

RESPONSIBLE RESOURCE DEVELOPMENT



JOBS, GROWTH AND LONG-TERM PROSPERITY



ECONOMIC ACTION PLAN 2012

Canada

CANADA'S ECONOMIC
**ACTION
PLAN**



The Time Is Now.

Responsible Resource Development is the Government of Canada's plan to create jobs, growth, and long-term prosperity for all Canadians by streamlining the review process for major resource projects.

INTRODUCTION

Few countries are as blessed with natural resources as Canada. Our abundant natural resources have always formed the backbone of Canada's economy. They have fostered the development of whole communities and regions from one end of the country to the other and they have helped shape Canada's character and identity.

Throughout our history, resources have been key to our prosperity, generating the kind of wealth needed to give Canadians a quality of life that is second to none in the world.

Over the last few decades Canadians, and others who have wanted to invest in our resources, have had to face an increasingly complicated maze of rules and bureaucratic reviews that has grown in a piecemeal fashion. The result has been delays and unnecessary duplication between federal and provincial governments. This can discourage potential new investors and undermine the economic viability of major projects, while having no additional benefit for the environment.

The Government's 2012 Economic Action Plan on Jobs, Growth and Long-Term Prosperity, presented in the House of Commons on March 29, 2012 committed to reforming the regulatory system in the resource sector in order to support responsible resource development.

What is needed is a system that provides predictable, certain and timely reviews, reduced duplication, strengthened environmental protection and enhanced Aboriginal consultations.

Under current rules, many small, routine projects that pose little or no risk to the environment are nonetheless subject to federal environmental assessments. For example:

- The Department of Fisheries and Oceans Canada was required to complete an environmental assessment to replace an existing water intake pipe;
- The Atlantic Canada Opportunities Agency was required to conduct an environmental assessment of the construction of a new pumping house for the expansion of a maple syrup plant;

- The Department of Fisheries and Oceans Canada was required to complete an environmental assessment for the construction of a boat launch;
- Agriculture and Agri-Food Canada was required to carry out an environmental assessment for the construction of a new building in which blueberries were to be washed and put in cold storage;
- Transport Canada was required to conduct an environmental assessment of the replacement of an existing culvert under a causeway; and
- National Defence was required to conduct an environmental assessment of the installation of a new standby generator (450 kw) to maintain backup power at a naval radio station, as the project is located on federal lands.

Likewise, major projects that create thousands of jobs and economic development opportunities in communities across Canada have faced unnecessary delays due to an overly complex process. Examples include:

- Enbridge proposed a new \$2-billion pipeline connecting Hardisty, Alberta to Gretna, Manitoba. Due to multiple approval processes, federal departments made their decisions a full two years after the National Energy Board's approval of the project;
- Areva Resources Canada proposed the construction and operation of a uranium mine and mining facilities in northern Saskatchewan, with capital investment of up to \$400 million and up to 200 construction jobs. There was a 19-month delay in starting the environmental assessment. The federal lead department changed midway through the environmental review, which also added unnecessary complexity;
- The NaiKun Wind Energy Group proposed to develop a 396-megawatt offshore wind energy project in Hecate Strait, off the northeast shores of Haida Gwaii in British Columbia. The company estimates that the project would have a capital investment of \$1.6 billion and would create up to 200 construction jobs. The federal decision to approve the project came a full year and four months after the provincial decision;
- An application for the Joslyn North Mine Project, an oil sands mine located in northern Alberta, was submitted to the Province of Alberta in 2006. A federal decision to approve the project was not issued until December 2011; and



- Canpotex Terminals Limited and Prince Rupert Port Authority are proposing to construct a 13-million-tonnes-per-year potash export terminal, with a projected capital investment of \$750 million and up to 800 construction jobs. The federal review for the project began 10 months after Canpotex submitted its project description.

The net effect of all these delays is they can act as roadblocks that jeopardize our ability to take full advantage of our vast resources and generate the wealth needed for long-term economic growth, job creation and prosperity for future generations of Canadians.

The Government recognizes that the existing system needs comprehensive reform. It will introduce legislation to implement system-wide improvements to achieve the goal of “one project, one review” in a clearly defined time period.

WHY RESPONSIBLE RESOURCE DEVELOPMENT IS IMPORTANT

“...our cumbersome regulatory system [is] one of the top 10 barriers to Canadian competitiveness. The added delays and costs imposed by the overcomplicated process dull our competitive edge in global markets and place Canada’s standard of living at risk.”

- Perrin Beatty, President and CEO, Canadian Chamber of Commerce, 2012

There are tremendous new international opportunities for Canada to capitalize on its resource development potential to stimulate jobs and growth in a period of global economic uncertainty. The demand in today’s global economy for the kinds of resources we have in abundance is increasing.

