



JOBS GROWTH

AND
LONG-TERM **PROSPERITY**

ECONOMIC ACTION PLAN 2012

Tabled in the House of Commons
By the Honourable
James M. Flaherty, P.C., M.P.
Minister of Finance

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RESPONSIBLE RESOURCE DEVELOPMENT

Major economic projects create jobs and spur development across Canada. In 2010, natural resource sectors employed over 760,000 workers in communities throughout the country. In the next 10 years, more than 500 major economic projects representing \$500 billion in new investments are planned across Canada. A significant element of this economic boost is represented by Canada's unique oil sands industry, which employs over 130,000 people while generating wealth that benefits all Canadians. This contribution is increasing: a recent study by the Canadian Energy Research Institute estimates that in the next 25 years, oil sands growth will support, on average, 480,000 jobs per year in Canada and will add \$2.3 trillion to our gross domestic product. Increasing global demand for resources, particularly from emerging economies, will create new economic and job opportunities from which all Canadians will benefit.

Canadians will only reap the benefits that come from our natural resources if investments are made by the private sector to bring the resources to market. Yet those who wish to invest in our resources have been facing an increasingly complicated web of rules and bureaucratic reviews that have grown over time, adding costs and delays that can deter investors and undermine the economic viability of major projects.

To maximize the value that Canada draws from our natural resources, we need a regulatory system that reviews projects in a timely and transparent manner, while effectively protecting the environment. The Government recognizes that the existing system needs comprehensive reform. The Government will bring forward legislation to implement system-wide improvements to achieve the goal of "one project, one review" in a clearly defined time period. Economic Action Plan 2012 proposes to streamline the review process for major economic projects, support consultation with Aboriginal peoples, and strengthen pipeline and marine safety.



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.