information is available at the local government level, accessing it would be a costly and time-consuming exercise. Transferring the information onto electronic files would not only provide greater accessibility, it would allow further security.



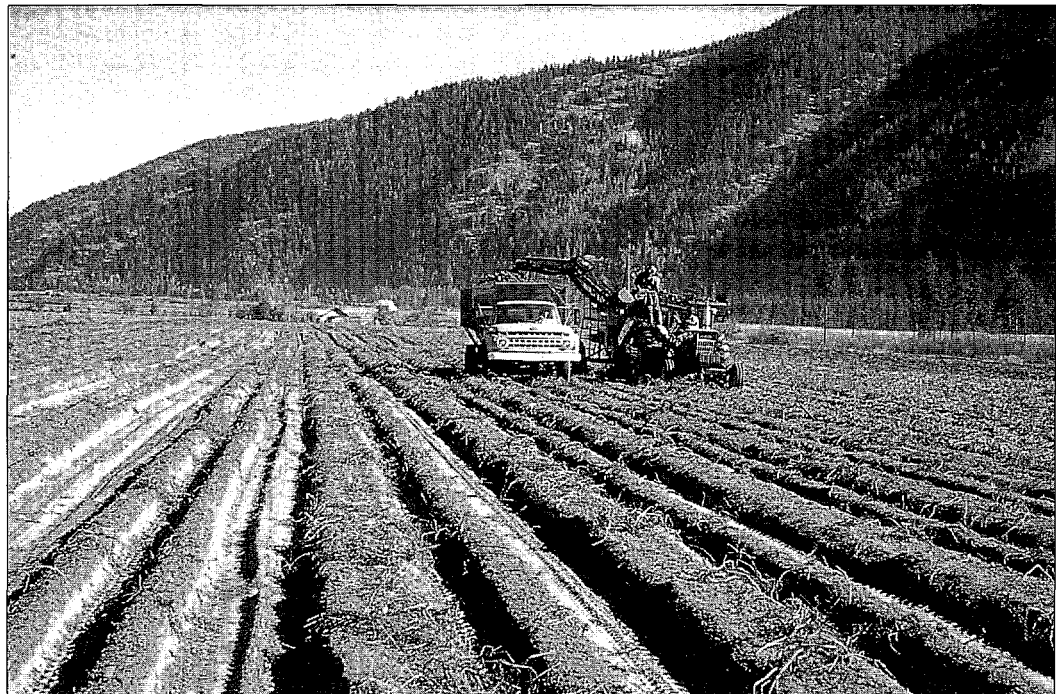
The Commission is aware of the need to get its files onto a computerized system. Its 1987 strategic plan identified the lack of essential processing tools, calling it a *material disadvantage to operations*. Commission staff told us that a draft information technology proposal was prepared several years ago, but that little progress has been made until recently. The Commission is now working with consultants and the British Columbia Systems Corporation to improve its systems. We understand that the proposed system will cover the flow of applications, application information, statistics, and decisions information. The ultimate goal is to enable research staff to extract needed information electronically rather than manually.

Managing ALR Inventory Information

We expected the Commission to have efficient access to information about the ALR's boundaries,

applications, legal descriptions, and land uses. In fact, we found that ALR information has not been computerized—the Commission is still relying on physical map copies—and that, as a result, there are inefficiencies in accessing and analyzing the information.

Some agencies that use ALR information in their operations have adopted a Geographic Information System (GIS) and would prefer that the Commission do so as well. These agencies view the Commission's lack of such a system as a problem because electronic transfer of information is not possible. The Commission on Resources and Environment, for example, digitized map data related to Vancouver Island's ALR after the Commission was unable to do so. Municipalities are also developing GIS capabilities for their planning purposes. As local governments and other agencies rely more and more on their own



Harvesting crops near Grand Forks.

Courtesy of Provincial Agricultural Land Commission



information sources rather than on the Commission, the risk arises that they will not be using accurate, official boundary lines for their planning proposals.

Recommendation 4: The Commission should expand its use of computer technology to improve the efficiency of its operations and to ensure the consistency and accuracy of the ALR information being used by other agencies.

Making Decisions

Commissioners meet for five days every three weeks to review applications and make decisions. There are five commissioners at present; a quorum of three can make a decision on an application. Commissioners are appointed for terms of up to four years. Consistency of decisions over time is aided by staggering the terms for commissioners. The most recent additions were in 1993 when two new members were added.

A briefing book is prepared beforehand for the commissioners. It contains the summary sheets from the application files, showing the staff recommendation for each decision. The commissioners receive a presentation on each application from the staff member who prepared the file. Commissioners estimated that 80% of applications are clear as to the decision required. These take about 20% of their time. The rest of the applications, dealing with less capable lands or complex issues, take more time to assess and may require obtaining additional information.

We noted concern among some stakeholders about whether the commissioners can make an informed decision, given the number of applications they must deal with.

Having the briefing book is a help, but it is usually not provided until the hearings begin. Commissioners do not generally get an opportunity to review the issues beforehand.

The criteria the Commission uses for decisions focus on biophysical characteristics, surrounding land uses, impact on nearby agricultural lands, and area concerns. An important criterion for decision-making is the Canada Land Inventory (CLI) classification. The Commission knows that the classification system was not intended for this purpose, but in most cases it is the best information available regarding the land capability. The CLI system recognizes only the range of crops possible for a site, not the site's productivity or suitability for specific commodities. Although some lower class lands (viewed generally as less capable agricultural lands) may in fact be productive for a narrow range of crops, this aspect is not recognized under the CLI classifications. It therefore cannot be objectively assessed when decisions are made, unless further field surveys are carried out. Another problem is that the scale at which the CLI classifications were developed is not always detailed enough for ALR decision-making. For instance, small pockets of land (up to 5 acres) with a different capability than that of the land surrounding, or adjoining, these pockets may not have been correctly identified. Inaccuracies such as this handicap the Commission when it is making decisions, unless it carries out current surveys.

Recommendation 5: The Commission should obtain additional information about agricultural land to improve its decision-making.



