



**MODERNIZING THE
REGULATORY SYSTEM
FOR PROJECT REVIEWS**

Modernizing the Regulatory System for Project Reviews

The Government will propose legislation to streamline the review process for major economic projects.

Since 2006, the Government has been working to streamline the review process for major economic projects so that projects proceed in a timely fashion while protecting the environment. For example, in 2010 the Government amended the *Canadian Environmental Assessment Act* to allow assessments to start sooner and reduce duplication, and created participant funding programs to ensure meaningful public engagement in the review process.

These steps have made a difference, but more needs to be done. Currently, companies undertaking major economic projects must navigate a complex maze of regulatory requirements and processes. Approval processes can be long and unpredictable. Delays and red tape often plague projects with few environmental risks. Under the current system, thousands of smaller projects with little or no risk to the environment are caught up in the federal environmental review process. The types of small projects that can be needlessly subjected to lengthy reviews include construction of a new pumping house for the expansion of a maple syrup plant, and the replacement of an existing culvert under a causeway. By forcing these thousands of low-risk projects to go through the review process, the current system draws resources away from projects that have the greatest impact on the environment. This approach is not economically sound or environmentally beneficial.

In the federal government alone, accountability for assessments rests with dozens of departments and agencies, each with its own mandate, processes, information needs and timelines. This leads to duplication and a needless waste of time and resources. For example:

- Enbridge proposed a new \$2 billion pipeline connecting Hardisty, Alberta to Gretna, Manitoba. Due to multiple approval processes, federal departments made their decisions on the project two years after the National Energy Board's approval of the project.
- Areva Resources Canada has 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 added unnecessary complexity.
- The NaiKun Wind Energy Group is proposing 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 process came 16 months after the provincial decision.

The starting point of federal environmental assessments can also be unpredictable, which can cause lengthy delays. The Rabaska Partnership, for instance, is proposing to construct and operate a liquefied natural gas terminal near Beaumont and Lévis, Quebec, including a marine jetty to receive tankers, on-shore facilities, and a new 50 kilometre pipeline to connect to existing natural gas transmission networks. It took almost two years before the federal panel began its review. Similarly, the federal environmental assessment for the project began 10 months after Canpotex Terminals Limited and Prince Rupert Port Authority submitted a project description proposing to construct a 13-million-tonnes-per-year potash export terminal with a deepwater marine wharf in Prince Rupert, British Columbia. The proponents estimate that the project would have a capital investment of \$750 million and would create up to 800 jobs during construction.

A further complication is overlapping federal and provincial regulatory requirements and processes that require a high degree of coordination. For example, 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 environmental assessment did not begin until 2008 and a decision to approve the project was issued by the responsible federal department in December 2011. The Lower Churchill Generation Project includes two hydroelectric power generating facilities on the lower section of the Churchill River in Labrador. A description of the project was submitted to the federal and provincial governments in 2006, an environmental assessment began in 2007 and the responsible federal departments approved the project in March 2012. Under a modernized regulatory review system, defined timelines will apply to environmental assessments, including for panel reviews of projects such as the Lower Churchill Generation Project.

Both levels of government have recognized an urgent need to reduce duplication.

[Federal, provincial and territorial 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

Currently, over \$3 billion in provincially approved projects are stranded in the mire of federal process and delay. This is unacceptable. Time is money. Duplication is waste. Tax dollars are limited. We cannot afford to hold investment and jobs hostage. Byzantine bureaucratic practices have no place in the 21st Century.

— British Columbia Speech from the Throne, February 2010

A positive area of cooperation between the federal government and provinces was the conclusion in 2011 of the Canada-Quebec Accord for the shared management of offshore petroleum resources. By clarifying the roles and responsibilities of each level of government, this Accord will allow for the development of oil and gas resources in the Gulf of St. Lawrence, creating jobs and economic development while protecting fisheries and the environment.

A modern regulatory system should support progress on economically viable major economic projects and sustain Canada's reputation as an attractive place to invest, while contributing to better environmental outcomes.

Increased resource development activities can also offer new opportunities for Aboriginal businesses and can generate well-paying jobs for Aboriginal peoples near their communities. There are steps the Government can take to improve consultations with Aboriginal peoples when it contemplates conduct that might affect potential or established Aboriginal or Treaty rights.

The Government will focus on four major areas to streamline the review process for major economic projects:

- Making the review process for major projects more predictable and timely
- Reducing duplication and regulatory burden
- Strengthening environmental protection
- Enhancing consultations with Aboriginal peoples

The Government will propose legislation to modernize the federal regulatory system that will establish clear timelines, reduce duplication and regulatory burdens, and focus resources on large projects where the potential environmental impacts are the greatest.

