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Audit Participants

SENES wishes to acknowledge the participation of the following organizations in the NWT Audit:

BHP Billiton
Canadian Arctic Resources Committee
Canadian Association of Petroleum Producers
Canadian Parks and Wilderness Society
Canadian Zinc
CEAMF Secretariat
CIMP Secretariat
De Beers Canada
Department of Fisheries and Oceans
Designated Gwich'in Organization - Aklavik
Ecology North
Environment Canada
Environmental Impact Review Board – Inuvialuit Settlement Region
Environmental Impact Screening Committee - Inuvialuit Settlement Region
Environmental Monitoring Advisory Board – Diavik Diamond Mine
Fisheries Joint Management Committee - Inuvialuit Settlement Region
GNWT - Department of Environment and Natural Resources – Compliance Division
GNWT - Department of Environment and Natural Resources – Env. Protection Division
GNWT - Department of Environment and Natural Resources – Forest Management Division
GNWT - Department of Environment and Natural Resources – Inuvik Region
GNWT - Department of Environment and Natural Resources – Policy, Legislation and Communications Division
GNWT - Department of Environment and Natural Resources – Sahtu Region
GNWT - Department of Environment and Natural Resources – Wildlife Division
GNWT - Department of Health and Social Services
GNWT - Department of Industry, Tourism and Investment – Industrial Initiatives
GNWT - Department of Industry, Tourism and Investment – Mackenzie Valley Pipeline Office
GNWT - Department of Industry, Tourism and Investment – Minerals, Oil and Gas
GNWT - Department of Municipal and Community Affairs
GNWT - Department of Transportation
Gwich'in Land and Water Board
Gwich'in Land Use Planning Board
Gwich'in Renewable Resource Board
Gwich'in Renewable Resource Councils – Aklavik and Inuvik
Gwich'in Social and Cultural Institute
Gwich'in Tribal Council – Lands, Resources and Implementation
Imperial Oil
INAC Headquarters – Claims and Indian Government, Comprehensive Claims Branch
INAC Headquarters – Claims and Indian Government, Implementation Branch
INAC Headquarters – Claims and Indian Government, Self Government Branch

INAC Headquarters – Corporate Services
INAC Headquarters – Northern Affairs Program
INAC NWT – Aboriginal and Territorial Relations Directorate
INAC NWT – Board Relations Secretariat
INAC NWT – Claims Negotiations
INAC NWT – Colomac Project Team
INAC NWT – Contaminants and Remediation Directorate
INAC NWT – Corporate Services
INAC NWT – Environment and Conservation
INAC NWT – Giant Project Team
INAC NWT – Indian and Inuit Services
INAC NWT – Mineral and Petroleum Resources Directorate
INAC NWT – North Mackenzie Operations
INAC NWT – Operations
INAC NWT – Pipeline Readiness Office
INAC NWT – Renewable Resources and Environment Directorate
INAC NWT – South Mackenzie Operations
INAC NWT – Water Resources
Inuvialuit Game Council
Inuvialuit Land Administration
Inuvialuit Land Administration Commission
Inuvialuit Traditional Knowledge Study for the Northern Gas Project
Mackenzie Valley Environmental Impact Review Board
Mackenzie Valley Land and Water Board
National Energy Board
Northern Gas Project Secretariat
NWT and Nunavut Chamber of Mines
NWT Status of Women Council
NWT Water Board
Parks Canada
Sahtu Land and Water Board
Sahtu Land Use Planning Board
Sahtu Renewable Resource Board
Sahtu Renewable Resource Councils – Déline, Ft. Good Hope, Colville Lake and Norman Wells
Wildlife Management Advisory Council (NWT) - Inuvialuit Settlement Region

The following organizations were contacted, but did not to participate in the Audit:

Akaiicho First Nation

Dehcho First Nation

Dene Nation

Designated Gwich'in Organizations – Inuvik

Inuvialuit Community Corporations – Aklavik, Inuvik and Tuktoyaktuk

Inuvialuit Hunters and Trappers Committees – Aklavik, Inuvik and Tuktoyaktuk

North Slave Metís Alliance

NWT Metís Nation

Tlicho First Nation

Public Open Houses

Aklavik

Fort Good Hope

Inuvik

Norman Wells

Tuktoyaktuk

Yellowknife (2)

