

# WALK THE TALK



## How Canada Can Restore Public Confidence in Resource Development

OCTOBER 2016

# THANK YOU TO OUR PARTNERS



The Public Policy Forum works with all levels of government and the public service, the private sector, labour, post-secondary institutions, NGOs and Indigenous groups to improve policy outcomes for Canadians. As a non-partisan, member-based organization, we work from "inclusion to conclusion," by convening discussions on fundamental policy issues and by identifying new options and paths forward. For 30 years, the Public Policy Forum has broken down barriers among sectors, contributing to meaningful change that builds a better Canada.

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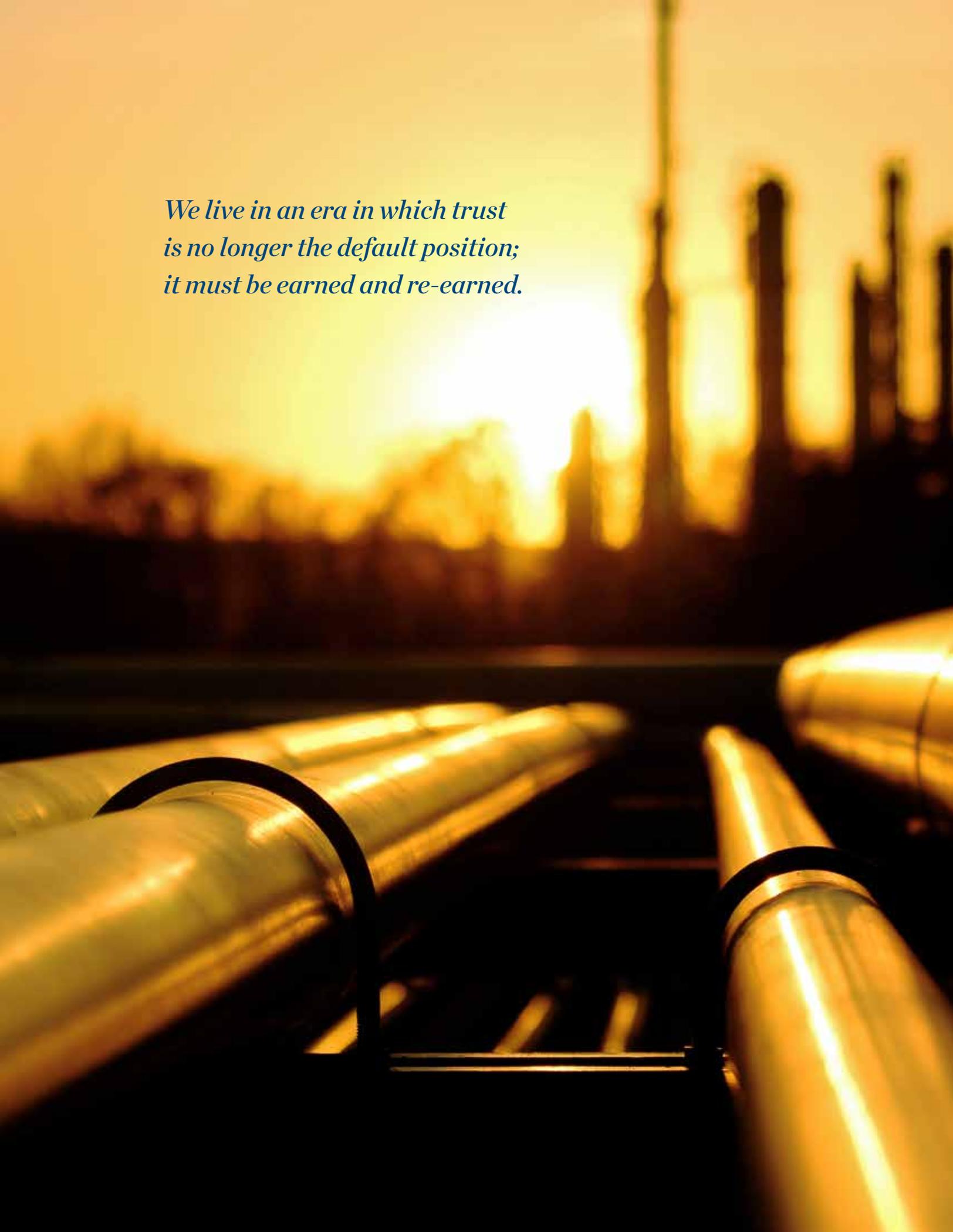
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*We live in an era in which trust  
is no longer the default position;  
it must be earned and re-earned.*



# PREFACE



FROM THE ENERGY THAT powers our everyday lives to the projects that create jobs across the country, all Canadians tap into the benefits of resource development. Yet times are changing. Growing concerns about public safety and the environment have made it more difficult to get

projects off the ground, even with regulatory approvals and financial incentives. While industry seeks greater certainty, communities touched by projects increasingly expect not only a fair share of the benefits, but a fair say in decisions.

With the mix of new actors and shifting attitudes, the Public Policy Forum engaged a cross-section of perspectives to try to unpack some of the underlying factors that influence public confidence in resource development. Over the past year, we heard from industry, regulators, federal and provincial governments, environmental groups and Indigenous peoples, asking them what it would take to restore faith in our processes and institutions. The answers were, naturally, varied. They ranged from defining responsibilities around Indigenous consultation and accommodation to engaging affected communities in project design and oversight.

Certain things are clear. Project proponents have to rethink their concept of partnership; what was adequate in past may no longer be so. Regulators need to adjust to new challenges that arise with greater public scrutiny and highly politicized environments. Governments, in their unique role as elected representatives serving the public interest, must lead the way in designing more inclusive pathways to sustainable development. As Canadians, we all have to recognize our responsibilities as consumers

and producers of natural resources and stewards of this beautiful and bountiful country.

Positive changes are evident, but the demands for new approaches continue apace. This exercise in examining public confidence has illuminated the complexity and the urgency in forging a new social contract around resource development. Without trust in our systems, growth will be stalled and cohesion hindered.

With 30 years of experience leading cross-sector dialogue and research to arrive at workable policy conclusions, the Public Policy Forum recognizes the magnitude of the challenges before us, as well as the range of possible solutions that go beyond the status quo. We have been working with energy regulators across the country as they come to grips with evolving public expectations. From our conversations with PPF members across sectors, we have also heard that energy governance must be considered holistically. Only then can public confidence truly be restored.

We are keen to play an ongoing role in building a community of established energy and environmental leaders who will help design a reformed system of decision-making. We also aim to mobilize the leaders of tomorrow who will have to live with the decisions of today.

My thanks to Darren Gilmour and Winnie Wong of the Public Policy Forum for the leadership they provided on this particular project. We believe that our exploration of public confidence is just the starting point and will continue to foster the collaboration needed to help make the transition to a cleaner, more competitive economy that aligns with the values and needs of Canadians.

**Edward Greenspon**  
President and CEO  
Public Policy Forum

# EXECUTIVE SUMMARY

NATURAL RESOURCE DEVELOPMENT increasingly requires not just regulatory approval, but also public confidence, to move forward. From who participates to how decisions are made, projects are being challenged by affected communities, environmental groups and interested citizens across the country. While industries, regulators and policy makers are working to improve transparency, engagement and oversight, questions remain about how to build and maintain public trust in today's highly polarized and rapidly changing landscape.

Better access to information and more channels of communication have enhanced democratic participation but complicated resource development. Project proponents are up against greater public scrutiny, especially with growing concerns over environmental risks and Indigenous rights. Public attitudes toward resource projects are further shaped by regional and sectoral dynamics. From climate action to economic volatility, global trends are also transforming regulatory and investment practices across the resource sector.