Ensuring Compliance and Enforcement

Allocation of resources to other priorities and lack of follow-up have limited the Commission's ability to ensure that matters of non-compliance are identified and addressed.

No formal mechanism exists by which the Commission assesses how well its decisions are being complied with. Similarly, it has no process for ensuring that regulations are being adhered to. Specific follow-up procedures are not documented; staff use their own discretion in deciding what follow-up is needed. Staff have been directed to ensure there are mechanisms identified in the decision letters sent to applicants to allow for follow-up, where warranted.

When the Commission receives information about concerns from

local government, its staff have a limited capability to respond. Some matters are handled locally, so Commission staff do not necessarily hear about them. Many infractions are found by chance. Commission staff believe they are made aware of only a small portion of all infractions.

The Commission has only one enforcement officer who is responsible for the entire province. He is also responsible for applications work under the *Soil Conservation Act*.

Recommendation 6: The Commission should review the extent to which its compliance and enforcement capability can be improved to maintain the integrity of the ALR.





Coordinating Efforts with Other Agencies

Many agencies are involved in rural land use issues in British Columbia and policies and practices on land use planning are always evolving. Issues of interest to the Commission include water allocation, drainage, waste disposal, traffic routes, chemical use, habitat concerns, and residential/industrial needs. It is important that the Commission and other agencies coordinate their activities to reduce or eliminate areas of duplication, overlap, or conflict. We examined whether the Commission has established suitable processes for coordinating its policies and practices with those of other agencies.

Conclusion

The Commission has adequate formal and informal methods for coordinating its efforts to preserve agricultural land with those of other ministries, outside agencies, and local governments.

Findings

Coordinating Efforts

The Commission has increased its efforts to improve coordination with other agencies. This is both recognized and welcomed by ministries, outside agencies, and local governments. The Commission communicates by phone, through ad hoc committees, and with field visits. Commissioners and staff also participate in interagency committees. All of these efforts help to communicate the ALR's purpose and aid in settling potential conflicts.

Exhibit 1.7 shows the main agencies with which the Commission works.

For example, the Commission has been involved with the land use planning processes being carried out under the Commission on Resources and Environment (CORE). One commissioner is on an advisory group to CORE. This helps the Commission maintain awareness of the new initiatives and policy direction of CORE. It also helps ensure that the CORE process is aware of how its policies and procedures can potentially affect the ALR.

In particular, it is important that the Commission's activities be coordinated with those of the Ministry of Agriculture, Fisheries and Food. To minimize the potential for duplication and overlap, the two agencies must have a close working relationship and understanding of their respective roles.

The Commission coordinates its role with the ministry in several ways. One is through a Memorandum of Understanding intended to clarify respective roles and minimize duplication of effort. As well, a Commission staff member is on the ministry's Resource Coordinating Committee and another staff member is involved in the ministry's Green Zone program. This program focuses on local government by-laws that may conflict with agricultural needs. In turn, the ministry's Resource Planning Branch monitors the Protected Areas Strategy and keeps the Commission current on relevant



developments and their potential impacts on the ALR.

The Commission also has Memorandums of Understanding with other provincial ministries such as the Ministry of Environment, Lands and Parks. At the local government level, the Commission is encouraging the establishment of agricultural committees. The Greater Vancouver Regional District, for example, has established an agricultural advisory committee to support its planning exercises. A Commission staff member is part of this committee. Some other regional districts have also established

agricultural advisory committees. The Commission communicates with these groups and helps identify opportunities for agricultural land preservation.

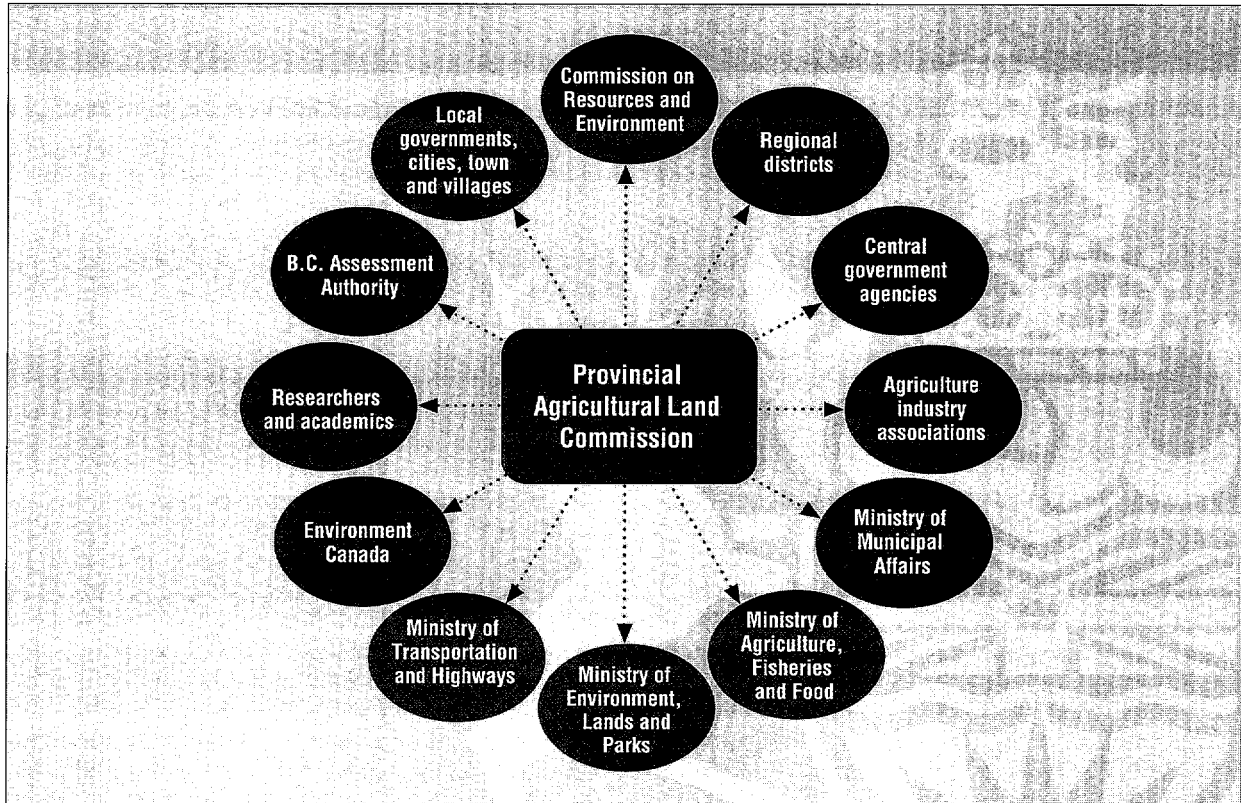
While the Commission has tried to ensure that a suitable degree of coordination is achieved, there is still work to be done. One way would be for the Commission to help agencies determine how their activities can be carried out in a manner that promotes the legislated mandate of the Commission.