Glossary of Common Acronyms

ASC - Audit Sub-Committee
CEAA - Canadian Environmental Assessment Act
CEAMF - Cumulative Effects Assessment and Management Framework
CIMP - Cumulative Impact Monitoring Program
DFO - Department of Fisheries and Oceans
EA - Environmental Assessment
EIA - Environmental Impact Assessment
EIR - Environmental Impact Review
EIRB - Environmental Impact Review Board
EISC - Environmental Impact Screening Committee
ENR - Environment and Natural Resources (GNWT)
FJMC - Fisheries Joint Management Committee
GLUPB - Gwich'in Land Use Planning Board
GLWB - Gwich'in Land and Water Board
GNWT - Government of the Northwest Territories
IBA - Impact Benefit Agreement
IFA - Inuvialuit Final Agreement
IGC - Inuvialuit Game Council
ILA - Inuvialuit Land Administration
IMA - Interim Measures Agreement
INAC - Indian and Northern Affairs Canada
ISR - Inuvialuit Settlement Region
LWB - Land and Water Board (generic)
MVEIRB - Mackenzie Valley Environmental Impact Review Board
MVLWB - Mackenzie Valley Land and Water Board
MVRMA - Mackenzie Valley Resource Management Act
NEB - National Energy Board
NGO - Non-Governmental Organization
NWT - Northwest Territories
OAG - Office of the Auditor General
PAS - Protected Areas Strategy
REA - Report on Environmental Assessment
SLUPB - Sahtu Land Use Planning Board
SLWB - Sahtu Land and Water Board
TK - Traditional Knowledge
VC - Valued Component
WMAC - Wildlife Management Advisory Council

Preamble

SENES Consultants Limited (SENES) is pleased to have conducted the first Northwest Territories (NWT) Environmental Audit. The “Audit” is a unique endeavour that blends traditional performance audits with state of the environment reviews. The Audit scope encompassed a vast land area and a broad spectrum of organizations and cultures. The Audit occurred at a time when systems and organizations were at varying stages of evolution and maturity. In some cases, these systems and organizations were undergoing the strains and stresses associated with the negotiation and settlement of land claim agreements.

In the context of this setting, SENES strived to establish an Audit framework and methodology (the Audit Plan) that could be implemented in a manner respectful of all organizations and groups. The Audit Plan also needed to be consistent with the fiscal limitations of the project. The development of the Audit Plan required careful and deliberate thought, significant time, and the cooperation of many individuals. In particular, the members of the Audit Sub-Committee (representatives of Aboriginal Land Claimant organizations, the government of the Northwest Territories and the government of Canada), laboured to develop the terms of reference for the Audit, met with and provided feedback and guidance to SENES in the development of the Audit Plan, and provided support to SENES in establishing contacts for the Audit.

In completing the Audit, SENES received input from of a wide range of organizations and individuals. Audit participants included members of the public, advisory boards and organizations, government departments and agencies, resource management boards, chiefs and councils, claimant organizations as well as individuals from industry and non-governmental organizations across the NWT. We would like to acknowledge the time, cooperation and input received from all those who participated in the Audit process.

It is our hope that the results of this Audit will provide constructive information to those involved in the challenge of managing and protecting the environment of the NWT within the commitments made in the land claim agreements and the Mackenzie Valley Resource Management Act (MVRMA). We also hope that the lessons learned in developing and implementing this first NWT Audit will be of significant benefit for future Audits.

1.0 INTRODUCTION

1.1 CONTEXT

The first NWT Environmental Audit was completed within the complex, dynamic and evolving nature of the Northwest Territories.

1.1.1 The Natural Environment

For perspective, with a land mass of 1.3 million square kilometres, Canada's Northwest Territories (NWT) is roughly equivalent in size to Alberta and Saskatchewan combined. In contrast, the total population of these provinces is more than 100 times that of the NWT.