Partnering with Enbridge, ATCO Group, Cenovus Energy, Natural Resources Canada and the Department of Fisheries and Oceans, the Public Policy Forum launched an exploration of key issues and opportunities in establishing public confidence in resource development. Through one-on-one interviews and roundtable discussions with more than 80 leaders across sectors, we identified four critical factors in building public confidence in resource projects and the specific roles that key stakeholders need to play:

## **Demonstrating commitment to shared resource governance**

Governments should play an active role in fulfilling the duty to consult and build Indigenous capacity for equal partnerships. Project proponents should embrace community relationships as assets through meaningful consultation and accommodation.

## **Fostering public understanding through honest dialogue**

Regulators must continue to raise awareness of checks and balances, governments need to promote informed democratic debate and project proponents have to listen to diverse interests and perspectives.

## **Ensuring comprehensive oversight to minimize risks**

Regulators can strengthen accountability in lifecycle management, governments can narrow the gap between public expectations and policy frameworks and project proponents can increase credibility in regulatory compliance.

## **Forging a common vision for sustainable development**

Governments need to set decisive policy directions and resource industries need to be willing to disrupt business as usual to move toward a greener economy.

Resource development affects all Canadians. We need to appreciate the benefits and accept the responsibilities of being a resource-rich country. But reconciling the range of issues and interests involves challenges that cannot be resolved by any one party or strategy. Shared governance, honest dialogue, comprehensive oversight and a common vision require a genuine commitment from citizens, communities and interest groups, as well as governments, regulators and project proponents. As Canada explores new avenues for sustainable growth, a concerted effort is needed to move forward with a more inclusive and balanced approach to resource development.

# BUILDING PUBLIC CONFIDENCE: FOUR CRITICAL FACTORS

## SHARED RESOURCE GOVERNANCE

*Moving from duty to consult to meaningful accommodation*

### Role of governments

Play an active role in identifying key stakeholders in resource projects and bringing them together to collectively define expectations early in the consultation process.

Clarify responsibilities in consultation to improve regulatory coordination when projects span across mandates and jurisdictions.

Work with Indigenous communities to address ongoing socio-economic, infrastructure and skills gaps that prevent equal partnerships.

### Role of project proponents

Recognize that successful partnerships require a long-term investment in building and maintaining relationships with communities directly affected by projects.

Respect community perspectives by learning about local contexts, interests and concerns in relation to resource development.

Be willing to work with communities to validate scientific information, define project benefits and ensure intended outcomes.

## HONEST DIALOGUE

*Switching from public relations to genuine engagement*

### Role of regulators

Clarify the role of regulators and ensure transparent decision-making to increase public understanding of the impact of regulatory systems.

### Role of governments

Support informed public debate by providing more platforms for exploring the broader implications of resource development.

### Role of project proponents

Promote meaningful public engagement by respecting all views, responding to concerns and providing accessible information.

## COMPREHENSIVE OVERSIGHT

*Shifting from project review to lifecycle accountability*

### Role of regulators

Improve accountability by ensuring effective compliance monitoring, enforcement and reporting throughout the lifecycle of projects.

### Role of governments

Enhance coordination across regulatory systems to meet demands for more holistic approaches to managing environmental impact.

### Role of project proponents

Build credibility by sharing risk management measures, validating responsible practices and being proactive when problems occur.

## COMMON VISION FOR SUSTAINABILITY

*Transitioning from fragmented approaches to collective action*

### Role of governments

Provide clear, consistent policy direction on climate change that is balanced with appropriate measures to address economic risks.

### Role of resource industries

Develop common principles and standards for each sector to mobilize collective action toward a more sustainable future.

# INTRODUCTION

WE LIVE IN AN ERA IN WHICH TRUST is no longer the default position; it must be earned and re-earned. Growing concerns about climate change, declining confidence in public institutions, the assertion of Indigenous rights and heightened activism by NGOs pose challenges for natural resource development across the country. The difficulties experienced over recent pipeline projects demonstrate how the circle of interests has been widened and the legitimacy of existing methodologies and governance structures are being challenged.

Resource development today requires not just regulatory approval, but also public confidence, to move forward. Project proponents, regulatory bodies and policy makers are all struggling to understand and adapt to shifting societal values and expectations. Public discourse on resource development is increasingly polarized, reinforcing simplistic false binaries between economic growth and environmental protection. Although the internet provides greater access to information, most citizens lack awareness of the role natural resources play in their everyday lives and the impact of regulatory systems across the country. With many projects affecting Indigenous communities, relationships are further complicated by historical tensions, the duty to consult and recent developments around rights and title, such as implementing free, prior and informed consent and nation-to-nation relations.

Successful resource development is not simply a matter of corporate responsibility. It is inextricably tied to public trust in governance, from who participates in decision-making to how decisions are made. Industries, regulators and policy makers are working to improve transparency and communications, ensure early and ongoing community engagement, and build local capacity to maximize shared benefits. Although organizations

across sectors are turning their attention to the issue of public confidence, questions still remain about how to establish and maintain trust in today's highly contentious and volatile landscape.

Public confidence means different things to different people. Some even dismiss the relevance of public opinion, choosing instead to emphasize the role of regulatory processes and democratic institutions. But those who continue to uphold the status quo are pushing against a growing culture of inclusiveness. Reconciling the range of issues and interests involves challenges that cannot be resolved by any one party or strategy. As Canada continues to seek new avenues for sustainable growth, a concerted effort is needed to promote a more collaborative approach to resource development.

In partnership with Enbridge, ATCO Group, Cenovus Energy, Natural Resources Canada and the Department of Fisheries and Oceans, the Public Policy Forum launched an exploration of key challenges and opportunities in building public confidence in resource development projects. We engaged leaders across sectors and regions in candid conversations about the barriers they have faced and the lessons they have learned.

Public confidence is not the same as public opinion. It is about restoring trust in processes and institutions. From Indigenous participation and public engagement to effective oversight and climate leadership, governments, regulators and resource industries need to adapt to changing demands in resource development. Based on what we heard in interviews and roundtable discussions, this report paints a picture of the increasing complexities of resource development and provides specific recommendations for securing public confidence in projects that will shape Canada's future prosperity. ■

# OUR APPROACH

*To gather a broad range of perspectives, the Public Confidence project involved one-on-one interviews and roundtable discussions with more than 80 leaders from various sectors and regions.*

We engaged well-known researchers; industry stakeholders; key representatives of environmental groups, regulatory bodies, sector associations and Indigenous organizations; as well as senior officials from federal, provincial and territorial governments. (See Appendix for a complete list of project participants.)



The findings in this report are based on these interviews and roundtable discussions in Vancouver, Yellowknife, St. John’s and Ottawa. To help frame our conversations, we prepared a background paper that provided an overview of key issues in building public confidence and included the following discussion questions for consideration:

- How important is terminology in framing the issue of public confidence?
- What are the key determinants and challenges in securing public confidence?
- What is the best way to engage the public given declining trust in government and industry?
- Where are the opportunities to enhance the credibility and effectiveness of regulatory regimes?
- How can government, industry and other stakeholders ensure meaningful consultation on projects?
- What lessons can be drawn from successful projects across sectors?

With the understanding that comments were not for attribution, interviewees and roundtable participants openly shared their views on the complexities of public confidence and the appropriate roles of government, industry and other stakeholders in resource development. While we did not convene discussions in every jurisdiction, our research was informed by a wide cross-section of perspectives and many commonalities emerged.