Another way is in the development of Official Community Plans (OCPs). The Commission

Exhibit 1.7

Coordination of Commission Activities

This chart illustrates the main agencies the Commission works with to carry out its program





Courtesy of Provincial Agricultural Land Commission

Beef feedlot in North Okanagan Regional District.

works with local governments by reviewing their OCPs to ensure that the integrity of the ALR has been maintained. The onus is on the local governments to forward their plans to the Commission. However, even though the Ministry of Municipal Affairs has identified the Commission as an agent for this review in its OCP guide, we were told that not all plans are sent to the Commission. The Commission is seeking legislative amendments to ensure this happens in future.

Another area where coordination could be improved is in

the issuing of grants to municipalities by the Ministry of Municipal Affairs. Under ministry policy, when a local government applies for a grant where the proposed service will have an effect on the ALR, the municipality must get approval from the Commission before it can obtain the grant. Nevertheless, some municipalities have received grants without obtaining approval from the Commission.



Monitoring Agricultural Land Use

To obtain information on how land in the ALR is being used, the Commission needs to have a way of monitoring land use. Such information is essential if decisions are to be made based on an understanding of how land in the ALR is actually being used. We looked at the extent to which the Commission obtains this information.

Conclusion

The Commission does not have a process to collect information and monitor land use in the ALR. It collects some data from other sources, but that information is neither comprehensive nor does it directly relate to the ALR.

Findings

Land Use Monitoring

The Select Standing Committee on Agriculture (SSCA) recommended

that the Commission set up a land use and land tenure monitoring program to collect, update, review, and analyze land use and land tenure information in the ALR. Such information could be used to support the direction of policy initiatives. Currently, there is no such program. Monitoring of the use of ALR lands is not being carried out in a structured, objective manner and current, detailed information-gathering about actual land use is not well developed. The most detailed information available is from reviews carried out in the late 1970s by the SSCA.

We believe the type of information called for by the SSCA is important in providing decision-makers with a better understanding of the ALR—both about whether initial assumptions about agriculture land needs are being met, and about what current trends may show about land use in the ALR. Regulations



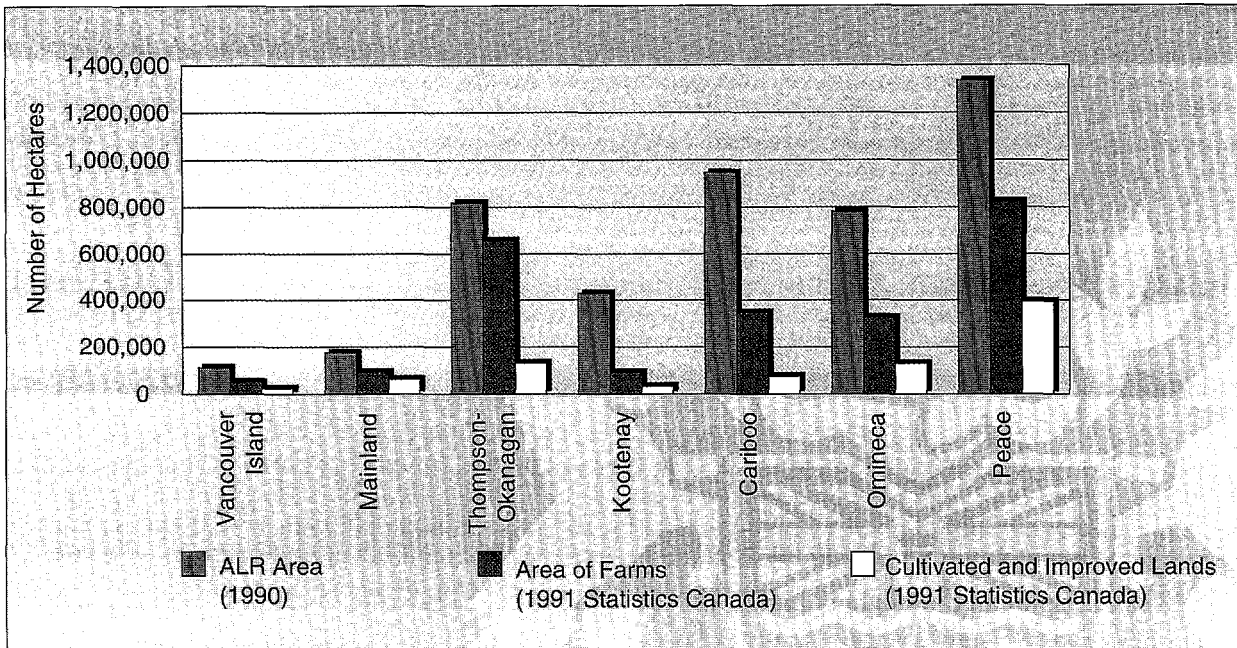
Harvesting field crops.