The vast geographic expanse of the NWT is accompanied by remarkable environmental and ecological diversity. From south to north, the boreal forest gradually transforms into the taiga, the tundra and ultimately the arctic coast. These environments are home to a tremendous variety and abundance of wildlife. Peary caribou, muskoxen, polar bears, arctic hares and beluga whales are among the mammals that inhabit the far north. Vast herds of caribou traverse the barren lands on their annual migrations. The Mackenzie Mountains are home to woodland caribou, Dall's sheep, grizzly and black bears, lynx, martens, golden eagles and a variety of small birds and mammals. The Mackenzie River delta provides important habitat for muskrats and nesting waterfowl. In the southern boreal forest or taiga, moose, wolves, woodland caribou, lynx, red foxes and several types of weasel are found. Vast networks of lakes and rivers contain numerous fish species including trout, pike, whitefish and many others.¹

1.1.2 The People

The NWT is also home to a diverse human population that originates from across Canada and around the World. While many residents of the NWT have made the north their home relatively recently, approximately half of the population has a connection to the NWT that is much older. Dispersed in communities throughout the NWT, the Aboriginal population is far from being a homogeneous group; instead, they represent a wide array of cultures and histories that are reflective of the varied environments their ancestors have inhabited for thousands of years. Although differences do exist, the Aboriginal people of the NWT have one particularly important attribute in common: a profound connection to the land. Despite major lifestyle changes over the past 50 years, many Aboriginal households continue to spend part of each year on the land and "country foods" form a significant part of their diets. Not surprisingly, the land is at the centre of Aboriginal culture, spirituality, tradition and identity. The role of the environment in the lives of Aboriginal people cannot be overstated.

¹ Adapted from: "Aboriginal Communities and Non-Renewable Resource Development", National Round Table on the Environment and the Economy, 2001.

1.1.3 The Economy

The modern economy of the NWT has been dominated by activities in the non-renewable resource sector. While some efforts are being made to diversify into other sectors, it is likely that non-renewable resources will continue to underpin the economy of the NWT for decades. Interest in the NWT's resources is substantial and current activity has all the hallmarks of a major resource boom. Two world-class diamond mines have come into production over the past eight years and a third is under development. Strong commodity markets are likely to stimulate interest in the development of other mining sectors throughout the NWT including, gold, uranium and base metals. The same can be said for the hydrocarbon reserves of the territory. Active oil and gas exploration is occurring in several areas of the NWT and a pipeline to transport natural gas in the Mackenzie delta to southern markets is currently undergoing a joint panel review to determine potential environmental impacts associated with the undertaking.

In the eyes of many Northerners and the rest of Canada, the NWT's natural resources can serve as a platform for northern "development". The need for change is undeniable, above all for Aboriginal people facing a daunting set of economic and social challenges. Within Aboriginal communities, levels of basic literacy and educational attainment are well below national averages. At the same time, unemployment levels and the incidence of drug and alcohol abuse, domestic violence and gambling are significantly higher than in non-Aboriginal populations.

Resource extraction activities have made important contributions to the economy of the NWT for almost 70 years. Despite these contributions, many Northerners are concerned about the negative environmental and social legacies associated with these activities. Historic resource development in the NWT has resulted in significant localized environmental impacts and millions of dollars of financial liability as historic operations are remediated to the present day standards. In some cases, these impacts are aggravated further by external impacts on the northern environment including climate change and long-range transport of contaminants. In addition to "bio-physical" effects, Aboriginal people and communities have, in many cases, experienced adverse social and cultural impacts as a result of contact with non-Aboriginal society. In some cases these impacts are a simple reality of the modern era. Nonetheless, it is important to recognize that this reality influences the perspectives of Northerners towards future resource development prospects.

While the role of natural resource industries in shaping a positive future for the NWT is acknowledged by many Northerners, proper management is required to prevent and mitigate impacts on the environmental, social, cultural and spiritual foundations of northern environments and communities. Land Claims Agreements and legislation have been designed to facilitate the participation of Northerners, particularly Aboriginal people, in decision-making and represent an important step in efforts to ensure that the environment of the NWT is protected from significant adverse impacts.

1.1.4 The Political Environment

The well-being and vitality of Aboriginal people, communities and cultures of the NWT will depend, in large part, on their ability to maintain a connection with their traditional lands and a healthy natural environment. This principle has served as the foundation for Land Claims Agreements between the Government of Canada and Aboriginal peoples of the NWT. The first such agreement was reached in the Inuvialuit Settlement Region more than 20 years ago. Subsequent agreements for the Gwich'in, Sahtu and Tlicho² Settlement Areas have also been completed. Land claims negotiations between Canada and the Dehcho First Nations, Akaitcho Territory (Treaty 8) and the South Slave Métis are currently occurring.³ Ultimately, virtually all NWT lands will be incorporated into Aboriginal Land Claims Agreements.

