



October 23, 2008

Honourable Chuck Strahl Minister of Indian and Northern Affairs Government of Canada 10 Wellington Street Gatineau, PQ K1A 0H4

Re: Road to Improvement "The Review of the Regulatory Systems Across the North" by Neil McCrank

Dear Minister Strahl,

Recognising that finding creative and efficient ways to improve the regulatory regime in the North will require continued discussion amongst stakeholders, representatives of the Gwich'in Land Use Planning Board and Gwich'in Renewable Resources Board met to discuss the *Road to Improvement* report by Neil McCrank. We offer the attached document as a starting point for the next steps in the engagement process for the Northern Regulatory Improvement Initiative. This document has been circulated to the Gwich'in Tribal Council and the Gwich'in Land and Water Board (who are making separate submissions) so there is regional awareness of its content.

The document presents some additional information and other considerations that can help when determining the process to follow to reach decisions, as well as what specific actions might make improvements. This document is not meant to be comprehensive so future discussions may include, but are not limited to its content.

We commend you and your special representative, Mr. McCrank for the inclusive process used for producing the report. The report has certainly stimulated discussion, and we anticipate innovative and workable solutions that will arise from a continuation of the combined participation of the groups that have a role in the regulatory system.

Sincerely,

Original Signed By

Bob Simpson, Chair
Gwich'in Land Use Planning Board

Original Signed By

Robert Charlie, Chair
Gwich'in Renewable Resources Board

Encl.

C: Richard Nerysoo, President, Gwich'in Tribal Council Paul Sullivan, Chair, Gwich'in Land and Water Board Members, NWT Board Forum Trish Merrithew-Mercredi, Regional Director General, INAC – NWT Region

Response to Road to Improvement "The Review of the Regulatory Systems Across the North" Neil McCrank, Minister's Special Representative

The *Road to Improvement* report to the Minister of Indian Affairs and Northern Development is an attempt to focus discussion on creating efficiencies with the regulatory system and processes in the three territories. The report content mostly centres on the Mackenzie Valley of the NWT, and so does this letter of response.

We will start with general observations, and then provide specific feedback for both the restructuring options for the co-management boards system and the eighteen (18) NWT recommendations that seek to complement the DIAND Northern Regulatory Improvement Initiative.

General Observations

Anyone with an in-depth knowledge of the regulatory system could become overly critical of the Report. Our approach is to present enough supplementary knowledge about the subjects in the report so that the Minister is further equipped when making choices. Not only choices about decisions regarding the recommendations, but also about the process to reach them.

In order to provide constructive comments it was important to remember the context that the report was written in:

The purpose of this review is not to promote or discourage resource development – that decision will be made by the governing authorities and the northern residents who are impacted by development.

Rather, the review is to determine if the regulatory systems can be improved so that if a decision is made to allow resource development, the development takes place in an orderly and responsible manner. ¹

In light of this purpose, the Minister stated in his News Release, November 7, 2007 that:

Mr. McCrank will submit a final report to the Government of Canada outlining proposed recommendations for advancing the regulatory regimes, after which Canada will develop a strategy for action.

Our first observations are that during the development of its future strategy of action, Canada should keep in mind several other circumstances:

 All public land claim boards are working together (NWT Board Forum) and at times with government to exchange information, build awareness and capacity,

¹ Road to Improvement, pg. 1 - Introduction

- and seek improvements within and between each other. The Forum's role and capacity should increase and be supported.
- Any change should be done within the context of Devolution in the NWT with a view to establish a model for the regulatory system in the long term. This type of model could create a great deal of comfort and security for all parties to Devolution negotiations and stakeholders, for example industry.
- To restructure or modify land claim agreements or functions of the regulatory system can be viewed as taking away Aboriginal rights and will likely be resisted

 any proposed change should take the approach of improving Aboriginal participation in the regulatory system to avoid political and legal impediments to the proposal.
- Mr. McCrank in proposing restructuring options has noted that: "this (report) is not an attempt to diminish or reduce the influence that Aboriginal people have on resource management in the North". He goes on to say: "Rather, this is meant as an attempt to find a practical way to allow for this influence, while at the same time enabling responsible resource development through an effective regulatory system." Our opinion is that in reality, some of the proposed changes by Mr. McCrank will actually limit Aboriginal rights. Aboriginal land claim organizations and governments make decisions, set policies and eventually will pass laws and regulations that will be an integral part of the regulatory system.