Courtesy of Provincial Agricultural Land Commission

Exhibit 1.8

Agricultural Land Reserve Lands and Agricultural Land Use in British Columbia

This chart compares, by region, the amount of land being farmed with the amount in the ALR



Source: Provincial Agricultural Land Commission

allow a variety of non-farm uses in the ALR, including parks, ecological reserves, logging, and silviculture. Use of ALR lands for airports, school sites or golf courses could also be allowed upon application to, and approval of, the Commission. These different uses affect the amount of land actually available for agricultural use. Weaknesses in its information systems are preventing the Commission from having good, detailed information about actual uses in the ALR, and insufficient resources are preventing the impacts of these policies from being properly evaluated.

Recommendation 7: The Commission should establish the

information gathering processes it needs to be able to better monitor and assess land use trends in the ALR.

Monitoring by Other Agencies

Some monitoring of agricultural land use is being carried out by other agencies. The extent to which the agricultural land base is actually being used for agriculture is assessed every five years by Statistics Canada, which carries out a farm census and publishes the results as farm statistics. Its report shows changes in farm use and includes all farms in British Columbia, not just those in the ALR. The land actually being farmed in 1991 in this province (2,392,000 hectares) amounts to



Exhibit 1.9

Rural Land Conversion

Rural lands and prime agricultural lands converted to urban uses over four monitoring periods from 1966 to 1986

Period	Total rural land lost (hectares)	Prime land lost (hectares)	Prime land lost as % of total land lost
1966-1971	7,515	1,154	15%
1971-1976	7,665	1,690	22%
1976-1981	23,372	5,272	23%
1981-1986	6,778	1,244	18%
Total	45,330	9,360	21%

Source: Environment Canada

approximately half of the total land that is in the ALR. Regional distribution of ALR lands and farms is shown in Exhibit 1.8. Some of this land being farmed is outside the ALR, but the exact amount is unknown.

Environment Canada, through the Canada Land Use Monitoring program, has compiled information about conversion of rural land to urban use in each province from 1966 to 1986. The most recent period covered—1981 to 1986—included a review of aerial photographs supplemented by field checks. The data were transferred into a Geographic Information System (GIS) for analysis. The number of hectares converted for British Columbia's seven urban-centered regions, from 1966 to 1986, is shown in Exhibit 1.9.

While this information does not apply to all of British Columbia, it covers all rural lands around the main urban centers and is considered

by Environment Canada to be reliable for showing trends.

The Canada Land Use Monitoring program is no longer being carried out. Consequently, no single agency in British Columbia is today directly monitoring conversion of rural land to urban uses. The British Columbia Assessment Authority's databases may contain the required information, but the Authority does not monitor this information. As a result, the extent to which agricultural land is being converted to urban uses is unknown.

We believe that a monitoring program is needed to identify the extent to which rural and agricultural lands are being converted to urban uses. This program should encompass all agricultural land in the province, including land not in the ALR.



Evaluating the Intended Results and Other Impacts

The Commission's operations can have several effects on stakeholders, on the agricultural land base, and on the public in general. First, are the intended results the Commission is striving for—its program's goals and objectives; second, are the unintended effects—some positive and some negative—that the program could be having.

We looked at the degree to which the Commission has established processes to evaluate its results, both intended and unintended.

Conclusion

The Commission does not have a formal system for evaluating the extent to which intended results have actually been achieved. It also lacks the measures with which to evaluate how well it is achieving its mandate. Some information is available about the extent to which agricultural lands have been preserved and farms established and maintained, but there are no objectives against which the information can be compared.

As well, the Commission lacks a process to assess other impacts in a structured way. The information it collects from other sources, such as academic reviews and studies by other agencies, could provide some of this information.

Findings

Measuring Intended Results

The Commission's 1987 strategic plan pointed to the need for a detailed program evaluation

process. Nevertheless, we found that the Commission still lacks a formal system to measure its performance. It has in the past reported some information about its level of success, but that information cannot be linked to any specific objectives and no performance measures have been clearly identified.

Results Information

Although the Commission did not report information about its level of success in its last annual report, we noted that it did include some information in its 1990 annual report and reported similar information in an article for a planning journal in June 1993. Both documents used information developed through the Commission's regular operations, as well as information developed by Environment Canada to review the Commission's performance.

In the two documents, the Commission reported that fewer than 700 hectares of prime agricultural land per year are being lost now, compared to 6,000 hectares per year before the ALR. We do not believe that comparing the pre- and post-ALR status is a valid comparison. The pre-ALR figures refer to estimates of land lost to urbanization or other uses. As estimates, their reliability and accuracy is uncertain. As well, the pre-ALR figures refer to all land in the province while the Commission's current figures relate only to ALR land. It is likely that some agricultural land outside of the ALR is being urbanized but not reflected in the figures.



Furthermore, the Commission is reporting only on ALR lands and their change in status from ALR land to non-ALR land. This is not necessarily a reliable measure of loss of agricultural land. Because land is excluded does not necessarily mean that it has been converted to other uses; it only means that it is no longer in the ALR and is free of the land use restrictions of the ALC Act. Of interest would be the amount excluded specifically for urbanization, but this type of breakdown is not available.

The Commission's mandate is to preserve agricultural land, not to be at some position relative to the original reserve. If the government's expectation is to not lose any prime agricultural land, then an annual loss of 700 hectares is not a success story. If, on the other hand, some loss is expected, then the figure could represent a significant success. The legislation does not refer to any specific rate of loss as an objective,

nor has any policy objective of government or of the Commission specified such a rate. If some loss is acceptable, then we believe that the amount must be identified as a basis for decision-making, measuring performance, and reporting results.

In one of the two documents, the Commission also provided information about the extent to which it has been successful in encouraging farming. Between 1971 and 1991, it reported that British Columbia had an increase of 825 farms. In our opinion, interpretation of farm trends is difficult. As Exhibit 1.10 shows, the province did have more farms in 1991 than in 1971 but it also had fewer than in 1981. Once again, the lack of clear objectives makes it difficult to know whether the current status meets expectations.