There is potential for massive investments in the energy and mining sectors in every part of our country. It is estimated there could be more than 500 major resource projects representing some \$500 billion over the next 10 years in Canada’s energy and mining sectors. This would give economic growth and job creation in our country a huge boost.

Another important consideration is the continuing shift of global economic weight toward Asia and other emerging economies. So it is more important than ever that we look beyond our traditional markets. We must meet the challenges and opportunities of this new global reality and diversify our markets, so that we can realize the full potential value of our resources in the interest of all Canadians.

But, while the potential for our resources is great, we cannot take it for granted. We are not the only country in the world with rich mineral and energy resources. Others have made it clear they are willing to act – and to act quickly – to do what is required to supply markets around the world. We must compete every day with those countries not just for markets, but also for vital investment dollars.

In today's global economy, we simply cannot afford to have one hand tied behind our backs by a cumbersome review process full of delays, jurisdictional overlaps and unpredictable timelines. In short, we need 21st century rules for 21st century challenges and opportunities.

That is what *Responsible Resource Development* is all about: greater efficiency and predictability, more effective environmental protection and more meaningful consultations with Aboriginal people.

WHAT RESPONSIBLE RESOURCE DEVELOPMENT DOES

Responsible Resource Development is the federal government's systematic and comprehensive plan to create jobs, growth, and long-term prosperity while strengthening our world-class protection of the environment for future generations of Canadians.

The goal is simple and straightforward: one project, one review, in a clearly defined time period.

Responsible Resource Development will do this by introducing legislation that will advance a system-wide approach for improved federal reviews of major natural resource projects.



Responsible Resource Development is based on four key themes:

- First, making the review process for major projects more predictable and timely;
- Second, reducing duplication in the review process;
- Third, strengthening environmental protection; and
- Fourth, enhancing consultations with Aboriginal peoples.

Reviews of major projects can be both timely and thorough. The government will continue to have a rigorous review process and will ensure that Canada fulfills its legal duty to consult Aboriginal people with respect to potential impacts on their Aboriginal and Treaty Rights.

A major step forward in modernizing Canada’s regulatory system was taken with Canada’s Economic Action Plan 2012, which proposed \$165 million over two years for *Responsible Resource Development*. This included initiatives such as strengthening pipeline and marine safety, supporting consultations with Aboriginal peoples and renewing resources for the Major Projects Management Office initiative. These measures are subject to parliamentary approval.

MAKING REVIEWS MORE PREDICTABLE AND TIMELY

“The ministers reaffirmed their commitment to working toward the shared objective of one project/one review for our environmental assessments and associated regulatory processes to position Canada for long-term growth and job creation while maintaining the highest standard of environmental protection.”

- Annual Energy and Mines Conference - Communiqué, July 2011

Responsible Resource Development will propose several measures to make the review process more predictable and timely, as well as facilitate investment and planning decisions that lead to job creation and economic growth. Among the key measures proposed:

- Simplify the current structure of assessments and replace it by just two kinds of reviews: a standard environmental assessment or a review panel;

- Decisions by the Canadian Environmental Assessment Agency on whether a federal environmental assessment is required will be made earlier in the process (within 45 days);
- Set specific timelines of 365 days for standard environmental assessments led by the Canadian Environmental Assessment Agency to help all parties plan and allocate resources more efficiently. These timelines apply to government and not project proponents;
- Establish maximum beginning-to-end timelines for panel reviews: 24 months for projects under the *Canadian Environmental Assessment Act* and 18 months for projects under the *National Energy Board Act*. The timelines will apply to government and not project proponents;
- Consolidate responsibility for environmental assessments with the Canadian Environmental Assessment Agency for most projects, as well as the Canadian Nuclear Safety Commission and the National Energy Board for projects within their mandates;
- Enhance authorities to deliver more timely reviews;
- Establish clearer accountability for decisions on major pipeline projects in the national interest by giving Government authority to make the “go/no go” decisions, based on the recommendations of the National Energy Board;
- Set legally binding timelines for key regulatory permitting processes, including the *Fisheries Act*, the *Species at Risk Act*, the *Navigable Waters Protection Act*, the *Canadian Environmental Protection Act* and the *Nuclear Safety and Control Act*; and
- Clarify, through regulations, information required by Fisheries and Oceans Canada to review projects under the *Fisheries Act*.



REDUCING DUPLICATION IN THE REVIEW PROCESS

“The federal government needs to work with provinces, territories and other jurisdictions to ensure equivalency, reciprocity and substitution to facilitate it (national framework for environmental assessment) across Canada to minimize duplication. The fundamental objective would be one project, one assessment.”