Most of the proposed changes are stated as being meant to address efficiency needed for a high degree of resource development and the criticism of a complex, unpredictable regulatory system. Some are meant to address administrative and capacity issues. Our general observations with respect to these are:

- Although the system has been criticized as being complex there is very little detail offered about how to make the system simpler for developers to navigate. The report focuses on co-management boards while simply acknowledging government regulation and decisions need to be coordinated. When the Minister looks at a process for finding solutions to the complexities of the system, an appropriate emphasis and awareness about the role and complexity of government will be critical.²
- The information provided in appendix E of the report should be supplemented. The assertion of complexity is linked to the creation of 20+ co-management boards³ but is not put in the context of an example to show which, or how many, of these a developer can expect to deal with for any one project. If one looks at the system at this level, a comparison to the previous system does not show a significant **net** difference in number. The complexity needs further definition if effective solutions are to be found.

² Further analysis of regulatory roles using the Mackenzie Gas Project as an example is in Appendix A

³ Road to Improvement, page 79

- It should be acknowledged that in some respects the co-management boards are more efficient than the past system with the integration of land and water activities and environmental review processes. An example of efficiency gained by the new system in the Mackenzie Valley is that INAC land use permitting and the NWT Water Board licensing can now be obtained by a proponent from a single Land and Water Board, be it regional or the MVLWB.
- Although the proposals may result in improvements the intent to reduce the number of Land and Water boards to funnel funding to one board has to be done with a comprehensive evaluation of workloads. Not only staff workloads for estimating staffing requirements, but also Board member availability.
- Although there was a consistent presentation and assertion by the comanagement boards that they are underfunded and Canada should <u>fully</u> implement the provisions of land claim agreements, the funding issue as presented in the report was limited to creating another Board for Surface Rights, NWT Cumulative Impact Monitoring, and funding the restructured option.⁴
- In response to the coordination of regulatory processes and decisions a Major Project Management Office (MPMO) is proposed but this may create another layer unless it is fully integrated within the system and/or improves the deficiencies in government coordination.

Restructuring Proposal

Mr. McCrank has proposed two Options for the Ministers consideration:

Option 1 - outlines a fundamental restructuring that would require the agreement of all parties to amend the comprehensive land claim agreements and the Mackenzie Valley Resource Management Act (MVRMA); and

Option 2 - outlines a less extensive restructuring which may require some amendments to the Mackenzie Valley Resource Management Act (MVRMA).

Option 1

Mr. McCrank does clearly acknowledge that Option 1 would require "a fundamental restructuring would be desirable but difficult to achieve." It is difficult to imagine implementation of this proposal without it resulting in a reduction of the 'influence' of Aboriginal peoples. The regional offices of the Land and Water Boards provide community member access to participate in project specific regulatory decision-making.

Mr. McCrank has assumed that this influence can be replaced with the completion of land use plans, already a feature of land claim agreements [a completed obligation in the Gwich'in Agreement and a work in progress in the Deh Cho and Sahtu].⁵

⁴ *Road to Improvement*, pg 14 – Point #1 about completing land use plans, and point #3 about funding to LWBs. No detail on LUPB funding and plan implementation.

⁵ Road to Improvement, pg. 15 - "The Regional Land Use Planning Boards, established under the Mackenzie Valley Resource Management Act, are to develop Land Use Plans for consideration by

Land use plans do not give community members opportunity to have input at a project specific scale. Plans are a broader policy on what type and intensity of land use can be *considered* for different areas of the settlement regions. Project specific decisions allowed within this *consideration* occur at the regulatory authority level. Aboriginal groups with settled claims specifically negotiated participation at this level, and that it was to be in the regions. For example: Regional Land and Water Boards also issue land and water permits on Aboriginal titled lands. To remove these Boards from the necessary interaction with the Aboriginal organization will likely create conflicts.