Summary of Key Improvements

FROM	TO
Diffuse accountability across more than 40 departments/agencies, time lines not fixed for all projects	<ul style="list-style-type: none"> ✓ Consolidate responsibility for reviews ✓ Fixed beginning-to-end timelines: <ul style="list-style-type: none"> ✓ Panel Reviews: 24 months ✓ NEB Hearings: 18 months ✓ Standard EAs: 12 months
Overlap and duplication across federal and provincial governments	<ul style="list-style-type: none"> ✓ Authority to recognize provincial EAs as substitute for or equivalent to federal EAs ✓ Transfer decision-making for some permits between federal departments and to other jurisdictions
Inconsistent approaches to Aboriginal consultation	<ul style="list-style-type: none"> ✓ Aboriginal consultation integrated into project reviews ✓ Designated lead federal coordinator for reviews ✓ Coordinated federal-provincial consultation

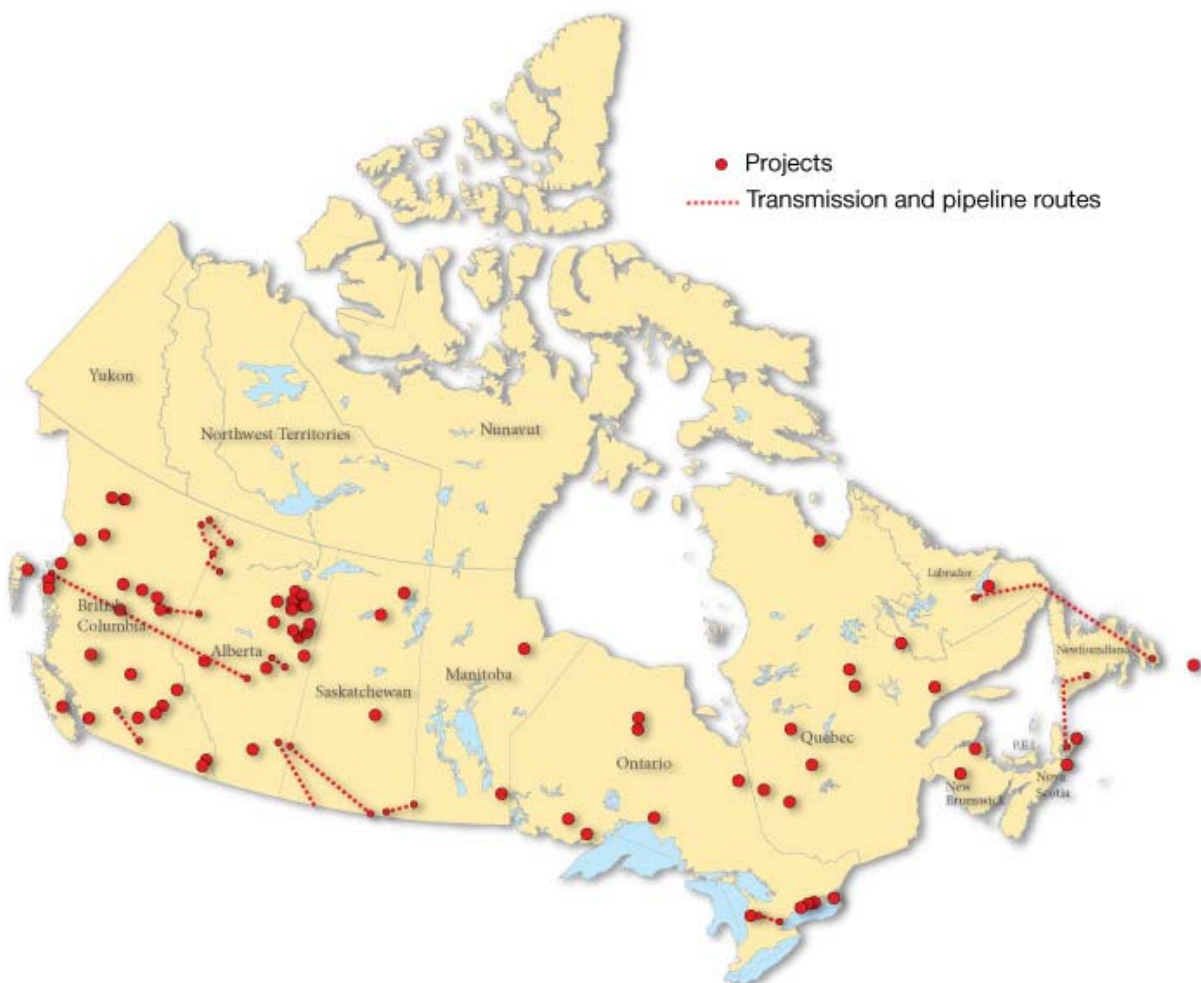
These measures will accelerate project development and directly lead to the creation of high-paying, high-quality jobs including for engineers, tradespeople and other skilled workers. The resulting economic activity will stimulate additional job creation across the country.

Major Projects Management Office Initiative

Economic Action Plan 2012 proposes \$54 million over two years to renew the Major Projects Management Office initiative.

The Major Projects Management Office initiative has helped to transform the approvals process for major natural resource projects by shortening the average review times from 4 years to just 22 months, and improving accountability by monitoring the performance of federal regulatory departments. More than 70 major projects are currently benefitting from the system-wide improvements made possible by the initiative (see map). To continue to support effective project approvals through the Major Projects Management Office initiative, Economic Action Plan 2012 proposes \$54 million over two years.