The Land Claims Agreements and associated legislation such as the *Mackenzie Valley Resource Management Act* (MVRMA) were designed to ensure that Aboriginal people and other Northerners are given opportunities to participate in a meaningful way in decision-making processes that have the potential to affect their lives and their environment. To assist in meeting this goal, a number of decision-making and advisory bodies have been established throughout the NWT. The responsibilities assigned to these organizations are of critical importance, particularly within the context of increasing interest in the development of the north's natural resources.

Despite the magnitude of changes that have occurred over the past two decades, the evolutionary process will continue for many years. The on-going negotiation of unsettled Land Claims is one of many factors that will contribute to this process. Similarly, the devolution of federal powers and responsibilities to territorial and Aboriginal governments has the potential to influence the regulatory, political and resource development landscapes of the NWT. At the same time, northern communities will continue their struggle to navigate the difficult transition between past and future.

² The Tlicho Agreement breaks new ground by combining a land claim settlement with an agreement on self-government.

³ The North Slave Métis Alliance, although not recognized by the federal government, is also interested in settling land claims.

1.2 AUDIT BACKGROUND

What is the NWT Environmental Audit?

The Gwich'in, Sahtu and Tlicho Land Claims Agreements⁴ require that independent environmental audits be conducted in the Mackenzie Valley on a periodic basis. This requirement has been incorporated into the *Mackenzie Valley Resource Management Act* (MVRMA), the legislation that implements the Land and Water Chapter of the Land Claims Agreements and which provides the legislative framework for environmental and resource management in the majority of the NWT.⁵ While the scope of the MVRMA does not include the Inuvialuit Settlement Region, the Terms of Reference for the "Audit" called for an NWT-wide approach that included this Settlement Region.

Part 6, section 148 of the MVRMA requires the Audit to include:

- 1) *An evaluation of information, including information from cumulative impact monitoring pursuant to section 146 of the MVRMA, in order to determine trends in environmental quality, potential contributing factors to changes in the environment, and the significance of those trends;*
- 2) *A review of the effectiveness of methods used for carrying out cumulative impact monitoring pursuant to section 146 of the MVRMA;*
- 3) *A review of the effectiveness of the regulation of uses of land and water and deposits of waste on the protection of key components of the environment from significant adverse impact; and*
- 4) *A review of the response to any recommendations of previous environmental audits. [It should be noted, however, that no previous Audits have been performed and, as a consequence, the fourth component does not apply for this Audit.]*

These categories have been used as the guiding framework for Audit implementation and reporting.

⁴ Unless indicated otherwise, the phrase "Land Claims Agreements" is used to indicate the settled claims in the Mackenzie Valley (i.e. the Gwich'in Comprehensive Land Claim Agreement, the Sahtu Dene and Métis Comprehensive Land Claim Agreement and the Tlicho Agreement.)

⁵ The jurisdiction of the MVRMA includes all of the NWT excluding those lands associated with the Inuvialuit Settlement Region and the Wood Buffalo National Park of Canada.

What is the purpose of the Audit?

The purpose of the Audit, as defined in the Audit Terms of Reference, is to:

- a) Comply fully with the legal requirements for environmental audits under Part 6 of the MVRMA and pursuant to the Gwich'in, Sahtu and Tlicho Land Claims Agreements;
- b) Use the MVRMA framework as the basis for a territory-wide environmental audit that includes both the Mackenzie Valley and the Inuvialuit Settlement Region (ISR);
- c) Act as a catalyst for change, by providing specific, practical and constructive recommendations for improvements to environmental and natural resource management in the Mackenzie Valley, in the ISR and throughout the NWT;
- d) Lay the foundation for subsequent environmental audits in the Mackenzie Valley, in the ISR, and throughout the NWT by describing baseline conditions, identifying priority issues, highlighting opportunities for improvement, and suggesting how performance indicators could be developed to support ongoing monitoring and periodic audits;
- e) Reflect the objectives of ensuring sustainability and protecting and conserving wildlife and the environment for present and future generations that are embodied in the Land Claims Agreements;
- f) Consider impacts on the environment, including biophysical impacts and impacts on wildlife harvesting and on the social and cultural environment and on heritage resources;
- g) Focus on specific issues and topics, within each component of the audit that are relevant to decision-makers and other interested parties involved in environmental and resource management in the NWT;
- h) Focus on specific issues and topics, within each component of the audit, that are likely to result in recommendations that can be implemented by decision-makers and others involved in environmental and resource management in the NWT; and
- i) Result in data, analysis, conclusions and recommendations that can be applied distinctly to the Mackenzie Valley, to the ISR, and to the NWT as a whole.