# PUBLIC CONFIDENCE: FRAMING THE ISSUE

VALUES AND PERCEPTIONS MATTER in a democratic society where citizens enjoy the freedom to express their views, assemble and elect governments. Nor are these perceptions contained within national borders. Citizens and governments of other countries increasingly have their perspectives, too. In their role as consumers, citizens also make their views known about industry practices. Results from a 2014 Ipsos Public Affairs global survey on the oil and gas sector show that Canadian attitudes, compared to those in 23 other countries, are particularly influenced by concerns about corporate social responsibility (CSR) rather than core business performance.<sup>1</sup>

Citizens may or may not have firsthand knowledge of issues, but that does not necessarily deter them from holding views, a right of citizenship more easily enabled in today's hyper-connected world. According to the 2016 Edelman Trust Barometer, people rely more on peer-to-peer sources for information than traditional media or sectoral leaders.<sup>2</sup> Making public opinion management even more challenging is the fact that public trust in institutions is generally seen to be waning. Based on the 2013 General Social Survey, Canadian institutions with the lowest levels of public confidence include the media (40%), the federal Parliament (38%) and major corporations (30%).<sup>3</sup>

Public confidence has become a key concern for the natural resource sector, which contributes close to 20 percent of nominal gross domestic product in Canada and provides almost 2 million jobs across the country.<sup>4</sup> From NIMBY ("not in my backyard") attitudes to safety and environmental concerns, opposition to major projects can limit opportunities for growth and present barriers to investment. A failure to build trust in resource development risks undermining Canadian prosperity. Too often, though, filling this public trust gap has been looked upon as a public relations exercise rather than a public policy one.

In the early 1990s, the CSR movement emerged as a response to growing public concerns about the social and environmental impact of business practices. More recently, resource companies have been struggling with the concept of a "social license to operate" (SLO) as public perceptions and community relations increasingly determine the fate of new projects and ongoing operations. Despite a growing body of research and greater efforts from the resource sector, SLO remains subjective and the concept continues to evolve in name and practice. Nonetheless, it is ignored at the peril of project proponents.

From social license to community acceptance, a range of terminology exists to describe the impact of public support across the resource sector. Many of the industry leaders we spoke to were actually uncomfortable with "social license", as it implies the granting of formal approval beyond current regulatory processes. The use of "community acceptance" can be equally misleading when all it takes is one incident to change societal views. We settled on the term "public confidence" to provide a wider frame of reference that captures the many variables involved.

Throughout the project, participants recognized the importance of public confidence but expressed concern over defining who "the public" includes and what "confidence" means. It became clear from our discussions that we needed to see the public as multiple layers of relationships interacting with one another. Communities directly affected by projects are neither homogeneous nor isolated from broader societal trends. Our research also revealed that public confidence is not just about the approval or rejection of specific projects. More critically, confidence requires building trust in relationships, information, processes and institutions that shape the broader system of resource development in Canada. In classic pluralism terms, it is about legitimizing the process of outcomes before the outcomes themselves can hope to be viewed as legitimate. Models of governance in resource development, therefore, need to align with the new reality of broader and deeper involvement of non-traditional participants.

<sup>1</sup> <http://www.ipsos.com/public-affairs/sites/www.ipsos.com/public-affairs/files/Reputation%20Snapshot%20for%20the%20Oil%20and%20Gas%20Sector%20INTL.pdf>  
<sup>2</sup> <http://edelmaneditions.com/wp-content/uploads/2014/01/FINAL-BROCHURE-2014.pdf>  
<sup>3</sup> <http://www.statcan.gc.ca/daily-quotidien/151207/dq151207a-eng.htm>  
<sup>4</sup> <http://www.nrcan.gc.ca/publications/key-facts/16013>

# A COMPLEX LANDSCAPE FOR **RESOURCE DEVELOPMENT**

DECISION-MAKING IN A DEMOCRATIC SOCIETY HAS NEVER BEEN EASY – citizens hold different opinions and interest groups advocate for their own causes. Yet greater access to information and new channels of communication have increased the influence of the public and the importance of perception. Within this enhanced democratic environment, seeking approval for resource development projects has been made even more complicated by growing concerns over climate change and recognition of Indigenous rights. While some industries may be further along the continuum of building public confidence, current trends mean that resource development in Canada is being transformed by a combination of public and community empowerment, as well as political and economic uncertainty.

## **POLARIZING PUBLIC DISCOURSE**

A common theme throughout our conversations was the polarized public discourse on resource development.

Many participants were concerned about the dominance of extreme views and the spread of misinformation in today's fast-paced media environment, where facts often compete with ideologically driven perspectives. The intense repetition of the 24-hour news cycle can quickly turn a disaster anywhere into heightened public anxiety everywhere, even though accidents may be rare. With vocal critics taking over online platforms, it becomes difficult to accurately gauge public sentiments and distinguish truth from ideology. The lack of balanced perspectives in the public domain was viewed as especially problematic given limited public understanding of the regulatory measures in place and the extent to which everyday lives are dependent on resource development.

The shifting media landscape has turned local matters into broader public issues, with more interest groups, social activists and even environmentally conscious celebrities mobilizing opposition to development projects. In fact, participants noted reluctance on the part of some local leaders to speak up about the potential benefits of

*Canada is being transformed by a combination of public and community empowerment, as well as political and economic uncertainty*



resource development for fear of widespread backlash. Regardless of the economic impact and the regulatory oversight of projects, NIMBYism can be difficult to overcome, underlining the visceral nature of public opinion. While views on resource development may differ across regions and generations, positions can quickly change when projects are close to home.

Based on our research, polarizing narratives around resource development are also reinforced by Canada's environmental track record. In the context of lagging climate change policies relative to global trends, regulatory reforms introduced in recent years have raised public concerns about environmental stewardship across the country. Enacting legislative reforms through omnibus bills has contributed to perceptions of industry and government bias due to the lack of transparency and consultation. Critics are particularly concerned about the reduced scope and range of projects for environmental assessments, as well as tightened timelines for process completion. Despite some improvements in efficiency and efficacy, many participants believe that reforms may have inadvertently streamlined processes at the expense of regulatory legitimacy.

Rebuilding public trust in environmental stewardship is on the agenda of new governments in Ottawa and Alberta. In addition to developing a pan-Canadian climate change framework, the new Trudeau government has mandated the Ministers of Natural Resources, Indigenous and Northern Affairs, Environment and Climate Change, as well as Fisheries, Oceans and the Canadian Coast Guard to strengthen environmental assessment processes through rigorous oversight, meaningful consultation, evidence-based decisions and innovative technologies. Alberta's Climate Leadership Plan also introduces bolder action on greenhouse gas emissions. With the sense of urgency around climate change, governments will need to act swiftly on these priorities while continuing to foster conditions conducive to resource development across the country.

## **RISING INDIGENOUS EXPECTATIONS**

The Crown has a constitutional obligation to consult with affected Indigenous communities when considering activities that may adversely impact potential or existing rights. Failure to honour this duty to consult can lead to significant delays and even terminate projects. Many par-

ticipants expressed frustrations with governments down-loading consultation to industry without providing clarity on roles and expectations. Projects can involve multiple communities with diverse needs and capacities, as well as unsettled, overlapping and disputed land claims. Historical tensions, cultural differences and capacity issues also create additional layers of complexity. Despite increasing empowerment among Indigenous communities, socio-economic conditions and infrastructure constraints continue to prevent many from participating as equal partners in resource development.

While meaningful consultation continues to be a challenge, Indigenous communities have begun to expect not only shared benefits in resource development, but a greater role in resource governance. According to participants, some communities have developed their own frameworks for engagement and environmental assessment. Others have sought partnerships that feature impact benefit and co-management agreements, as well as equity and revenue sharing arrangements. A number of recent court decisions, such as the landmark [Tsilhqot'in case](#), have further reinforced the importance of working with Indigenous communities.