Performance Measures Not Defined

The information reported by the Commission comes from that generated through its applications

Exhibit 1.10

Farms in British Columbia

This table illustrates the changes in farms numbers and size in British Columbia from 1951 to 1991

Year	No. of farms	Area in hectares
1991	19,225	2,392,341
1986	19,063	2,411,060
1981	20,012	2,178,596
1971	18,400	2,356,578
1961	19,934	1,823,183
1951	26,406	1,902,172

Source: Statistics Canada



Courtesy of Provincial Agricultural Land Commission

Aerial view of Chilliwack and surrounding farmlands.

processing or through other sources, such as the federal farm census. It is not based on the findings of a planned evaluation process that identifies the measures to use, and the methods to gather information on those measures.

As noted above, the Commission has provided some information about success measures, but it is unclear which ones are the key indicators. It is even less clear how successful the Commission has been in meeting policy expectations. The focus on the results of Commission regulatory decisions has prevented the development of more realistic, accurate measures.

Exclusions from the ALR appear to have become synonymous with "loss of agricultural land." This is not a fair assumption, however. Land can be excluded and still be available for agriculture. Exclusions can result, for example, from "fine-tuning" of the ALR boundaries—removal of land that should not have

been included. For instance, a review by the Commission's soil specialist of large portions of the Slokan Valley led to a recommendation that about 900 hectares be excluded from the ALR and about 100 hectares be included. In such a situation, the exclusion is a recognition that initial boundaries were not accurately set and not an exclusion for urban development. In other instances, land is excluded specifically for development purposes. Prominent examples include the Terra Nova lands in Richmond and the Six Mile Ranch near Kamloops.

Without an adequate explanation, exclusion information can easily be misinterpreted. For example, the 1993 British Columbia State of Environment report noted that, in the eight regional districts which overlap the Georgia Basin, the ALR declined by 8.5% between 1973 and 1990. This is presented in the context of urbanization of agricultural land, leaving the



Courtesy of Provincial Agricultural Land Commission

Aerial view of urban / agricultural boundary.

impression that 8.5% of the ALR in this area has been urbanized. This is not necessarily so, for the reasons indicated above.

At the same time, the reporting of exclusion information can be easily (and unintentionally) distorted because of the different ways available to the Commission to deal with some applications. If an organization wishes to build a golf course on land in the ALR, it can apply either to have the land excluded or to have the golf course approved as an allowed non-farm use. In the first case, the land would be reported as excluded from the ALR; in the second case it would stay as ALR land. The use would be similar, yet the reporting would differ.

Some other relevant information of the impact of Commission decisions is also lacking. The Commission does not report on the change in quality of land in the ALR

resulting from inclusions and exclusions, nor on the impact of the change on potential agricultural production. For agricultural purposes, it is likely more important to know that approximately 18,000 hectares of prime agricultural land have been excluded from the reserve than that the overall size has changed by 20,000 hectares. Canada's State of Environment Report, 1991, notes that "the quantity of land that is converted from agricultural land to urban uses is less important than its quality." This suggests that an important indicator of the Commission's success would be information about changes to overall land quality in the ALR.

Finally, information is also needed on a regional basis so that results are clear in those areas where it is most critical that agricultural land be preserved. The areas under the most pressure from urbanization demands are the Lower Mainland,



the Okanagan, and Vancouver Island. These regions are also the ones with the smallest amount of land in the ALR.

Recommendation 8: The Commission should identify the performance measures required to allow it to report on the extent to which it has achieved its goals and objectives.

Other Impacts

In addition to the intended results the Commission is striving for, its operations could be having other impacts, either positive or negative. Information about the number and type of these impacts, and about how much the Commission is responsible for their existence, is important in determining the need for changes in program design or operations. The Commission has the difficult task of identifying those impacts it should focus on and developing ways to measure them.

The Commission does not have a structured process to assess other impacts resulting from its decisions. No one at the Commission is looking at these systematically. Other sources have been identified for information on secondary impacts, but the Commission does not regularly gather or evaluate the extent or value of this information.

One impact the Commission may be having is on land prices. A 1974 University of British Columbia academic review noted that either supply issues or demand issues can affect land prices. It concluded that, although the ALR had no effect on the supply of residential land, the then *Land Commission Act* contributed to the factors creating a demand for land, leading to a very

steep increase in housing and residential land prices within the Greater Vancouver Regional District. A 1978 federal government study also concluded that the legislation contributed to a distinct increase in urban housing prices between 1973 and 1975. We are not aware of any current information on the impact of the Commission on land prices.

Other secondary impacts have been recognized through anecdotal information rather than studies. There is a perception by some people that the ALR has dampened speculation such that farmland values may have declined over the last few years in some areas. On the other hand, some believe the ALR may inflate residential land values in areas such as the Fraser Valley because it limits the amount of land available. Commission staff are also aware of some other effects, such as small farms being bought for other uses such as hobby farms or for residential properties.

One of the known secondary impacts is the loss of revenue to the province, combined with the creation of inequities in the property tax system along the border of the ALR. An exemption of 50% of school taxes is provided under section 143 of the *School Act* for all lands in the ALR. The ALR has approximately 3,350 parcels of under 2 acres receiving this exemption. Because most of these properties are believed to be mainly residential and not farm, exemptions may be occurring where they are not intended. British Columbia Assessment Authority staff have estimated that the cost to the province is more than \$800,000 in annual tax revenue for these properties alone. Similar properties



on the other side of the ALR border receive no exemption.

We recognize that it is difficult to make cause and effect linkages about the impact of the ALR on land prices. Some other impacts are also difficult to link directly to the Commission's role, such as what the status of some lands would be without the Commission or the ALR. Nevertheless, we think such information should be obtained and

provided to policy-makers so that the full effects of the program may be known.

Recommendation 9: A comprehensive review of impacts, other than intended results, of ALR decisions should be carried out and the information provided to policy-makers.



Reporting to the Legislative Assembly

Because the Commission derives its authority and resources from the Legislative Assembly, it is incumbent upon the Commission to report back on its performance. We looked at whether the Commission was providing information on key aspects of its performance to the Legislative Assembly.