Who is responsible for the Audit?

As specified in section 148(1) of the MVRMA, the Minister of Indian and Northern Affairs Canada (INAC) is responsible for ensuring that the Audit is conducted by an independent body or person.

While the Minister of INAC retains overall responsibility for the Audit, a multi-party Audit and Cumulative Impact Monitoring Program (CIMP) Working Group was established to action specific commitments of the Land Claims Agreements and Part 6 of the MVRMA. An "Audit Sub-Committee" (ASC) of the Working Group was formed to:

- a) develop the Audit Terms of Reference;
- b) select an independent auditor; and,
- c) facilitate the implementation of the Audit.

The membership of the ASC included one representative from each of: the Gwich'in Tribal Council, the Sahtu Secretariat Inc., the Tlicho First Nation, the Dehcho First Nations, the North Slave Métis Alliance, the NWT Métis Nation, the Inuvialuit Game Council, the Government of the NWT (Department of Environment and Natural Resource) and the Government of Canada (INAC, Environment Canada and DFO).⁶

What considerations were used in selecting the independent auditor?

The independence of the auditor, as required by subsection 148(1) of the MVRMA, is an essential feature of Audit. The selection of the auditor was guided by specific requirements that the auditor be independent of:⁷

- Federal and territorial governments;
- Boards established under Land Claims Agreements in the Mackenzie Valley, the MVRMA and the Inuvialuit Final Agreement (IFA), and other resource management boards with jurisdiction in the NWT;
- First Nations, Métis and Inuvialuit governments and organizations in the NWT;
- Industry in the NWT; and
- Other organizations that participate in their own right in environmental and resource management processes in the NWT.

In the summer of 2004, the ASC initiated a public competition to identify organizations or individuals qualified and interested in serving as the independent auditor. After an extensive review process, the ASC selected an Audit team led by SENES Consultants Limited to undertake the Audit.

What was the timing of the Audit?

The MVRMA requires that an Audit be carried out at least once every five years. The Audit was initiated more than a year after the first Audit should have been conducted under this five year frequency.⁸ The formal public announcement of the Audit by the Minister of INAC occurred in December, 2004, and Audit implementation activities were carried out from January through April 2005, in accordance with the Audit Plan⁹. A draft Audit report was submitted to the ASC for review in September 2005. Following the consideration of input from the ASC, a revised draft of the Audit report was distributed to "Directly Affected Parties" for review in November, 2005. The final Audit report was submitted to the Minister of INAC in December, 2005.

⁶ The Akaitcho Territory Government was also invited to participate in the ASC.

⁷ Terms of Reference for the NWT Environmental Audit (April, 2004)

⁸ The current planning process has recognized the delay in initiating the Audit and has scheduled the next Audit to occur by 2009/10.

⁹ SENES Consultants Limited, 2005, Northwest Territories Environmental Audit - Final Audit Plan. Prepared for The Audit Sub-Committee c/o the Audit Sub-Committee Secretariat. April

It should be noted that the Tlicho Land Claims and Self Government Act (i.e., the Tlicho Agreement) received Royal Assent during the period in which the Audit was being carried out. Further, due to other priorities associated with the implementation of the Tlicho Agreement, the Tlicho Government was unable to participate in the Audit process. As a consequence, the information presented in the Audit report is consistent with the situation that was in place prior to the Tlicho Agreement coming into effect. We anticipate that future Audits will address the new resource management framework that now exists in the Tlicho Settlement Area.

What is the geographic scope of the Audit?

From a regulatory perspective the NWT can be divided into two major jurisdictions: the Mackenzie Valley, as defined in the MVRMA; and, the Inuvialuit Settlement Region (ISR) as defined by the Inuvialuit Final Agreement (IFA). While the IFA contains no specific requirements for periodic environmental audits, Inuvialuit leadership requested that the ISR be included in the Audit. In doing so, the geographic scope of the Audit was extended beyond the Mackenzie Valley to include the entire NWT, as depicted in Figure 1.1. The decision to include the ISR is consistent with the reality that the region is a significant and integral component of the Mackenzie Valley “watershed”.