Aligned with such developments and more far-reaching than the duty to consult, the [UN Declaration on the Rights of Indigenous Peoples](#) (UNDRIP) calls on governments to apply the principle of free, prior and informed consent (FPIC) whenever Indigenous community interests are at stake. International organizations and resource-based economies around the world are already incorporating FPIC into their development practices. In support of broader efforts to renew Canada's relationship with Indigenous peoples, the federal government has endorsed the implementation of UNDRIP and made a commitment to support Indigenous participation in resource development. Although the exact implications for resource development are still unclear, FPIC may serve as an impetus for new models of shared governance. Yet introducing the concept of a nation-to-nation relationship without defining exactly what that means may cause further confusion and possibly delay future projects.

## REGIONAL AND SECTORAL CONTEXTS

Although all resource industries face the challenges discussed, public confidence is also nuanced by regional and sectoral dynamics. Based on our research, attitudes toward projects tend to be more positive in regions that are already heavily dependent on resource development and lack a strong civic culture. For instance, the general public in Newfoundland and Labrador is largely focused on economic opportunities, from royalties and employment to infrastructure and investments. However, the expectation for shared benefits is rarely balanced with the consideration of potential risks, even though resource projects involve environmental trade-offs and depend on economic cycles.

Similarly, public confidence issues do not always manifest in the same way across the resource sector, especially when the range of stakeholders and the scope of projects are different. As noted by participants, industries are at various stages of progress in gaining public trust and support. Many seem to agree that the forestry sector has made significant strides in building public confidence through cross-sector collaboration and community engagement. In addition to the commonly profiled Canadian Boreal Forest Agreement and the more recent Great Bear Rainforest Agreement, the Forest Stewardship Council has also introduced FPIC requirements to demonstrate ongoing commitment to sustainable resource development.

Across the resource sector, project proponents are learning what works and does not work in building trust. Each industry, however, faces its own set of constraints that can present additional barriers to public confidence. For the mining sector, greater public scrutiny has led to better sustainability and engagement practices, while balancing the priorities of multinational corporations and local communities continues to be difficult given commodity cycles, multiple stakeholders and steep operational costs. According to some participants, the sustainability of the fisheries sector is undermined by politicized interests, outdated legislation and competing policy mandates. With high profile controversies over pipeline projects, the oil and gas sector is currently at the centre of polarized debates over resource development in Canada. Although climate change concerns have placed greater pressure on all resource industries, gaining public support for energy development can be particularly challenging when proj-

ects typically span across multiple jurisdictions where economic benefits may not be apparent or equally distributed, especially at the local level.

## SHIFTING GLOBAL DYNAMICS

From climate action to economic volatility, global trends are further transforming the resource development landscape. New international climate change policies and politics are creating greater domestic pressure for more significant action. The signing of the Paris Climate Agreement in December 2015 may be a notable step in the right direction, although it remains to be seen how Canada will operationalize this commitment without sacrificing growth in already struggling economies across the country. What seems certain is the nature of the sector has been fundamentally changed.

Since mid-2014, oversupply rooted in shale developments in the United States and slower demand growth in Europe and Asia have driven oil prices down. Rystad Energy has reported close to \$230 billion USD in project deferrals, with 63 natural gas and oil developments now shelved or canceled.<sup>5</sup> Due to global market conditions and the financial risks associated with the oil sands, Canada has seen a dramatic decline in spending across the energy sector, with industry analysts forecasting a deferral of almost \$60 billion in projects unless oil prices bounce back.<sup>6</sup> Without greater access to international markets, many have argued that the country is also leaving money on the table as a captive supplier to the U.S.

Commodity price cycles are certainly not new to resource industries, but the severity of the current price slump is almost unprecedented for the oil sector. With growing investments in renewable energy and green technology around the world, Canada will need to consider the cumulative environmental impacts and the long-term economic merits of projects going forward.

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<sup>5</sup> <http://www.rystadenergy.com/NewsEvents/PressReleases/project-delays-commentary>  
<sup>6</sup> <http://www.woodmac.com/analysis/prefid-deferrals>

# WALK THE TALK: BUILDING PUBLIC CONFIDENCE IN TIMES OF CHANGE

HOW DO WE KNOW WHEN WE HAVE PUBLIC CONFIDENCE? How much consultation is enough? How can you reason with people who are ideologically opposed to any development? These are just some of the difficult questions commonly raised by industry leaders who understandably seek greater certainty in resource development. But they reflect an underlying bias toward eliminating obstacles to projects post- facto, instead of a genuine openness to weighing risks versus benefits in assessing the worthiness of a particular proposal. Although affected communities may see the economic opportunities that come with resource projects, they are also the ones who must bear the consequences of potential safety and environmental hazards, including implications for their local way of life. As the natural resource sector plays a significant role in our economy, how do we reconcile competing priorities without jeopardizing prosperity for all Canadians?

Despite increased awareness of what works and doesn't work in public consultation, practices on the ground continue to fall short of community expectations. Access to information and opportunities for engagement have not resulted in balanced public dialogue. Even ongoing efforts to improve regulatory systems and address climate change have been dismissed as inadequate or counterpro-

ductive. What we learned from our research is that public confidence is less about what you do and more about how you do it. Consultation is meaningless without accommodation. Engagement is worthless without authenticity. Oversight is pointless without accountability. And commitment is empty without action.

Public confidence is a multidimensional issue that cannot be addressed by any one sector alone. It is an ongoing challenge that requires willingness on the part of industry and government to shift their thinking and embrace a different approach based on shared governance with Indigenous communities, honest dialogue in public consultations, comprehensive oversight of projects and a common vision for sustainable development. Despite the challenges discussed, progress is happening across the country as industries and institutions learn what works and does not work in building trust. Some examples of good practices are profiled throughout this section. With changing contexts, all parties need to understand that building trust is an iterative, time-consuming process that does not stop at project approval. Where trust continues to be elusive, proceeding with development may prove to be a recipe for ongoing frustration and wasted effort.

*Public confidence is a multidimensional issue that cannot be addressed by any one sector alone.*



# DEMONSTRATE COMMITMENT TO SHARED RESOURCE GOVERNANCE

WHEN RESOURCE PROJECTS HAVE A DIRECT impact on First Nations, Inuit and Métis peoples, the Crown has a constitutional responsibility to ensure that affected communities have a role in the decision-making process. However, frequent disputes over the duty to consult suggest that Indigenous communities do not feel as if they are being treated as equal partners in resource development. Ongoing capacity issues also prevent communities from participating actively in consultations and benefiting fully from projects. To build trust with Indigenous peoples, governments need to fulfill their constitutional responsibilities. Project proponents also have to shift their approach to consultation by embracing Indigenous relationships as long-term assets rather than business transactions in resource development.

## THE ROLE OF GOVERNMENTS: HONOURING THE NATION-TO-NATION RELATIONSHIP

### Take responsibility for meaningful consultation

Many participants expressed frustrations over governments delegating the duty to consult to industry without clear guidance in navigating the complex landscape of Indigenous rights and title. In some jurisdictions, such as British Columbia and the Northwest Territories, dis-

putes over land claims can make it difficult to determine consultation requirements. Where unresolved tensions exist between governments and Indigenous groups, project proponents can face further obstacles to engagement. Under these ambiguous circumstances, governments can help identify the communities that need to be consulted and the complexities that have to be considered by project proponents.

Nevertheless, our research reveals that governments themselves may not even have a clear sense of their own roles and responsibilities, especially in cases where regulatory oversight spans across departments and jurisdictions. In fact, the B.C. Supreme Court recently ruled that the province cannot defer environmental assessments to federal regulators without consulting with affected First Nations as environmental regulation is an issue of shared jurisdiction. Greater coordination between governments can help address gaps and redundancies in Indigenous consultation.