So, a net effect of option one would actually "diminish or reduce the influence that Aboriginal people have on resource management in the North" by reducing a Board within their settlement areas in this effort to enable "responsible resource development through an effective regulatory system".

Even though land use plans can't achieve the level of community participation that Mr McCrank had assumed, they still provide an important integrative function in resource management and certainty for future development. Long-term support for planning processes needs to be reaffirmed. Nothing in either Option mentions anything about reviewing or implementing land use plans and their link to cumulative impact monitoring.

Option #2

The Gwich'in and Sahtu Agreements do allow for the coordination of the activities of the Boards (GCLCA - 24.1.3 (c)) and the reallocation of functions among any of the Boards (24.1.3 (d)), with the exception of the environmental assessment and review function which will remain with the Mackenzie Valley Environmental Impact Review Board (MVEIRB).

In addition, with the establishment by legislation of a Mackenzie Valley Land and Water Board (MVLWB) regional panels may be created (GCLCA - 24.4.6). Although resource development in the Gwich'in Settlement Area is limited, the Sahtu Land and Water Board processes in an efficient manner a substantial amount of applications in accordance with timeframes as set out in legislation.

the federal government and the GNWT, that provide for the conservation, development and use of land, water and other resources in a settlement area. Any regulatory authority issuing an authorization for the use of lands or waters, or the deposit of wastes, is legally bound to abide by the approved Land Use Plans."

Clarification – *MVRMA* stipulates that land use plans are developed by the MVRMA Boards for consideration by the federal government, the GNWT, <u>AND THE REGIONAL ABORIGINAL GOVERNMENT/ORGANISATION.</u>

The increase in authorities for the MVLWB and MVEIRB are welcome recommendations with additional funding which could be obtained from a reduced department oversight function or responsibilities.

It is proposed that Option 2 be supported and modified in the following manner:

- 1. A priority should be given to completing, implementing and reviewing Land Use Plans through adequate funding for integrated resource planning, research, consultations and obtaining approvals from the parties to the land claim agreement.⁶
- 2. Regional Land and Water Boards [RLWB] to become Panels of the Mackenzie Valley Land and Water Boards with clear understandings of what categories of permits and licences they would process regionally and what role the MVLWB would have in overseeing, supporting, setting policy direction, technical support and processing large and/or transboundary applications. {see also #4}.
- 3. MVLWB will issue permits and licenses for large and/or transboundary applications, provide support and set policy for regional panels.
- 4. Land Use Planning Boards operationally be amalgamated with Regional Land and Water Panels and will:
 - make decisions required by current Land Use Planning Boards and determine conformance with land use plans;
 - be designated as a regional panel administrative and regulatory body;
 - carry out DIAND inspection functions may require amendments to regulations;
 - increased role to coordinate regional activities of regulatory boards, agencies and departments, the Renewable Resource Board and be a regional contact for the MPMO for major projects. This coordination role would take the form of facilitating communication between boards and would by no means be an infringement on other boards mandates;
 - conduct environmental screening and process land use permits and water licenses; and
 - as an amalgamated Board have a significant role in regional cumulative impact monitoring and environmental audits land use plans and licensing will be a great resource to monitoring and audit functions.

⁶ Again, Land Use Plans under the *MVRMA* requires the approval of the federal government, the GNWT, and the regional aboriginal government/organisation. The report only references federal.

- 5. The Mackenzie Valley Land and Water Board, Mackenzie Valley Environmental Impact Review Board and the Regional Panels should have sufficient funding to allow them to carry out their responsibilities.
- 6. The Mackenzie Valley Land and Water Board is the final decision maker within its new, revised jurisdiction (quasi-judicial responsibilities and appellant responsibilities from disputes at the Regional Land and Water Panels, and issue Class A Water License).
- 7. The federal government (INAC) should recognize the Mackenzie Valley Environmental Impact Review Board as the final recommender on those matters within its jurisdiction.