However, it is important to note that the environmental management regime of the ISR is more than 20-years old and, as such, its processes and institutions have had a significant amount of time to evolve and mature. Similarly, other institutions that participate in environmental management in the ISR (e.g., federal and territorial governments) have developed a solid understanding of their role within the regulatory regime. In contrast, the MVRMA regime is relatively new and represents a significant departure from classic environmental management processes; numerous new institutions have been created and existing institutions have new roles. On this basis, while the Audit has assessed the ISR’s regulatory framework and provides comments on its performance, the majority of the Audit report deals with findings associated with the evolving MVRMA environmental management framework.

What approach was used in undertaking the Audit?

The Audit was conducted in accordance with Part 6 of the MVRMA and the April 2004 Terms of Reference for the NWT Environmental Audit, as developed by the NWT CIMP and Audit Working Group. The Audit was completed under the oversight of the Audit Sub-Committee (ASC).

Figure 1.1 – Geographic scope of the NWT Audit ¹⁰



¹⁰ The map illustrates the approximate boundaries of settled and unsettled land claims in the NWT. Relevant land claim organizations, INAC and/or the GNWT should be contacted for up-to-date and accurate information on land claim boundaries. (Map courtesy of the MVEIRB).

A two phase approach was used in undertaking the Audit. The first phase, the “Audit Planning” phase, was used to establish the work scope, audit criteria, and methodology. The second phase, identified as the “Audit Examination” phase, included efforts directed towards the implementation of the Audit Plan.

An Audit Plan, consistent with the statutory requirements for the Audit and with the Terms of Reference, was developed. The Audit Plan was presented to the ASC for review and comment, with the Audit Plan revised to reflect comments received.

The Audit examination phase was completed as three distinct, but interrelated components, these being:

- a review of regulatory regimes;
- a review of cumulative impact monitoring activities; and
- a review of environmental trends, consistent with the requirements of subsection 148(3) of the MVRMA.

Details of activities planned for the examination phase for each of these components are described in the Audit Plan. A summary of the approach that was used for each of the three Audit components is provided below.

Audit of Regulatory Regimes

We audited the regulatory process that was established by the Land Claims Agreements, the *Mackenzie Valley Resource Management Act* and other relevant federal and territorial legislation and regulations. We developed broad implementation plans and schedules for the review of the regulatory regime including audit criteria, considerations and lines of inquiry.

Using this information as a guiding framework, tailored sets of questions were developed for distribution to the organizations that participate in and are impacted by the environmental management regime in the NWT. Specific Audit questions were developed for: a) Co-Management Boards; b) Regulatory, Advisory and Co-Management Bodies; c) Non-Regulatory Organizations; d) Industry in the NWT; and e) Non-Governmental Organizations (NGOs).

Audit activities included meetings with representatives from: Land Claim organizations; the federal and territorial governments, agencies and departments; regional government and advisory organizations; co-management board members and their staff; co-management advisory groups; community advisory groups and organizations; industry organizations and companies; as well as NWT special interest groups, NGOs, and interested individuals.

We examined how co-management boards, the Government of Canada, Government of the NWT and other organizations discharge their responsibilities as set out in the MVRMA and the IFA. This included comprehensive reviews of selected case studies, guiding legislation,

practices, procedures, internal administration, decision-making processes and any mechanisms in place to monitor and improve the effectiveness of the regime.

Based on their roles as the dominant environmental management tools of the NWT, the Audit focused on an evaluation of land use plans, environmental assessments, land use permits and water licences. In situations where other authorizations and agencies interact with these environmental management tools, these agencies and their instruments were also addressed.

We also explored how traditional knowledge (TK) is collected and used in the NWT's environmental management regimes.

Audit of Cumulative Impact Monitoring Activities

We audited the cumulative impact monitoring process that was established by the MVRMA. In particular, we looked at INAC's role as the responsible agency for developing and implementing the Cumulative Impact Monitoring Program (CIMP)¹¹. The evaluation included interviews with INAC officials and members of the NWT CIMP and Audit Working Group and reviews of CIMP program documents. In addition, we interviewed key interested parties, including members of co-management boards and their staff; Land Claim organizations; the federal and territorial governments, agencies and departments; community advisory groups and organizations; industry organizations and companies; as well as NWT special interest groups, NGOs, and interested individuals.