Major Projects Management Office Initiative: Current Projects



Major Economic Projects Benefitting From the Major Projects Management Office Initiative

Horn River Natural Gas Pipeline (British Columbia)

The Horn River Natural Gas Pipeline project connects natural gas supply from northeastern British Columbia to an existing pipeline infrastructure. The Major Projects Management Office initiative coordinated the federal review of the project and approval was granted in February 2011, 17 months after receiving the description of the project.

Groundbirch Natural Gas Pipeline (Alberta and British Columbia)

The federal review of the Groundbirch Natural Gas Pipeline project was coordinated by the Major Projects Management Office initiative. A description of the pipeline, which would cross from Alberta into British Columbia, was submitted to the Office in November 2008 and the project was approved within 17 months in April 2010.

Bakken Oil Pipeline (Manitoba and Saskatchewan)

The Bakken Oil Pipeline, which will transport oil from Saskatchewan to Manitoba, was approved by the federal government within 17 months in March 2012. The review of the project, which was expected to trigger statutory and regulatory obligations for several departments, was coordinated by the Major Projects Management Office after receiving a project description in October 2010.

Detour Lake Gold Mine (Ontario)

Approval for the Detour Lake Gold Mine project was granted by the Minister of the Environment in December 2011. A description of the open-pit mine project, which would be located in northeastern Ontario, was submitted in October 2009. The Major Projects Management Office coordinated the review of the project, which was expected to trigger statutory and regulatory obligations for Fisheries and Oceans Canada, Natural Resources Canada and Transport Canada, and the review of the project was completed in 14 months.

Hebron Offshore Oil Development (Newfoundland and Labrador)

ExxonMobil Canada Properties' Hebron Offshore Oil Development project is a 19,000 to 28,000 cubic metres per day offshore oil production proposal located in the Jeanne d'Arc Basin, approximately 340 kilometres offshore of St. John's. The proposal consists of an offshore oil production system and associated facilities. A project description was submitted in March 2009 and the review was completed in January 2012.

Matoush Uranium Exploration (Quebec)

The Matoush Uranium Exploration Ramp Access project involves the excavation of an exploration ramp to determine the possibility of a uranium mine within the James Bay and Northern Quebec Agreement territory located approximately 260 kilometres north of Chibougamau in Quebec. The project consists of a 2,405-metre ramp, at a maximum depth of 300 metres. Temporary structures will be built at the surface to support the underground exploration. The project description was submitted in September 2008 and the review was completed February 2012.

Consultation Under the *Canadian Environmental Assessment Act*

Economic Action Plan 2012 proposes \$13.6 million over two years to support consultations with Aboriginal peoples.

The Government is committed to consulting with Aboriginal peoples in the review of projects to ensure that their rights and interests are respected. Consultations can also facilitate discussions on how Aboriginal peoples can benefit from the economic development opportunities associated with these projects. To support consultations with Aboriginal peoples related to projects assessed under the *Canadian Environmental Assessment Act*, Economic Action Plan 2012 proposes \$13.6 million over two years to the Canadian Environmental Assessment Agency.

Amending Mining Regulations

Economic Action Plan 2012 proposes \$1 million over two years to amend metal mining regulations.

Environment Canada is responsible for administering the key pollution prevention provisions under the *Fisheries Act*, including the associated Metal Mining Effluent Regulations. These regulations prescribe controls on the effluents and waste rock that can be deposited into certain bodies of water.

To address an existing regulatory gap and provide greater certainty for the mining industry in Canada, Economic Action Plan 2012 proposes \$1 million over two years to Environment Canada to expand Metal Mining Effluent Regulations to non-metal diamond and coal mines.

Investing in Our Natural Resources

Canada's rich natural resources contribute to jobs and growth in communities across the country. The energy and mining sectors accounted for nearly 10 per cent of Canada's gross domestic product (GDP) in 2010, and employed nearly 580,000 workers. Economic Action Plan 2012 announces new and renewed measures in support of energy and mineral exploration.

Supporting Junior Mineral Exploration

Economic Action Plan 2012 proposes to extend the temporary 15-per-cent Mineral Exploration Tax Credit for flow-through share investors for an additional year.

The temporary 15-per-cent Mineral Exploration Tax Credit for flow-through share investors helps junior exploration companies raise capital by providing an incentive to individuals who invest in flow-through shares issued to finance mineral exploration. This credit is in addition to the regular deduction provided for the exploration expenses "flowed through" from the issuing company.

The credit is scheduled to expire on March 31, 2012. However, given ongoing global uncertainty and in support of the exploration efforts of junior exploration companies, Economic Action Plan 2012 proposes to extend the credit for an additional year, until March 31, 2013.

It is estimated that the extension of this measure will result in a net reduction of federal revenues of \$100 million over the 2012–13 to 2013–14 period.

Contact Us

For more information, please contact a member of our [National Mining Group](#).