Response to the 18 - NWT Recommendations:

Recommendation	Response
#1 - Land Use Plans A priority should be given to completing the Land Use Plans in all areas, and obtaining their approval from the federal government	As implied by Mr. McCrank's recommendation, Land Use Plans are an essential element of "responsible resource development through an effective regulatory system". Because land use planning requires the integration and coordination of all components of the resource management system, land use and ecosystem they naturally lend themselves to responsible and effective regulatory systems. Support for land use planning processes should take the form of: Increased funding/support to agencies responsible for primary research, for example, those connected to CIMP. This information helps build better plans over time. sufficient funding for intensive consultation during plan development and amendment; sufficient funding for implementation of the plan (may include hearings, getting technical advice for decisions on applications for exceptions or amendments). See also recommendation for Option 1 and 2 above. A concern with wording in the report: 'Federal government approval' should read 'signatories to land claim agreement approval'.

Recommendation	Response
#2 - Consultation The federal government should give the highest priority to developing and implementing a policy that will clarify its own role, the role of proponents and the role of the regulatory boards, in relation to responding to the requirement for Aboriginal consultation and accommodation.	Mr. McCrank's observation that "community and Aboriginal consultation pressures are a significant burden on all parties" is misguided and diminishes the legal basis of Aboriginal rights by asserting that Aboriginal consultation is a "burden". Agree that clearer policies and procedures would
	be useful but it would be better to word this as federally "facilitated" development of policy if the regulatory Boards and Aboriginal groups are going to be involved in the development and implementation of the policy.
#3 - Impact Benefit Agreements The federal government should give priority to developing an official policy on the purpose, scope and nature of Impact Benefit Agreements in the North.	During negotiations of the Gwich'in and Sahtu Agreements the federal government refused to include obligations to negotiate IBAs, unlike Nunavut Land Claim Agreement.
	This policy initiative should be undertaken with Aboriginal organizations and GNWT and may be legislated in the future as part of Devolution and GNWT's commitment during the negotiations of the Gwich'in land claim agreement.
#4 Environmental Agreements The federal government should identify the gaps in existing legislation and regulations that should be filled in order to protect all elements of the natural environment, to the extent required by the principles of sustainable development, and give priority to the development of the necessary	The NWT Board Forum and other processes continue to review their best practices and standards. It would be useful to have these officially recognized either through policy, or statutes and regulations.
statutes and regulations in order to progressively eliminate the need for ad hoc environmental agreements on a project by project basis.	Monitoring of these best practices and standards will need to be increased and integrated within the operations of the Land and Water Boards and Panels.
#5 - NWT Cumulative Impact Monitoring Program [CIMP]	
The federal government should commit to the NWT Cumulative Impact Monitoring Program (CIMP) and commit funds for that purpose.	Agree. This is a soft obligation in the Agreements and needs to be fully established as an on-going land claim obligation and activity.
	Once CIMP is more established it can be linked to Land Use Planning processes to ensure the collection of baseline data and thresholds for development are established and integrated into the regulatory system. As well, Regional Plans of Action can incorporate both CIMP and Regional Land Use Plans and be multi stakeholder plans that will improve the activities of the regulatory system.