We developed tailored sets of questions related to the CIMP for distribution to the organizations that would be expected to rely upon or have input into the CIMP. Specific Audit questions were developed for: a) Co-Management Boards; b) Regulatory, Advisory and Co-Management Bodies; c) Non-Regulatory Organizations; d) the Cumulative Impact Monitoring Program; e) Industry in the NWT; and f) Non-Governmental Organizations (NGOs).

We also assessed the role of other studies and programs that consider cumulative impacts (e.g., the Cumulative Effects Assessment Management Framework and Strategy).

Status of the Environment and Trends

We assessed environmental trends using Valued Components (VC) identified in the INAC report, *A Preliminary State of Knowledge of Valued Components for the NWT Cumulative Impact Monitoring Program (NWT CIMP) and Audit*¹² as a starting point.¹³ We then identified

¹¹ The CIMP is being developed under the leadership of INAC as the primary mechanism for the fulfillment of cumulative impact monitoring requirements of the MVRMA. The Audit component dealing with the evaluation of cumulative impact monitoring in the NWT has therefore focused on this program.

¹² DIAND, 2005, *A Preliminary State of Knowledge of Valued Components for the NWT Cumulative Impact Monitoring Program (NWT CIMP) and Audit. Final Draft, February 1, 2002, Updated February, 2005.*

key VCs within each VC grouping and key indicators of change for the selected VCs which were carried forward through the study. For these key indicators of change, we assessed trends in environmental quality in the Mackenzie Valley, the Inuvialuit Settlement Region and the NWT as a whole.

We relied extensively on previously completed studies, particularly where they involved the assessment of trends in environmental quality. Evaluations completed by others were supplemented with original data analysis where required; however, conducting original research was not within the scope of the Audit. In carrying out the review, the specialists used a range of information sources and contacted various individuals as appropriate for the VC being assessed.

For each of the key indicators, we analyzed and assessed available data to identify: trends; potential contributing factors to any changes in the environment; the significance of any trends identified; the likely impact of the trend; activities to mitigate the factors/emissions that are causing the observed trend, and, data gaps.

What did we expect to find (Audit Criteria)?

Audit of Regulatory Regimes

In general, the environmental management regimes of the NWT are intended to protect the environment from significant adverse impacts that might be associated with uses of land and water and deposits of waste. With this in mind, we expected to find the following elements as we carried out the Audit:

- Land Use Planning, Environmental Impact Assessment and Land and Water boards that are constituted and functioning in accordance with land claim agreements and statutory requirements;
- Fully implemented and transparent decision-making processes that are consistent with established rules;
- Roles and responsibilities that are clearly defined, understood and coordinated;
- Mechanisms that protect all environmental components;
- Decisions that are based on the consideration of sufficient environmental information;
- Monitoring, inspection and enforcement activities that are adequate to protect the environment;
- Communities and local/territorial NGOs that are engaged in the regulatory process;

¹³ The INAC report provided a summary of the current state of knowledge on each Valued Component (VC) (e.g., baseline conditions) and identified information sources which were reviewed, expanded and assessed by the auditor. In the audit the VCs of human health from community wellness were split as they involve very different measures and marine life was added as a VC

- Industry proposals and activities that are balanced with environmental protection considerations in an effective and timely process.

As we assessed the regulatory regime, we used practices in other Canadian jurisdictions as a reference point, with due consideration of the unique nature of the NWT and its environmental management processes.

Audit of Cumulative Impact Monitoring Program

In evaluating the CIMP we expected that INAC would manage this process by:

- Developing a clearly defined program structure, objectives and tasks;
- Identifying environmental monitoring and cumulative impact information requirements and addressing these requirements;
- Analyzing available information on cumulative impacts;
- Ensuring that communities are actively involved in the CIMP; and,
- Ensuring that CIMP information is available to regulators, researchers, developers, communities and other interested parties.

Status of the Environment and Trends

In evaluating information to determine trends in environmental quality, the significance of trends and potential contributing factors, a variety of screening criteria / considerations were used including:

- The magnitude and relevance of trends (e.g., is there a reasonable possibility that environmental, social, economic and cultural sustainability will be compromised?);
- The likelihood that a trend will continue in the future (e.g., is it associated with factors that can reasonably be predicted?);
- The potential for mitigation (e.g., can contributing factors be addressed to reduce or remove the trend and/or can the impacts of the trend be mitigated?); and,
- How well the trend is known (e.g., statistical certainty?).