Conclusion

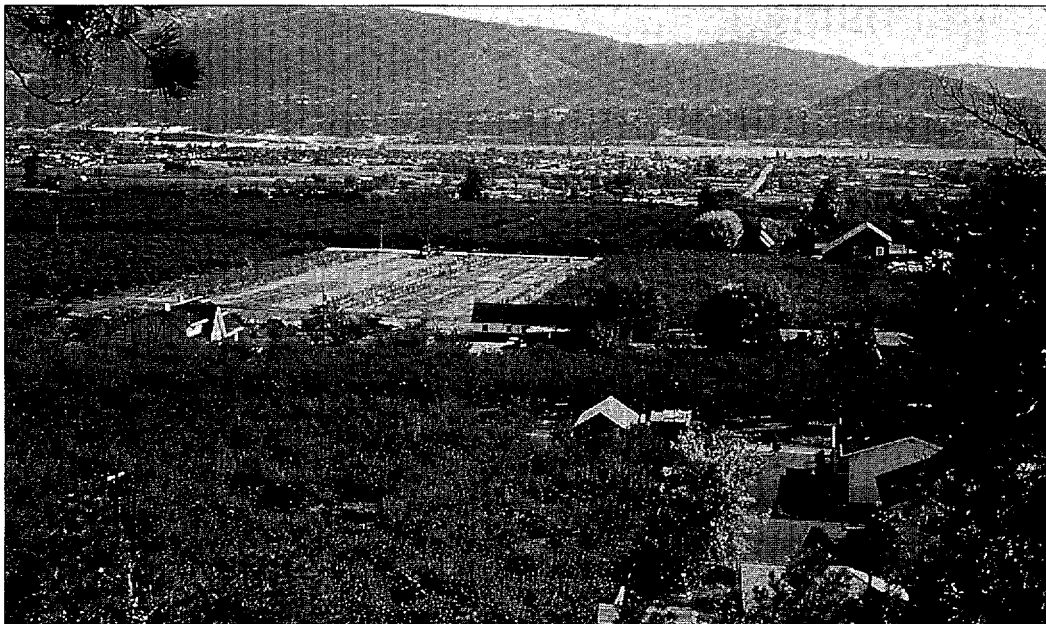
The Commission does not report adequately to the Legislative Assembly on the key aspects of its performance.

Findings

The *Agricultural Land Commission Act* requires the Commission to report annually to the Lieutenant-Governor-in-Council and thus, to the Legislative Assembly. The Commission's annual report and a statistics report are the two public reports it produces annually.

We found that the Commission's annual report does not contain sufficient information on the Commission's performance. The current report, to March 1992, identifies broad goals but no specific objectives. It includes highlights of the year's activities, a summary of regional meetings, identification of commissioners and staff, and a financial report on operations. It does not, however, provide any information on the extent to which intended results have been achieved. At a minimum, we believe the public should be aware of the purpose of the program, the specific objectives, the extent to which the objectives have been met, the cost to the public of maintaining the reserve, and the other impacts the program has had, both positive and negative. None of this information is disclosed.

As we concluded our field work, the Commission told us that a draft of its fiscal 1993 annual report



Courtesy of Provincial Agricultural Land Commission

Apple orchards in Central Okanagan Regional District.



was being written and that it would contain more information than was included in past reports.

The Commission also produced separate statistical reports in prior years. The last one, to 1993, contains statistics on changes to the land area within the ALR (overall and by regional districts), on applications processed (by section of Act), and on

decisions (approvals, rejections, and appeals). However, it contains no assessments or analyses of the data.

Recommendation 10: The Commission should provide the Legislative Assembly with more complete information about its performance.





Commission Response

Introduction

The Agricultural Land

Commission welcomes this opportunity to respond to the findings and recommendations of the audit conducted by the Office of the Auditor General (OAG) in 1993. This audit has reinforced the need for change in a number of areas which had been previously identified by the Commission, but have not been adequately addressed due to limited resources and competing priorities.

The Commission was pleased that the audit noted independent research on farmland preservation programs used in other jurisdictions of North America. These independent studies confirm that agricultural zoning, such as the Agricultural Land Reserve (ALR), is the most effective technique for preserving agricultural land. The ALR is a key component of Provincial land use policy because it provides a basis for a sustainable economy and a secure source of food.

This audit also confirmed that the Commission has implemented many of the recommendations of an audit previously completed by the Office of the Comptroller General in 1990. Recent initiatives have included recommending legislative amendments, improving coordination with the Ministry of Agriculture, Fisheries and Food, and taking a more active role in land use planning.

Response to the Key Findings

The Commission is in agreement with many of the recommendations, but it disagrees with two recurring themes in the report. The report suggests that

the Commission's program lacks clear direction and that large tracts of agricultural land in British Columbia are not included in the ALR. It is our view that the Commission operates under a clear mandate and that the majority of land suitable for agriculture in British Columbia is within the ALR. The Commission believes that this disagreement may have been avoided if the audit had included additional land use expertise.

1. Setting Objectives

The Commission is concerned that this report blurs important differences between having a clear public mandate, assessing public programs, and managing program activities. As a result, this report may lead some readers to conclude that it is possible to accurately quantify the amount and type of agricultural land that will be required by future generations. This conclusion oversimplifies the complex task at hand and raises false expectations. Future markets and commodity prices are unknown, and production methods and technology will change. We do know however that fertile agricultural land in British Columbia is a scarce, limited natural resource.

The Commission's mandate is to protect the land that is important to the current and future needs of agriculture in British Columbia. The Commission provides a process for reviewing and refining the original ALR designations, and land has been both removed from and added to the ALR as better information has become available.

The need to balance the numerous and often conflicting values associated with rural land is a challenge which



extends beyond the mandate of the Commission. The complexity of this challenge is reflected in the work of the Commission on Resources and Environment (CORE) and in other Provincial land use planning processes. The Agricultural Land Commission believes that a comprehensive Provincial land use strategy is needed for British Columbia, particularly with respect to agricultural products, and it intends on playing a key role in the formulation of this strategy. The Commission endorses CORE's proposal to use sustainability indicators when assessing progress towards broad land use goals.