Recommendation	Response
#6 - Security Deposits The federal government should initiate a review of its current practices for requiring financial security for mining operations in the North, with a view to establishing these requirements in a more orderly fashion and to eliminate duplication.	Agree, as well as authority to access and use of security deposits should be clarified.
#7 - Capacity The federal government should ensure that each regulatory body has a structured plan for: a) Orientation, b) Training, and c) Continuing education d) For each new member that is appointed.	The NWT Board Forum has developed a plan but needs additional funds through the Board Relations Secretariat to implement.
#8 Free Entry System The federal government should consult with all interested stakeholders and develop a policy on the free entry system.	Although recent amendments to CMR recognize conservation zones in Land Use Plans, further policies/procedures for Mining Recorder Office for notification and consultation would be useful.
#9 - Performance Measures - Timelines The federal government and the appropriate regulatory authorities should develop performance measures that result in effective timelines from the receipt of the application to disposition. This may involve different timelines, depending on the scope and complexity of the application.	Although the regulation does have timelines for the processing of applications, often there is not enough information provided by the proponent to complete the process in a timely manner. Sufficient baseline data built up through an affective CIMP program may help remedy this issue.
	Again, Regional Plans of Action could be used to establish accountabilities and proper lines of communication within the system to make improvements.
	Increasing the awareness of the system and providing a service on how to navigate the processes would greatly assist developers. This may be a function of the Major Project Office – but this service should also be available at a regional level to help build relationships needed to avoid unnecessary impediments.
#10 Water Quality Standards and Effluent Standards The federal government should, as a priority, in consultation with the Boards under the Mackenzie Valley Resource Management Act, develop standards for water and effluent and the Minister should direct the boards to use those standards.	This will require adequate baseline information, monitoring, and enforcement that may not be in place currently. See also Recommendation #5 (CIMP) and #12 (MOU on enforcement).

Recommendation	Response
#11 Triggers for Environmental Assessment The federal government should address the issue of the Environmental Review process and consider providing legislative amendments to the MVRMA that set out the criteria that triggers more extensive review levels.	Environmental Assessments and Review triggers or thresholds could be established based on best practices with some latitude or principles to determine "whether the proposed development will likely have a significant adverse impact on the environment or will likely be a cause of significant public concern" GCLCA 24.3.5
#12 Enforcement The federal government and the appropriate regulatory bodies should develop a Memorandum of Understanding (MOU) concerning the issue of implementation and enforcement of recommended and accepted conditions.	To eliminate this disconnect, DIAND should transfer its enforcement role and associated resources to the Regional Land and Water Panels.
#13 Mackenzie Valley Resource Management Act The Minister of INAC should commission a second environmental audit of the Northwest Territories in accordance with S.148 (1) of the MVRMA and/or order a specific review of the MVRMA.	Maybe the recommendation would be better worded as: The Minister of INAC should ensure that appropriate policies, planning, and funding are in place so that the environmental audit can be completed on time and with sufficient scope in accordance with S.148 (1) of the MVRMA. It is an obligation of agreements and legislation so
	the real issue is implementation and therefore what is specifically needed for that. Similar to what is needed for the Cumulative Impacts Monitoring Program.
#14 Surface Rights Legislation The federal government should consider some legislative solution to resolve the current difficulty of surface access to land.	The report should be clearer about why arbitration is not being used, or how the legislative solution will be better. If this is specific to COGOA, it should be stated as such for clarity.
#15 Appointments The Office of the Minister of INAC should establish a process that would anticipate board appointments and ensure that the appointments are timely.	Not sure about what additional changes could be made to the current system to 'anticipate board appointments'. Often Aboriginal organizations and departments send nominations well in advance but the appointments are bottled necked in the Ministers office.
	Giving Aboriginal organizations authority to appoint the members they currently nominate [as is done in the Tlicho] would address half of the problem.
#16 - Minister's Directives The federal Minister should clarify some issues involving the regulatory boards or the regulatory process by exercising his/her authority under the MVRMA.	The NWT Board Forum could be used by the federal Minister to assist in the development of these policy directives. It would have been useful to have a summary of what "some issues" are within the recommendation.

Recommendation	Response
#17 - Ministerial Review Under s. 130 of the MVRMA The federal Minister (INAC) should develop a protocol on the review and disposition relating to S.130 (MVRMA) decisions.	Often legislation will have the DIAND Minister as a Lead Minister but without any authority to require decisions from other Responsible Ministers. Hopefully the MPMO will have the ability to facilitate decisions within the federal system.
#18 - Coordination of Federal Responsibilities The federal government should explore a made in the north equivalent of the MPMO that would be a single point of entry and assist in coordinating federal departments and the GNWT, as well as liaise with the regulatory bodies for all projects, major and minor.	This could help facilitate regulatory processes; however, it should be integrated within the regulatory system. For example, establishing a regional presence with the regional Land and Water Panels/Land Use Planning Board by adding to their administrative capacity [become the coordination body within the region – similar to the Inuvialuit Joint Secretariat]. This would greatly assist the processing of information sharing and coordination of applications.