What limitations and constraints were associated with the Audit?

It is significant to note that the Terms of Reference prepared by the ASC acknowledged that the scope of the Audit, both in terms of subject matter and geographic extent, had the potential to be substantially greater than the available funding. Our experience corroborates this observation.

Similarly, the timeframe for the completion of the Audit was quite limited given the magnitude and importance of the assignment. With these challenges in mind, an exhaustive review of all components of the environment and the regulatory process was not feasible. Nonetheless, we endeavoured to maintain an appropriate balance between the breadth and depth of

investigations by focusing on selected Valued Components and by investigating the regulatory regime to various depths and intensities, as appropriate. The primary determinant for the level of investigation was the importance of the subject area to the overall effectiveness of the regulatory regime. The Audit team had full discretion in making this determination.

In the assessment of the regulatory regime, the Audit focussed on past, completed and verifiable activities. Regulatory efforts for new or proposed projects such as the Mackenzie Gas Project were deemed beyond the scope of the review. Given the infancy of the MVRMA regulatory framework, we also focussed our efforts on assessing the ability of the regime to protect the environment and not the efficiency of the process. Notwithstanding this focus, we endeavoured to consider the concerns of interested parties with respect to issues of efficiency. Comments to this effect are provided in Chapter 6.

Further, it should be noted that the MVRMA regulatory process includes provisions for bridging between the old and new regulatory regimes. While we are aware of projects that fall into this category, we chose not to focus on these undertakings as transitional issues should not be a recurring issue in the future. We do, however, recognize that there have been challenges and frustrations for developers who found themselves within this transitional framework of the MVRMA.

How did we involve Northerners in the Audit?

Notices in local media throughout the NWT were used to inform the public of the Audit and to indicate how they could participate. Open houses were also held to discuss the Audit and receive public input. Out of respect for the various positions taken by regional Aboriginal groups, open houses were only held in communities where the regional leadership had agreed to participate in the Audit. Communities in which Audit open houses were held included Aklavik, Fort Good Hope, Inuvik, Norman Wells, Tuktoyaktuk and Yellowknife.

Who participated In the Audit?

A list of organizations that participated in the Audit is included in the Audit Participants section at the front of this report.

Who was on the Audit Team?

Project Director: Bruce Halbert

Project Manager: Gerd Wiatzka

Lead Auditor: John Peters

Auditors of the regulatory regime and cumulative impacts monitoring:

Tony Brown, Paul Kirby, Phil Shantz, Gerd Wiatzka

Assessment of environmental trends:

Bruce Halbert, Anne Jane Grieve, Paula Coutts, Dr. Igor Holubec, Dr. Bernard Lebeau, Dr. Colin Macdonald, Richard Roberts, Phil Shantz, Dr. Bruce Stewart, Dr. Lesbia Smith

1.3 STRUCTURE OF THE REPORT

Main Audit Report

This report has been organized to correspond directly to the main components of the Audit. Each of the themes has been addressed in a separate chapter of the report according to the following structure. In addition, a chapter dealing with common themes noted during the Audit is provided, as well as a chapter summarizing the status of the environment review.

Audit Summary and Conclusions

Part A: Audit of Regulatory Regimes

Chapter 2 – Overview of the Regulatory Framework
Chapter 3 – Land Use Planning
Chapter 4 - Regulation
Chapter 5 – Environmental Impact Assessment
Chapter 6 – Cross Cutting Themes
Chapter 7 – Traditional Knowledge

Part B: Audit of the Cumulative Impact Monitoring Program

Chapter 8 – Cumulative Impact Monitoring Program

Part C: Status of the Environment

Chapter 9 – Status of the Environment Summary

Part D: Considerations for Future Audits

Chapter 10 – Considerations for Future Audits

A separate companion document entitled “***NWT Environmental Audit 2005, Supplementary Report on the Status of the Environment***” (SOE) discusses the findings of the status of environment review.

Summary findings are presented in bold text at the beginning of each chapter and before many of the sections. In situations where recommendations have been identified, they are presented at the end of relevant sections. Key findings and recommendations have been brought forward in the Audit Summary and Conclusions section of the Audit report.