The Commission believes that working closely with these planning processes is a more effective way to provide direction to the preservation of agricultural land in British Columbia, than by arbitrarily setting numerical objectives.

2. Agricultural Land and the ALR

The audit report may also leave the reader with the impression that the ALR does not protect the land that is critical to the future of agriculture in British Columbia. The Commission believes that this is simply not the case, and estimates that 80-90% of all farm receipts in British Columbia result from goods produced on land in the ALR. However, misunderstandings do occur about the relative importance of land to agriculture, and improvements in data collection and definitions need to be made.

Misunderstandings primarily result from comparing data from different sources. Most existing soil capability maps were produced in the 1960s and the 1970s, and they normally included urban areas in their surveys. As a result, land which was urban prior to the establishment of the ALR, and land which was reserved for urban growth

when the ALR was designated, received capability ratings. For example, data used in the preparation of the recent CORE Vancouver Island Land Use Plan indicated that approximately 1/3 of the land classed 1 to 3 for agriculture is not in the ALR. This information initially caused concern, and needed interpretation. As expected, the soil capability data included existing urban areas in the Cowichan Valley, Saanich Peninsula, and the Parksville lowlands. Rather than being a criticism of the ALR, these maps emphasize the need to protect British Columbia's remaining agricultural land.

In addition, the definition of agricultural land needs to be clarified as production methods and commodities change. Emerging suitability criteria need to be used in conjunction with existing capability classifications to identify land that is important to the agriculture industry.

Response to the Recommendations:

With regard to the ten recommendations in the report, the Commission has the following comments:

Recommendation 1: Specific Objectives

The Commission agrees that improvements in the daily management of program activities can be achieved by increasing the use of measurable objectives. The current development of the strategic plan and the automation of information systems are the first steps in developing more effective business plans.

Recommendation 2: Communication of Policies to Stakeholders

Actions were initiated in 1993 to update the manual used to communicate policies and procedures to local governments and other key stakeholders.

The need to revise this manual had been previously identified, but revisions were delayed by anticipated legislative amendments which have now been made. Completing the revision of this manual is a high priority.

In addition, the Commission will continue to use its existing quarterly newsletter and periodic publications to improve its communication with key stakeholders and the general public.

Recommendation 3: Information on Stakeholder Acceptance

The Commission believes that through increased participation in land use planning and by enhancing its communications plan, feedback from key stakeholders and the general public will be improved.

Recommendation 4: Expand the Use of Computer Technology

Plans to automate information systems began in the mid-1980s, but funding for creating an integrated system and for purchasing the necessary computer equipment was not approved until 1994. A local area network (LAN) consistent with the Strategic Systems Plan of the Ministry of Agriculture, Fisheries and Food was being designed in 1993.

The automation of information systems is a high priority of the Commission, and it is viewed as a cornerstone to improving the management of program activities and assessing program achievements. A common electronic database will also improve the consistency of corporate statistics and will assist in the monitoring and enforcement of compliance. It is also intended that public access to the database will be available in the future, reducing the need for staff to transmit information manually.

Recommendation 5: Use Additional Information in Decision-making

The Commission agrees that additional information is often required when considering complex applications. Information on the suitability of land for agriculture is becoming increasingly important, but the Commission is dependent on other organizations for this data. The Commission encourages the Ministry of Agriculture, Fisheries and Food, and the Okanagan Valley Tree Fruit Authority, to carry out more suitability assessments.

Recommendation 6: Review Enforcement Capability

The duties of Commission staff were reorganized in August 1992 and an enforcement officer was appointed. This officer has worked closely with local by-law enforcement officers and Provincial agencies to improve the shared responsibility of monitoring and enforcing compliance. This position is currently being reviewed to determine if current resources are adequate.

Recommendation 7: Obtain Better Land Use Information

The Commission agrees that better information on land use and soil capability is needed. Due to limited public funding, this problem has not been adequately addressed since the recommendations of the Select Standing Committee on Agriculture in 1978. It should be noted that the need for this information is a common problem, and the creation and maintenance of most of this information is beyond the Commission's mandate and resources.

For example, in 1991/92 a Provincial program called, the Corporate Resource Inventory Initiative (CRII) was established to provide integrated data for land use and resource planning. CRII was initially allocated \$10 million



and 40 FTEs to provide information to be used primarily by CORE and four Provincial ministries. Although this program has improved standards for collecting and managing biophysical information, an assessment of the program in April 1994 concluded that insufficient land use and soil information is being collected. In addition, a custodian for this information has not been identified.

As the automation of information systems improve at the Commission, the Commission intends on working with other agencies and programs, such as CRII, to obtain better land use information. In addition, the Commission hopes to integrate information on the boundaries of the ALR with other Provincial inventories so that the relationship of existing information to the ALR can be determined.

Recommendation 8: Identify Performance Measures

The Commission agrees that identifying performance measures is an important step in evaluating a program. The Commission intends on giving the establishment of formal reporting and assessment procedures a higher priority in the future.

The Commission has in the past identified the need to improve this function, but the priorities of the Government must be acknowledged. Policy and legislative changes regarding golf courses in the ALR and amendments to the Agricultural Land Commission Act have been a high priority for the last two years.

Recommendation 9: Comprehensive Review of Program

The Commission agrees that program reviews should be comprehensive, but it lacks both the

mandate and the resources to conduct the recommended reviews independently. The Commission will look to independent researchers and other government agencies for assistance.

Recommendation 10: Improve Reporting on Performance

The Commission agrees that improvements in the content and format of its previous annual reports is required. The 1992/93 annual report was recently provided to the Legislative Assembly and the Commission believes that it represents a significant improvement over previous reports. The Commission will be soliciting comments on this report so that better information can be provided in the future.

Conclusion

The Commission believes that the audit has provided a number of helpful recommendations, and several initiatives are underway to address the issues that were raised. Some of the key problems identified in the audit are common to public agencies in the 1990s, and solutions will require the coordinated effort of several interdependent programs. The need to improve land use and soil data, and the search for more effective processes for defining Provincial land use needs, are two complex problems which must be addressed in concert with other agencies.