While Indigenous consultation on the part of government usually takes place through formal regulatory channels, some participants noted that most of these processes are not reflective of shared resource governance. Without consulting Indigenous communities on the approach, most regulatory systems continue to prioritize Western science and include parameters that may not align with local interests or traditional ecological knowledge. For ex-

## SHARED GOVERNANCE

### Role of governments

- Play an active role in identifying key stakeholders in resource projects and bringing them together to collectively define expectations early in the consultation process.
- Clarify responsibilities in consultation to improve regulatory coordination when projects span across mandates and jurisdictions.
- Work with Indigenous communities to address ongoing socio-economic, infrastructure and skills gaps that prevent equal partnerships.

### Role of project proponents

- Recognize that successful partnerships require a long-term investment in building and maintaining relationships with communities directly affected by projects.
- Respect community perspectives by learning about local contexts, interests and concerns in relation to resource development.
- Be willing to work with communities to validate scientific information, define project benefits and ensure intended outcomes.

ample, boundaries being more diffuse in Indigenous cultures than in Western thinking can present challenges for land-use planning and management.

An exception is the collaborative model of environmental regulation established through land claim negotiations in the Northwest Territories. Participants emphasized that this type of co-management helps to ensure that the long-term, holistic needs of local communities are taken into consideration. In implementing the UN Declaration on the Rights of Indigenous Peoples in Canada, the federal government is currently exploring the Northwest Territories' collaborative consent approach, which presents a possible model for other jurisdictions going forward.

Governments and regulators currently provide general guidance on the duty to consult. They also emphasize that prior engagement with Indigenous communities can strengthen project applications. Based on ongoing challenges, however, a more active government role may be necessary to foster positive outcomes, especially with communities and companies turning to courts when consultations break down. For instance, the federal government or designated authority can bring together project proponents, affected Indigenous communities and other relevant jurisdictions to collectively define roles and expectations early on in the consultation process. Such a collaborative approach to decision-making can demonstrate mutual respect and establish accountability in consultations with Indigenous and non-Indigenous communities directly affected by resource projects.

### **Build capacity to support equal partnerships**

From time limitations and financial constraints to knowledge gaps and personnel shortages, various capacity issues prevent Indigenous communities from participating meaningfully in consultations. According to participants, these challenges place communities at a disadvantage, leading to a power imbalance in resource partnerships. As many projects affect under-resourced Indigenous communities, they are often overwhelmed by the number of consultations, the complexity of issues and the volume of technical information involved in resource development. Lacking their own independent expertise, communities can find it difficult to know what to trust in pronouncements by industry and government.

To address these barriers, the federal government has launched a range of programs to support community participation in resource development. [The National Energy Board](#)

## **LAND AND RESOURCE CO-MANAGEMENT IN THE NORTHWEST TERRITORIES**

The development of collaborative regulatory regimes in the Northwest Territories (NWT) was a part of the negotiations for four land claim agreements: the Inuvialuit Final Agreement, the Sahtu Dene and Métis Comprehensive Land Claim Agreement, the Gwich'in Comprehensive Land Claim Agreement, and the Tlicho Land Claims and Self-government Agreement. Through new and amended legislation, these agreements defined Indigenous rights over land and resources and created boards and other administrative bodies to oversee the regulation of land, water and environmental management in defined areas.

The Inuvialuit Final Agreement and the Mackenzie Valley Resource Management Act establish two regulatory systems in the NWT based on the principles of integration and coordination, as well as co-management between governments and Indigenous groups. Currently, 13 boards are responsible for preliminary screening of development proposals, environmental assessments and impact reviews, land use planning and wildlife management, as well as the issuance of water licenses and land use permits. These boards have members nominated and/or appointed by each of the Indigenous, federal, territorial governments. To enhance resource management, the NWT Board Forum provides a platform where boards can explore common interests and engage with industry, government and other stakeholders.

Modern treaties have helped to clarify roles and processes in the co-management of land, water and resources in the NWT. By ensuring Indigenous participation in decision-making, regulatory systems in the NWT have contributed to a more holistic approach to resource development that considers the economic, social and cultural well-being of local communities.

[Participant Funding Program](#) provides resources to affected communities to support their participation in regulatory processes. The Canadian Northern Economic Development Agency also established the [Community Readiness and Opportunities Planning fund](#) to enable Indigenous communities to benefit from economic development.

## INTEGRATED OCEANS MANAGEMENT ON THE WEST COAST OF VANCOUVER ISLAND

The west coast of Vancouver Island is one of the most diverse ocean ecosystems in the world, with the second largest fish catch in North America. Similar to other coastal areas, the region faces the complex challenge of balancing economic growth with environmental protection. In 1997, government, business and community leaders began working toward a shared vision for sustainable development through an inclusive process that helped foster trust and lay the groundwork for a collaborative approach to managing land, water and resources now replicated across the country.

Federal, provincial, Nuu-chah-nulth, and local governments established West Coast Aquatic (WCA) in 2001 as the first co-management body under the Oceans Act. Mandated to develop an integrated coastal strategy through shared decision-making, WCA finalized their coastal strategy in 2012. The

strategy includes a set of shared values, a common vision with defined goals and objectives, action plans to address priority issues, spatial plans for specific areas, tracking systems to monitor ecosystem usage and health, and a database and library of social-ecological science.

This strategy respects jurisdictional authority, Indigenous title and rights, and existing regulatory processes and plans. It not only provides the best available guidance, knowledge and tools to support decision-makers, but also serves as the foundation for further partnerships and innovations. In addition to improving ecosystem governance, the inclusive process of developing the strategy has produced a number of concrete results, such as increasing training and employment opportunities, enhancing species and habitat health, as well as building local knowledge, awareness and partnerships.

With Indigenous communities increasingly seeking concrete partnerships with project proponents, helping to build local capacity will be imperative to shared resource governance. Industry can provide equity in projects and supports in education and training as part of impact benefit agreements (IBAs). Renewing a nation-to-nation relationship, however, will require governments to work with Indigenous communities to address ongoing socio-economic and infrastructure gaps that prevent them from participating as equal partners in resource development. Whether through adequate funding or revenue sharing models, governments have a responsibility to fulfill their duty to consult and accommodate Indigenous communities.

### THE ROLE OF PROJECT PROPONENTS: TRANSFORMING THE CULTURE OF ENGAGEMENT

#### **See relationships as assets rather than obligations**

Although governments can certainly help level the playing field for Indigenous communities, building trust in resource development ultimately lies with project proponents as the system is currently constituted. Most resource companies today are aware of best practices

in Indigenous consultation and accommodation. Some have even sought the advice of external experts and consultants. However, real impact is not simply a matter of knowing what steps to take and checking a to-do list. Based on our discussions, companies that succeed at Indigenous partnerships see relationships as a valuable asset rather than a regulatory requirement. It was observed by one major government player that while certain companies will patiently invest in years of relationship building with potential partners in Asia, they rarely take the same approach when it comes to building long-term trust with domestic Indigenous groups.

Project proponents who embrace a longer-term view take full responsibility for relationship building instead of contracting out this work or waiting for governments to take the lead. To demonstrate respect and commitment at the top, their leaders take the time to personally visit communities and meet with local leaders. Many participants agreed that providing Indigenous communities with access to decision makers proves that organizations are serious about working together. Direct engagement also allows leaders to gain a better understanding of local dynamics and priorities.

Those who value relationships play the long game of resource development, recognizing that patience and



## COLLABORATION AGREEMENTS BETWEEN COMECON AND COMMUNITIES IN NORTHERN SASKATCHEWAN

Saskatchewan's Athabasca Basin is a leading source of high-grade uranium. Over the past 25 years, Cameco Corporation has developed a strong track record of working with Indigenous communities in the region to ensure shared benefits from mining operations. In 1999, the company signed one of Canada's first impact management agreements with seven local communities. Recent collaboration agreements further reflect Cameco's long-term commitment to equitable partnerships.