- Canadian Construction Association, November 2011

Major economic projects are often subject to both federal and provincial reviews. Better integrating federal and provincial requirements and consolidating federal responsibilities are key to a more modern, efficient and effective regulatory system.

The following are some of the measures that will be proposed in the *Responsible Resource Development* plan to achieve this:

- Provide the Government the authority through substitution and equivalency provisions to allow provincial environmental assessments that meet the substantive requirements of the *Canadian Environmental Assessment Act* to replace federal assessments as a means to eliminate duplication between the two orders of government;
- Enable equivalency of *Fisheries Act* regulations with provincial regulations;
- Make it possible for a single regulator such as a province, the National Energy Board or the Canadian Nuclear Safety Commission to issue authorizations under key provisions of the *Fisheries Act*;
- In order to advance exploration for new developments, amend the *Coasting Trade Act* to improve access to modern and reliable seismic data for offshore resource development; and
- No longer require joint review panels for projects regulated by the National Energy Board and the Canadian Nuclear Safety Commission.

 **STRENGTHENING ENVIRONMENTAL PROTECTION**

“At the federal level, I think we need to focus on the big stuff and not sweat the small stuff too much.”

- Stephen Hazell, Environmental lawyer, a witness at the public hearings for the Statutory Review of the CEA Act, November 2011

Literally thousands of smaller projects, most of them with little risk to the environment, are currently caught up in the federal environmental review process. This leads to a needless waste of time and resources for all involved.

Responsible Resource Development proposes several measures to help ensure that resources are allocated where they are most needed: on major projects that could have more significant potential impacts on the environment. It also proposes measures to improve enforcement and compliance and to provide better protection for Canadians. Among the measures proposed are the following:

- Focus assessments on the major projects that have a greater potential for significant adverse environmental effects, which would include participation by public directly affected;
- Authorize the use of administrative monetary penalties for violations of the *Canadian Environmental Assessment Act*, the *Nuclear Safety and Control Act* and the *National Energy Board Act*;
- Introduce enforceable environmental assessment decision statements to ensure proponents of resource projects comply with required mitigation measures to protect the environment;
- Provide new funding to enhance pipeline and marine safety through initiatives such as new regulations to strengthen the tanker safety regime and increasing the number of inspections for oil and gas pipelines;
- Provide federal inspectors with authority to examine whether or not conditions of a decision statement are being met;
- Provide for enforceable conditions in *Fisheries Act* authorizations;



- Improve compliance and environmental protection for major projects by allowing for longer term authorizations with enforceable conditions under the *Species At Risk Act*;
- In cooperation with provincial governments, allow for greater use of regional environmental assessments to identify and address potential regional and cumulative effects, particularly in areas experiencing large-scale developments; and
- Harmonize the enforcement provisions of the *Fisheries Act* with those found in the *Environmental Enforcement Act*.



ENHANCING CONSULTATIONS WITH ABORIGINAL PEOPLE

“We struggle under layer upon layer of wasteful bureaucratic interference, useless and expensive controls are piled upon our people - squandering tax dollars and frustrating change. Now, we must turn this around - increase the rate and pace of change so that all First Nations children can achieve success.”

- Shawn A-in-chut Atleo, Assembly of First Nations National Chief - Opening Remarks, Crown-First Nations Gathering, January 24, 2012

The federal government has a legal duty to consult and accommodate, where appropriate, when it contemplates conduct that might adversely affect potential or established Aboriginal or Treaty rights. Increased resource development activities can offer new opportunities to Aboriginal businesses and can generate well-paying jobs for Aboriginal people near their communities.

Responsible Resource Development proposes several program measures to help build more consistent, accountable, meaningful and timely consultations with Aboriginal groups, thus helping to reduce the potential for delays, legal risks and uncertainties for all parties involved.

The following are some measures that will be proposed to achieve this:

- Better integrate Aboriginal consultations into the new environmental assessment and regulatory processes;
- Provide funding to support consultations with Aboriginal people to ensure their rights and interests are respected;
- Designate a lead department or agency as a single Crown consultation coordinator for specific project reviews;
- Establish consultation protocols or agreements with Aboriginal groups to clarify what the expectations and level of consultation should be in project reviews;
- Negotiate memoranda of understanding with provincial governments to better align federal and provincial processes and improve the involvement of Aboriginal groups, project proponents and government organizations. The federal government is working on such memoranda with Nova Scotia and Alberta; and
- Promote positive and long-term relationships with Aboriginal communities in order to improve reconciliation and facilitate greater participation of Aboriginal people in the direct and indirect benefits of new resource projects.

Further details

This document is meant to be a handy and concise guide to *Responsible Resource Development*. Further details are available at **ActionPlan.gc.ca**.

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Find out what's in it for you

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Budget measures are subject to parliamentary approval.