The Commission believes that it can continue to be an effective catalyst in the maintenance of a package of complementary public programs which protect land that is important to the current and future needs of agriculture. The agricultural zoning of the ALR provides a foundation for developing urban growth boundaries, rural residential areas, supportive local by-laws, and comprehensive regional land use plans.



Appendices



Appendices

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Appendix A

Value-for-Money Audits Completed in 1994/95

Report 1

Purchasing in School Districts

Report 2

Provincial Agricultural Land
Commission





Appendix B

Office of the Auditor General: Value-for-Money Audit Objectives and Methodology

Audit work performed by the Office of the Auditor General falls into three broad categories:

- Financial statement auditing;
- Value-for-money auditing; and
- Compliance-with-authorities auditing.

Each of these categories has certain objectives that are expected to be achieved, and each employs a particular methodology to reach those objectives. The following is a brief outline of the objectives and methodology applied by the Office for value-for-money auditing.

Value-for-Money Auditing

Purpose of Value-for-Money Audits

Value-for-money audits look at how organizations have given attention to value for money—to economy, efficiency and effectiveness.

The concept of value-for-money auditing is based on two principles. The first is that public business should be conducted in a way that makes the best possible use of public funds. The second is that people who conduct public business should be held accountable for the prudent and effective management of the resources entrusted to them.

The Nature of Value-for-Money Audits

A value-for-money audit has been defined as:

... the independent, objective assessment of the fairness of management's representations on performance, or the assessment of management systems and practices, against criteria, reported to a governing body or others with similar responsibilities.

This definition recognizes that there are two primary forms of reporting used in value-for-money auditing. The first—referred to as attestation reporting—is the provision of audit opinions on reports that contain representations by management on matters of economy, efficiency and effectiveness.

The second—referred to as direct reporting—is the provision of more than just auditor's opinions. In the absence of representations by management on matters of economy, efficiency and effectiveness, auditors, to fulfill their mandates, gather essential information with respect to management's regard for value for money and include it in their own reports along with their opinions. In effect, the audit report becomes a partial substitute for information that might otherwise be provided by management on how they have discharged their essential value-for-money responsibilities.

The attestation reporting approach to value-for-money auditing has not been used yet in British Columbia because the organizations we audit have not been providing comprehensive management representations on their value-for-money performance. Indeed, until recently, the



management representations approach to value for money was not practicable. The need to account for the prudent use of taxpayers' money had not been recognized as a significant issue and, consequently, there was neither legislation nor established tradition that required public sector managers to report on a systematic basis as to whether they had spent taxpayers' money wisely. In addition, there was no generally accepted way of reporting on the value-for-money aspects of performance.

Recently, however, considerable effort has been devoted to developing acceptable frameworks to underlie management reports on value-for-money performance, and public sector organizations have begun to explore ways of reporting on value-for-money performance through management representations. We believe that management representations and attestation reporting are the preferred way of meeting accountability responsibilities and are actively encouraging the use of this model in the British Columbia public sector.

Presently, though, all of our value-for-money audits are conducted using the direct reporting model; therefore, the description that follows explains that model.

Our value-for-money audits are not designed to question government policies. Nor do they assess program effectiveness. The Auditor General Act directs the Auditor General to assess whether the programs implemented to achieve government policies are being administered economically and efficiently. Our value-for-money audits also evaluate

whether members of the Legislative Assembly and the public are provided with appropriate accountability information about government programs.

When undertaking value-for-money audits, auditors can look either at results, to determine whether value for money is actually achieved, or at managements' processes, to determine whether those processes should ensure that value is received for money spent.

Neither approach alone can answer all the legitimate questions of legislators and the public, particularly if problems are found during the audit. If the auditor assesses results and finds value for money has not been achieved, the natural questions are "Why did this happen?" and "How can we prevent it from happening in future?" These are questions that can only be answered by looking at the process. On the other hand, if the auditor looks at the process and finds weaknesses, the question that arises is "Do these weaknesses result in less than best value being achieved?" This can only be answered by looking at results.

We try, therefore, to combine both approaches wherever we can. However, as acceptable results information and criteria are often not available, our value-for-money audit work frequently concentrates on managements' processes for achieving value for money.

We seek to provide fair, independent assessments of the quality of government administration. We conduct our audits in a way that enables us to provide positive assessments where they are warranted. Where we



cannot provide such assessments, we report the reasons for our reservations. Throughout our audits, we look for opportunities to improve government administration.

Audit Selection

We select for audit either programs or functions administered by a specific ministry or public body, or cross-government programs or functions that apply to many government entities. There are a large number of such programs and functions throughout government. We examine the larger and more significant ones on a cyclical basis.

We believe that value-for-money audits conducted using the direct reporting approach should be undertaken on a five- to six-year cycle so that members of the Legislative Assembly and the public receive assessments of all significant government operations over a reasonable time period. Because of limited resources, we have not been able to achieve this schedule.

Our Audit Process

We carry out these audits in accordance with the value-for-money auditing standards established by the Canadian Institute of Chartered Accountants.

One of these standards requires that the "person or persons carrying

out the examination possess the knowledge and competence necessary to fulfill the requirements of the particular audit." In order to meet this standard, we employ professionals with training and experience in a variety of fields. These professionals are engaged full-time in the conduct of value-for-money audits. In addition, we often supplement the knowledge and competence of our own staff by engaging one or more consultants, who have expertise in the subject of that particular audit, to be part of the audit team.

As value-for-money audits, like all audits, involve a comparison of actual performance against a standard of performance, the CICA prescribes standards as to the setting of appropriate performance standards or audit criteria. In establishing the criteria, we do not demand theoretical perfection from public sector managers. Rather, we seek to reflect what we believe to be the reasonable expectations of legislators and the public. The CICA standards also cover the nature and extent of evidence that should be obtained to support the content of the auditor's report, and, as well, address the reporting of the results of the audit.