To formalize existing relationships and build community support for the Millennium mining project (AREVA sold its stake to Cameco in 2012), Cameco signed collaboration agreements with the Northern Village of Pinehouse and Kineepik Métis Local Inc., as well as English River First Nation in 2012 and 2013. The agreements reflect the five areas that Cameco prioritizes in its corporate responsibility strategy: workforce development, business development,

community investment, community engagement, and environmental stewardship. One distinct feature is the allocation of investments to long-term trusts managed by each community. Both agreements are living documents that signing parties jointly review on a regular basis to ensure that outcomes continue to meet expectations.

Over the years, Cameco has made an effort to move toward more equitable partnerships where communities can define their own needs and build local capacity through a production and revenue sharing model. This collaborative approach has improved community support for projects, reduced hurdles in licensing and enhanced local workforce retention. Open dialogue has also enabled Cameco and the communities to build mutual understanding and benefit from knowledge sharing.

## COLLABORATION AGREEMENT BETWEEN GOLDCORP AND THE CREE NATION IN QUEBEC

Located in the mineral-rich James Bay region of Quebec, Goldcorp's Éléonore gold project is expected to become the largest gold mine in Canada. After four years of working to secure community support for the project, Goldcorp signed a collaboration agreement in 2011 with the Cree Nation of Wemindji, the Grand Council of the Cree, and the Cree Regional Authority that focused on aligning interests and providing sustainable value for all.

Defining collaboration throughout the lifespan of the mine, the agreement includes provisions for employment and business opportunities, training and education initiatives, as well as mechanisms for fixed payment and future profitability. The agreement also reflects Goldcorp's commitment to protecting the environment and respecting traditional practices in accordance with the principles of the Cree Nation

Mining Policy. To arrive at this agreement, Goldcorp made an effort early on to build relationships and work collaboratively with the Cree Nation as a whole. Instead of discussions around a pre-determined plan, the process was much more open, enabling all parties to have a say on how development should take place in the region.

Under the terms of the agreement, the Cree Nation becomes a partner in the development and operation of the mine. Anticipating the need for 300 to 400 employees, Goldcorp is investing in a Cree training centre to develop local talent in a wide range of areas, from project management to specific trades. Since signing the collaboration agreement, Goldcorp has also put in place world-class infrastructure, including a 70-kilometre all-weather road and a fully staffed airport at the mine site.

hard work today will eventually translate into trust and cooperation down the road. Failing to build relationships from the start can jeopardize development as communities may rely on courts and activists to tie up approval processes and project operations. In times of economic downturns and environmental disasters, organizations that have built strong relationships with Indigenous communities may also have a better chance of finding collaborative solutions with local stakeholders.

### **Shift from selling projects to understanding communities**

One of the key themes throughout all our discussions was the importance of honest, candid dialogue, especially in the context of Indigenous relations. If there is no buy-in for the process, much of the content will be irrelevant. While consultations take place, participants were concerned about the tendency of project proponents to talk at people rather than listening to their perspectives. Faced with economic and environmental trade-offs, Indigenous communities need accurate information to make difficult decisions about their future. However, industry often continues to approach consultation as a public relations exercise rather than a real commitment to shared decision-making.

To establish trust in the consultation process, the focus must shift from selling projects to understanding communities. Similar to personal relationships, building trust starts with being open and honest. Projects proponents need to listen to community perspectives and respond to their concerns. As communities and project proponents have different needs and interests, all parties must be upfront about their priorities to arrive at a common understanding and an equitable approach to development. Some participants noted that consistency in approach is sometimes an issue. Even though leaders see value in building relationships with Indigenous communities, an enterprise-wide shift in thinking is often more difficult to achieve. Beyond the importance of establishing a common culture of engagement, participants highlighted the need to build organizational competencies. In addition to committed leadership, frontline workers must be effective bridge builders with listening and negotiation skills.

Project proponents also need to appreciate the fact that Indigenous communities are diverse, with different contexts, capacities, priorities and expectations. A one-size-fits-all approach to consultation and accommodation reflects a lack of respect for the uniqueness of each community. Like the broader public, opinions on resource development are not homogeneous. Generational differences exist, as do



NIMBYism and different forms of activism. While some project proponents continue to take the divide-and-conquer approach to building community support, successful ones take the time to work with the whole community by listening to different perspectives and being open to compromise.

### **Move from consultation to accommodation**

Indigenous communities are not opposed to resource development but want to see a fairer, more collaborative approach that aligns with the broader goal of reconciliation. Some project proponents, however, remain stuck on consultation when communities are increasingly expecting accommodation. According to participants, it is not uncommon for resource companies to come into Indigenous communities with a predetermined wish list focused on employment and compensation while communities not only expect shared benefits, they want to actually define them based on their own priorities.

A telling example of the need for meaningful accommodation is the Lax Kw'alaam First Nation's objection to the \$1B Petronas deal to build the Pacific Northwest

LNG project based largely on the potential risks to salmon spawning grounds. It is not enough for project proponents to conduct scientific studies, affected communities must also be given the opportunity to validate the science through independent experts whose peer-reviewed assessments are respected as part of a fair process.

While project proponents should not presuppose what communities need, they can certainly benefit from doing their homework on local dynamics and building relationships long before they even have a proposal. When consultation takes place after a proposal has been developed, project proponents need to be willing to listen to community perspectives and make the necessary changes to better reflect local priorities. Once projects are underway, accommodations must be properly managed to maintain trust. For instance, a good IBA includes ongoing engagement and monitoring to ensure that accommodations are properly executed.

# FOSTER PUBLIC UNDERSTANDING THROUGH HONEST DIALOGUE

ENGAGING THE BROADER PUBLIC is just as important as consulting with directly affected communities in this new environment of fast-moving information and social media, where issues go viral and dialogue is easily controlled by others. Citizens are rightfully concerned about public safety and environmental risks. Proponents are constantly burdened with market and investment pressures. Governments are faced with the ongoing challenge of balancing competing interests through a siloed, bureaucratic system. The result is a public sphere dominated by parallel conversations as groups come together only to talk at rather than to listen to each other. Due to the high stakes involved, all parties need to appreciate their role in contributing to constructive public dialogue, from raising awareness and accepting criticism to expanding engagement and prioritizing communication.

## THE ROLE OF REGULATORS: RAISING AWARENESS OF CHECKS AND BALANCES

Despite ongoing improvements in environmental regulation across the country, recent attempts at streamlining processes have raised concerns at a time when public confidence in institutions is already in decline. Given the current context, the old approach of staying out of the limelight is no longer an effective strategy for regulators and government departments involved in resource development. With limited public awareness of regulatory regimes, a number of participants recommended clarifying the role of regulators and being transparent about impact to prevent others from setting the narrative.

Instead of being defensive and taking their legitimacy for granted, regulators need to demonstrate why they should be trusted in the first place. The public needs to understand who plays a role in environmental regulation, what is assessed, how concerns are addressed, and how regulatory compliance is monitored and enforced over the lifecycle of a project. Greater transparency about regulatory decisions can also help contradict the impression that processes favour proponents, as some proposals get rejected and others undergo multiple revisions after stringent assessments.

Regulators are realizing that they need more than technical excellence to build trust. Faced with growing public concerns about the environmental impact of energy development across the country, the National Energy Board just completed a cross-country initiative to better understand public concerns and expectations around pipeline development.

## THE ROLE OF GOVERNMENTS: PROMOTING INFORMED DEMOCRATIC DEBATE

Most regulators are independent bodies that play a role in implementing public policy but lack the mandate to change it. In resource development, the regulatory process tends to be the only formal platform for public feedback. These constraints have turned regulatory regimes into default targets for policy issues like climate change and Indigenous relations, even though their processes are not designed to address such broad concerns.

## HONEST DIALOGUE

### Role of regulators

Clarify the role of regulators and ensure transparent decision-making to increase public understanding of the impact of regulatory systems.

