

affect the financial position of the Province in the same way as direct expenditures under normal spending programs. Reporting tax expenditures to the House of Assembly would provide information that the Members require in order to hold Government accountable.

There is currently no process in place to formally set target objectives for tax expenditure programs which would facilitate the measurement and monitoring of the results of the programs against desired objectives. As a result, no information is provided to the House of Assembly on the effectiveness of these programs.

2.18 Aquaculture Program

The Province is not doing a good job supporting the development of the aquaculture industry and there has been no successful development of the industry since 1999. In 2003, a Report of the Federal Commissioner for Aquaculture Development indicated that aquaculture benefits when “*government guides the sustainable development of aquaculture*”.

In March 2000, the Province, the Newfoundland Aquaculture Industry Association (NAIA), the Federal Government and other agencies produced a Strategic Plan. The Province had little involvement in ensuring the Plan was implemented on an overall basis.

The Plan provided recommendations to deal with a number of significant issues that needed to be addressed in order to strengthen the industry. For example, it identified the issues of debt load, lack of capital, and the high cost of production. However, the Provincial Government only carried out a review of debt load relating mainly to mussel farmers who had debts with the Province. Little debt funding was provided to these farmers. The Department did not review the debt load of all aquaculture farmers to determine whether assistance would be required. Furthermore, recommendations to deal with the lack of capital and the high cost of production were not fully addressed.

Total production levels have declined over the last five years. In 2003, production totalled 3,930 tonnes, an 8.2% decline from the 1999 total production level of 4,282 tonnes. During this period, three other provinces (PEI, NB and BC) reported an increase in their total tonnage from 86,255 to 120,879, an increase of 40%.

The Department is issuing new aquaculture licences without always ensuring they have sufficient information to determine whether the applicant has the financial capability to carry out aquaculture operations.

Aquaculture sites are operating without valid licences because the Department is not ensuring aquaculture licences are renewed in a timely manner. The Department is renewing aquaculture licences without always ensuring compliance with requirements of the *Aquaculture Act* and *Regulations*. We found licences were being renewed when no inspections were carried out and when it was not clear whether aquaculture sites were being properly utilized.

The Department is not performing regular inspections to determine whether aquaculture sites are complying with the *Aquaculture Act* and *Regulations*. The Inspection Report being used by inspectors is not adequate to support the inspection activities for which the inspector is responsible as the report does not address all of the key areas that the inspector is responsible for assessing. The aquaculture inspector does not sign the report attesting that all the required procedures were carried out and whether there was compliance with the terms and conditions of the licence, the *Aquaculture Act* and Aquaculture Policy.

The Department is aware that there are four aquaculture sites with improper shore fastened moorings which are a potential public safety hazard. Two of these sites are still operating and two were ordered closed by the Department in 2004. The two sites ordered closed in 2004 continued to operate without a licence despite being ordered closed by the Department. At the time of our review, the Department had not checked the two sites which had been ordered closed to determine whether the moorings had been removed. The Department indicated that there is no authority under the *Aquaculture Act* for it to remove shore fastened moorings in cases of non-

compliance. The Department has indicated that legislative changes are currently being drafted to address this issue.

2.19 Elevating Devices and Other Inspections

The Department of Government Services is responsible for the inspection of amusement rides, elevating devices, boilers and pressure systems. The inspection of amusement rides and elevating devices is conducted under the *Amusement Rides and Elevating Devices Regulations* and the inspection of boilers and pressure systems is conducted under the *Boiler, Pressure Vessel and Compressed Gas Regulations*. Both of these regulations are included under the *Public Safety Act*, which was designed to provide for the safety of the public.

Our review indicated that the Department of Government Services did not conduct all of the inspection activities necessary to ensure the safe operation of elevating devices, amusement rides, boilers and pressure vessels in the Province. Instances were noted where: devices, rides, boilers and pressure vessels operated for a period during 2003 without a certificate; certificates were issued with an expiry date exceeding 12 months; no details were contained in files of deficiencies noted during inspections; and no documentation was on file to indicate whether deficiencies were corrected or that any follow-up was performed.

The Department did not include sufficient consideration of risk when scheduling inspections of elevating devices.

The field inspection reports for elevating devices were inadequate for documenting compliance with the *Regulations*. Furthermore, there was no field inspection report designed specifically for the inspection of amusement rides. Instead, the Department used the same inspection report used for elevating devices which was inadequate for documenting compliance with the *Regulations*.

Information in the databases used for amusement rides, elevating devices, boilers and pressure vessels was inaccurate.