APPENDIX A

Regulators by Type Relevant to the Mackenzie Gas Project

Percentage of Mackenzie Gas Project Permit Authorizations by Regulator Type

Regulators and Authorizations Relevant to the Mackenzie Gas Project

Number of Mackenzie Gas Project Permit Authorizations by Regulator

Authorizations Needed for the Mackenzie Gas Project

REGULATORS BY TYPE RELEVANT TO THE MACKENZIE GAS PROJECT

(NWT portion of the gas transmission pipeline and gathering system)

Government, federal

CCG Canadian Coast Guard CWS Canadian Wildlife Service

DFO Department of Fisheries and Oceans
DNR Department of Natural Resources

Doi Department of Industry

INAC Indian and Northern Affairs Canada

NavCanada Navigation Canada TC Transport Canada

Public Board

GLUPB Gwich'in Land Use Planning Board

MVLWB Mackenzie Valley Land and Water Board

NEB National Energy Board NWTWB NWT Water Board

Government, territorial

GNWT, DoT Department of Transportation, GNWT

GNWT, ENR Department of Environment and Natural Resources, GNWT

GNWT, Health Department of Health and Social Services, GNWT GNWT, PWS Department of Public Works and Services, GNWT

MACA Department of Municipal and Community Affairs, GNWT

PWNHC Prince of Wales Northern Heritage Centre

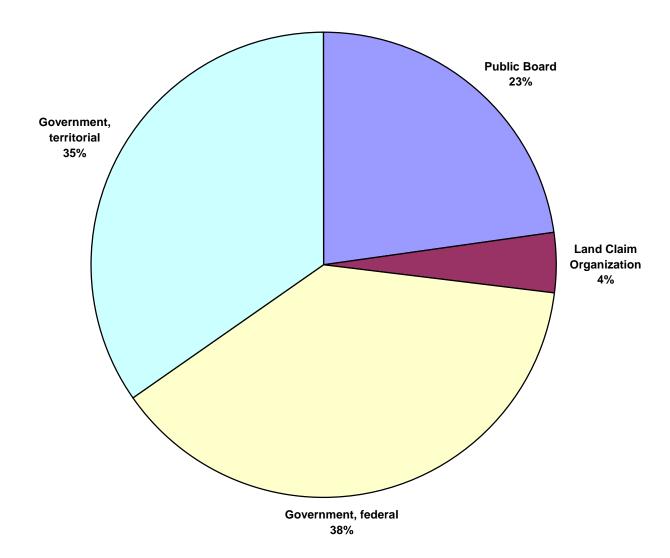
WCB Workers Compensation Board

Land Claim Organization

ILA Inuvialuit Land Administration
GLA Gwich'in Land Administration

DLC Sahtu District Land Corporations (K'asho Got'ine and Tulita)

Percentage of Mackenzie Gas Project Permit Authorizations by Regulator Type (NWT portion of the gas transmission pipeline and gathering system)



REGULATORS AND AUTHORIZATIONS RELEVANT TO THE MACKENZIE GAS PROJECT

(NWT portion of the gas transmission pipeline and gathering system)

Regulators/Authorizations	Total #
Canadian Coast Guard	971
 Navigable waters approval 	
Canadian Wildlife Service	12
 Migratory Bird Permit 	
Department of Fisheries and Oceans	971
 Harmful Alteration, Disturbance, or Destruction of Fish Habitat 	
Authorization (HADD)	
Department of Natural Resources Canada	132
Explosives storage permit	
Department of Industry	148
Radio apparatus permit	
Gwich'in Land Use Planning Board	1
 Gwich'in Land Use Plan Amendment/Exceptions 	
Department of Transportation, GNWT	4
 Temporary access to a public highway 	
Department of Environment and Natural Resources, GNWT	1,201
 Fire Permit to clear land 	
 Timber cutting permit 	
Wildlife permit (disturbance)	
Department of Health and Social Services, GNWT	0
Potable Water Quality	
Department of Public Works and Services, GNWT	399
 Boiler and pressure vessel permit 	
Electrical permit	
Department of Municipal and Community Affairs, GNWT	62
land use permit	
quarry permit/lease	
lease / Right of Way	
 Mackenzie Development Area Permission 	
 Inuvik Watershed Development Area Permission 	
 Norman Wells Development Regulations Approval 	
Indian and Northern Affairs Canada	389
lease / Licence of Occupation (LoO)	
quarry permit/lease	
Inuvialuit Land Administration	98
 lease / Licence of Occupation (LoO) 	
quarry permit/lease	
Gwich'in Land Administration	74
Industrial lease / Right of Way (RoW)	
 quarry permit/lease 	