### Role of governments

Support informed public debate by providing more platforms for exploring the broader implications of resource development.

### Role of project proponents

Promote meaningful public engagement by respecting all views, responding to concerns and providing accessible information.



## THE NATIONAL ENERGY BOARD'S NATIONAL ENGAGEMENT INITIATIVE

Established in 1959, the National Energy Board (NEB) is an independent federal agency that regulates interprovincial and international petroleum pipelines, international and designated interprovincial power lines, as well as petroleum exploration and development in areas not covered by provincial or federal agreements. In response to growing public scrutiny and controversy over energy infrastructure, the NEB launched the [National Engagement Initiative](#) in November 2014 to better understand public concerns and expectations regarding pipeline safety and environmental protection.

To continue to improve practices and increase public trust, the NEB recognized the need to connect with a broad range of stakeholders and inform Canadians about energy regulation. Through the National Engagement Initiative, the NEB heard from municipal and provincial officials, Indigenous organizations, environmental groups, first responders and academics, professional and industry organizations,

as well as landowners and interested citizens. In addition to meetings with 80 stakeholder groups in 34 cities across the country, the public engagement process included a pipeline safety forum attended by 400 participants and an online discussion forum with 27,500 participants.

Based on the outcomes of the National Engagement Initiative, efforts are underway at the NEB to enhance relationships with municipalities and Indigenous communities, environmental and safety measures, and access to information on emergency management plans. Specific developments include public consultation on company emergency response plans, the launch of a pipeline incident map, online access to NEB inspection reports, and the creation of regional NEB offices in Montreal and Vancouver. The cross-country engagement process has reinforced the value of public dialogue and the need to continue the conversation with stakeholders.

## THE SOCIAL ACCEPTABILITY WORKSHOP IN QUEBEC

Recognizing the need to respond to increasing public concerns about resource development, the Ministère de l'Énergie et des Ressources naturelles (MERN) launched a province-wide engagement initiative on social acceptability in 2014. To complement a range of recent measures aimed at promoting sustainable development, MERN sought a cross-section of perspectives on four main areas: the role of authorities, participatory approaches, the cumulative effects of projects, and benefit-sharing mechanisms. Interested citizens, Indigenous communities, stakeholder groups, and elected representatives participated in 25 discussion panels and submitted 41 briefs as part of the process.

Outcomes of the social acceptability initiative revealed the need to focus on broad consensus instead of unanimity, improve public understanding of ministry responsibilities, create participatory approaches to land-use planning, and provide better support and communication throughout environmental authorization processes. Based on these findings, MERN proposed the following departmental guidelines: raise awareness of its roles and responsibilities in land-use management; make the mechanisms for land-use planning more transparent, participatory, and up-to-date; establish predictable information and consultation processes at all project stages; promote shared benefits for host communities; and take social acceptability factors into account in assessing projects.

Following the 2015 public engagement process, MERN tabled departmental guidelines for social acceptability in a green paper, which will be reviewed by the Committee on Agriculture, Fisheries, Energy and Natural Resources of the National Assembly. The guidelines proposed in the green paper demonstrate Quebec's commitment to a more collaborative approach to sustainable resource development where governments, project proponents and community stakeholders work through concerns and interests in a constructive manner.

While it is important to appreciate the limitations of regulatory processes, the lack of meaningful opportunities to engage citizens on resource development continues to allow polarizing views to shape public perceptions. According to some participants, it may be advisable for regulators to reconsider the scope of the discussion based on the level of controversy to ensure effective public consultation.

Considering the narrow scope of regulatory processes, all orders of government can play a greater role in facilitating balanced public dialogue on resource development. Despite the importance of the resource sector in Canada, much of the public remains largely disconnected from the realities of an industrial economy – they want access to the benefits while failing to connect them to the resource developments at their heart.

According to some participants, the absence of honest dialogue has not only perpetuated the gap between citizen and consumer expectations, but also jeopardized economic opportunities for communities. Canadians need more public platforms to collectively confront the trade-offs of proceeding or not proceeding with specific projects. In addition to broader public discussions on resource development, re-establishing multi-stakeholder committees can connect governments to diverse perspectives and help all parties find common ground on a range of issues.

## THE ROLE OF PROJECT PROPONENTS: LISTENING TO DIVERSE INTERESTS AND PERSPECTIVES

Based on our research, industry must move from a focus on public relations to genuine engagement, whereby concerns are heard rather than countered with spin. It is especially important to address issues in a way that is relevant to the public. Promoting the economic value of resources is futile when citizens really want bolder action on climate change. Project proponents need to realize that Canadians increasingly expect more from industry.

With all sectors under greater public scrutiny, reputational risk is an ongoing concern in a time of increasing global competition and economic volatility. One mistake or accident can easily turn into a loss of public confidence, which can have a significant impact on growth and investment. Nevertheless, industry approaches to engagement

## THE ENERGY FUTURES LAB IN ALBERTA

From increasing market access for oil to ensuring community and environmental well-being, the future of energy development concerns all Albertans. In 2015, Suncor Energy, The Banff Centre, Pembina Institute and The Natural Step established the [Energy Futures Lab](#) (EFL) as an Alberta-based, multi-sector initiative where a diverse cohort of leaders jointly develop collaborative opportunities over a three-year period to address current and emerging energy challenges.

Forming the core of the EFL, 30 to 40 fellows will be selected from among innovators and influencers across industry, government, non-profit organizations, Indigenous communities, academia and interest groups engaged in energy issues. Through a shared learning process, the fellows will build a common vision for the future of Alberta's energy system and co-create projects that support the desired transition. By

connecting their networks and the broader public into this important dialogue, the fellows will co-ordinate action across a range of organizations and begin to shift the narrative about energy.

The EFL will enable experimentation, prototyping and scaling of new and existing initiatives to accelerate the transition to a low-carbon energy future. In particular, solutions will focus on supporting the priorities outlined in Alberta's [Climate Leadership Plan](#), such as phasing out coal pollution, transitioning to renewable energy, adapting to carbon pricing, reducing methane emissions, and adhering to the oil sands emission limit. The EFL is an important step toward replacing polarized debates with a constructive process for change. The goal is to engage wider audiences, foster new leaders, and build a pool of collaborators to help Alberta prepare for and shape its energy future.

continue to reflect a lack of respect for public concerns and priorities. Some are dismissive of opposing viewpoints, while others assume that they can simply hire a team of experts to manage communications.

Industry needs to invest in meaningful public consultation and ongoing public engagement. Many of the leaders we spoke to were quick to point out that there is no simple formula for building public trust. Project proponents need to be humble, patient, empathetic and prepared to work hard. Disregarding environmental activists will only motivate them to put up more barriers to development. Although working with interests often seen as enemies can be frustrating, it is also important to see things from the perspective of local residents who will have to bear the potential risks of development.

As dynamics keep changing in the resource sector, project proponents need to take a long-term view that recognizes the value of ongoing public dialogue. They should also strive to be just as proactive as their opponents by investing in effective communication and providing accessible information on key areas of public interest, including risk mitigation measures and environmental innovations.

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# ENSURE COMPREHENSIVE OVERSIGHT TO MINIMIZE RISKS

RESTORING TRUST IN REGULATORY SYSTEMS requires more than public engagement. With the widening gap between social expectations and legislative frameworks, participants highlighted the importance of ensuring comprehensive oversight of resource projects. To address growing concerns over public safety and climate change, regulators and governments need to consider a more holistic approach to assessing projects and make sure that they are carefully monitored from start to finish. To build industry credibility, participants recommended external validation and greater transparency.