TOTAL **6,908**

10/14/08

Considerations:

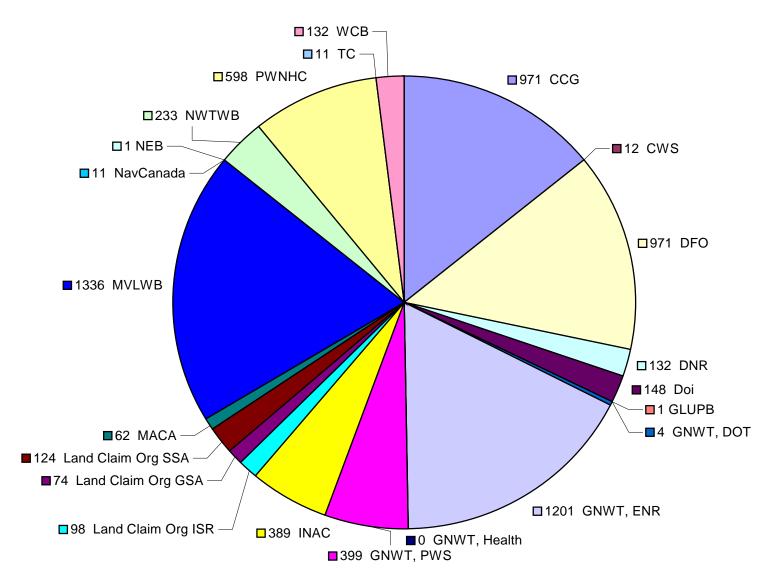
Numbers are approximate and based on 2004 estimates.

6,908 does not = number of activities (e.g. an activity such as a water crossing require 3 different authorizations - water licence, HADD, and Navigable waters approval)

6,908 does not = number of applications and actual authorizations (e.g. the water licensing needed for 368 water crossings in the Sahtu Settlement Region is bundled into one large water licence application that would result in one water licence.)

Number of Mackenzie Gas Project Permit Authorizations by Regulator

(NWT portion of the gas transmission pipeline and gathering system)



AUTHORIZATIONS NEEDED FOR THE MACKENZIE GAS PROJECT

(NWT portion of the gas transmission pipeline and gathering system)

- lease / Licence of Occupation
- lease / Right of Way
- Inuvik Watershed Development Area Permission
- Mackenzie Development Area Permission
- Norman Wells Development Regulations Approval
- Navigable waters approval
- Temporary access to a public highway
- land use permit
- water licence
- Gwich'in Land Use Plan Amendment/Exceptions
- Certificate of Public Convenience
- Wildlife permit (disturbance)
- Timber cutting permit
- Fire Permit (to clear land)
- Migratory Bird Permit
- Harmful Alteration, Disturbance, and Destruction authorization (fish)
- Archaeologist permit
- Aerodrome Registration
- Navigation Permit
- Potable Water Quality
- Boiler and pressure vessel permit
- Electrical permit
- Explosives storage permit
- Explosives use permit
- Radio apparatus permit

Does not include authorizations for work needed prior to construction such as research licences from Aurora Research Institute for studies to support:

- development of Environmental Impact Statement for Environmental Assessment (e.g. wildlife habitat and archaeological investigations), and
- detailed project planning and engineering (e.g. geotechnical studies for route and granular sources selection).