## THE ROLE OF REGULATORS: STRENGTHENING ACCOUNTABILITY IN LIFECYCLE MANAGEMENT

Effective regulatory oversight is a critical component of sustainable resource development, but best-in-class standards continue to evolve as contexts change and public demands increase. Noting that regulatory excellence requires a significant investment in time, funding and capacity, participants identified different areas for improvement, from assessing cumulative effects and ensuring lifecycle monitoring to integrating Indigenous knowl-

### COMPREHENSIVE OVERSIGHT

#### Role of regulators

Improve accountability by ensuring effective compliance monitoring, enforcement and reporting throughout the lifecycle of projects.

#### Role of governments

Enhance coordination across regulatory systems to meet demands for more holistic approaches to managing environmental impact.

#### Role of project proponents

Build credibility by sharing risk management measures, validating responsible practices and being proactive when problems occur.

### THE MINING ASSOCIATION OF CANADA'S TOWARDS SUSTAINABLE MINING PROGRAM

In 2004, the Mining Association of Canada (MAC) established the [Towards Sustainable Mining](#) (TSM) program to promote responsible industry practices by strengthening accountability, transparency, and credibility. Guided by the principles of TSM, MAC members strive to demonstrate leadership through community engagement, environmental stewardship, and commitment to public health and safety.

TSM provides a set of tools and metrics to evaluate industry management systems under six performance areas: aboriginal and community outreach, energy and GHG emissions management, tailings management, biodiversity conservation management, safety and health, as well as crisis management planning. Mandatory for all members, participation in TSM involves annual operational assessments that help inform local communities about the performance of nearby mines. TSM is the only mining-specific

industry standard that includes facility-level public reporting and independent verification. A Community of Interest Advisory Panel provides a platform for members and stakeholders to discuss issues of common interest and work together to continually enhance program impact.

As reporting has enabled mining companies to identify gaps and develop solutions, members have seen improvements across all six performance areas. More information on member sustainability and inclusive dialogue through the advisory panel has increased industry credibility. TSM has also been recognized as one of the best industry association sustainability initiatives in the world, receiving the GLOBE Award for Environmental Excellence in 2005 and ranking "best-in-class" in independent studies conducted by Five Winds and Canadian Business for Social Responsibility

## THE ALBERTA ENERGY REGULATOR'S COMPLIANCE DASHBOARD

In 2013, the Alberta Energy Regulator (AER) became the single regulator of energy development in the province. Overseeing all hydrocarbon resource projects throughout their entire lifecycle, the AER has the authority to make decisions on development applications, monitor for compliance assurance, and decommission projects. It also has the power to grant approvals for development activities under public lands and environment statutes. When industry fails to comply with requirements, a range of compliance tools are available to the AER, including sanctions, penalties, and prosecution.

The AER conducts thousands of compliance activities each year. As part of broader efforts to become a best-in-class regulator, the AER introduced its [Compliance Dashboard](#) in 2015 to improve transparency in oil

and gas regulation. Replacing the incident reporting tool and the Monthly Enforcement Action Summary, the online dashboard shows the impact of the AER by providing accessible information on incidents, investigations, as well as compliance and enforcement actions. In particular, the dashboard highlights non-compliances with potential risks to public safety, the environment and resource conservation.

Although information on compliance activities were already available through the Freedom of Information and Protection of Privacy Act (FOIPPA) process, the AER has enhanced transparency and accessibility by creating an easy-to-use platform. In addition to informing Albertans about industry practices, the dashboard improves how the AER communicates its role in holding industry accountable.

edge and diversifying board representation. With the current spotlight on energy development, access to pipeline data has become especially critical to ensuring that regulators are holding project proponents accountable. Both the National Energy Board and the Alberta Energy Regulator have recently made compliance and enforcement activities available online, which reflects a promising trend toward greater transparency. As regulators continue to seek improvements in documentation and communications, annual state of play and benchmarking reports may be worth considering as part of a broader strategy for restoring confidence in Canadian regulatory systems.

### THE ROLE OF GOVERNMENT: BRIDGING THE GAP BETWEEN EXPECTATIONS AND FRAMEWORKS

In Canada, jurisdictional divisions prevent the development of a national standardized approach to environmental regulation. Although equivalency mechanisms have been introduced to avoid duplication, diverse regulatory frameworks can make it difficult for industry to determine obligations for projects that span across different jurisdictions. For citizens concerned about environmental impacts, such divisions can be seen to perpetuate a piecemeal system where assessments are focused on only one component of the project. Recent injunctions over the Energy East pipeline project demonstrate how

siloes environmental regulation is not aligned with public expectations for climate action. Governments have an opportunity to work together to modernize regulatory processes to better meet changing needs and expectations.

### THE ROLE OF PROJECT PROPONENTS: INCREASING CREDIBILITY IN REGULATORY COMPLIANCE

With declining trust in institutions, industry cannot be complacent. Instead of relying on rhetoric, participants stressed the importance of accountability in risk management. It is essential for industry to demonstrate the impact of safety and environmental measures, as well as admit to mistakes and address issues when they arise. To enhance credibility, participants recommended independent oversight, whether through rigorous third-party validation or community monitoring programs. They also need to set performance standards and be transparent about metrics and outcomes. To build further credibility with Indigenous communities, in particular, industry can include local leadership representation in sector associations and launch joint initiatives in environmental research and monitoring. Regardless of the approach to risk management, organizational culture affects performance. In addition to strong leadership, organizations need buy-in at all levels to ensure that safety and environmental measures are properly taken.

# FORGE A COMMON VISION FOR SUSTAINABLE DEVELOPMENT

IN ADDITION TO CHALLENGING THE STATUS QUO in governance, dialogue and oversight, Canada needs a new game plan for sustainable resource development to build public trust. Many participants seemed to agree that vague standards and inconsistent practices in the natural resource sector contribute to growing concerns around public safety and environmental impact. They also stressed that managing economic risks will be critical to Canada's long-term competitiveness. While governments need to work together to set decisive policy objectives, successfully moving forward with a common vision requires collaboration and innovation across sectors.

## THE ROLE OF GOVERNMENTS: SETTING DECISIVE POLICY DIRECTIONS

Based on our discussions, a long-term vision for resource development must be aligned with a well-defined national strategy on climate change. Until now, governments have largely focused on incremental change despite growing public demand for bolder climate action. In fact, some participants see declining public confidence in resource projects as a direct result of government policies that continue to favour conventional energy over renewable sources. From reducing carbon emissions to incentivizing green technologies, clear and consistent policy direction on climate change can also help inform business practices and investment decisions across the natural resource sector. Although Canada has signed the Paris climate agreement, the federal government is still working to build consensus on a pan-Canadian framework. Questions also remain about how to appropriately address the economic costs of climate action, which will certainly play out differently across sectors and regions.

## THE ROLE OF RESOURCE INDUSTRIES: DISRUPTING BUSINESS AS USUAL

Just as governments across the country have an opportunity to build a common approach for sustainable prosperity, some participants believe that it may be in the best interest of each industry to establish a sectoral vision for sustainable development. For instance, Canada's oil and gas sector will need to rethink business models as investments in renewable energy and advancements in energy storage are transforming the global marketplace. From electric vehicles to the internet of things, disruptive technologies are not only changing the demand for energy, but also the production of conventional sources. Some progressive companies across the resource sector are prioritizing and sharing innovations that make their businesses more efficient and sustainable. Combined with clear policy directions, deeper commitment to sustainable practices across sectors can encourage greater progress as companies agree to common principles and standards. Such collaboration can also extend to public engagement efforts that help raise awareness of industry contributions to a low-carbon economy.

*While governments need to work together to set decisive policy objectives, successfully moving forward with a common vision requires collaboration and innovation across sectors.*

### COMMON VISION

#### Role of governments

Provide clear, consistent policy direction on climate change that is balanced with appropriate measures to address economic risks.

#### Role of resource industries

Develop common principles and standards for each sector to mobilize collective action toward a more sustainable future.



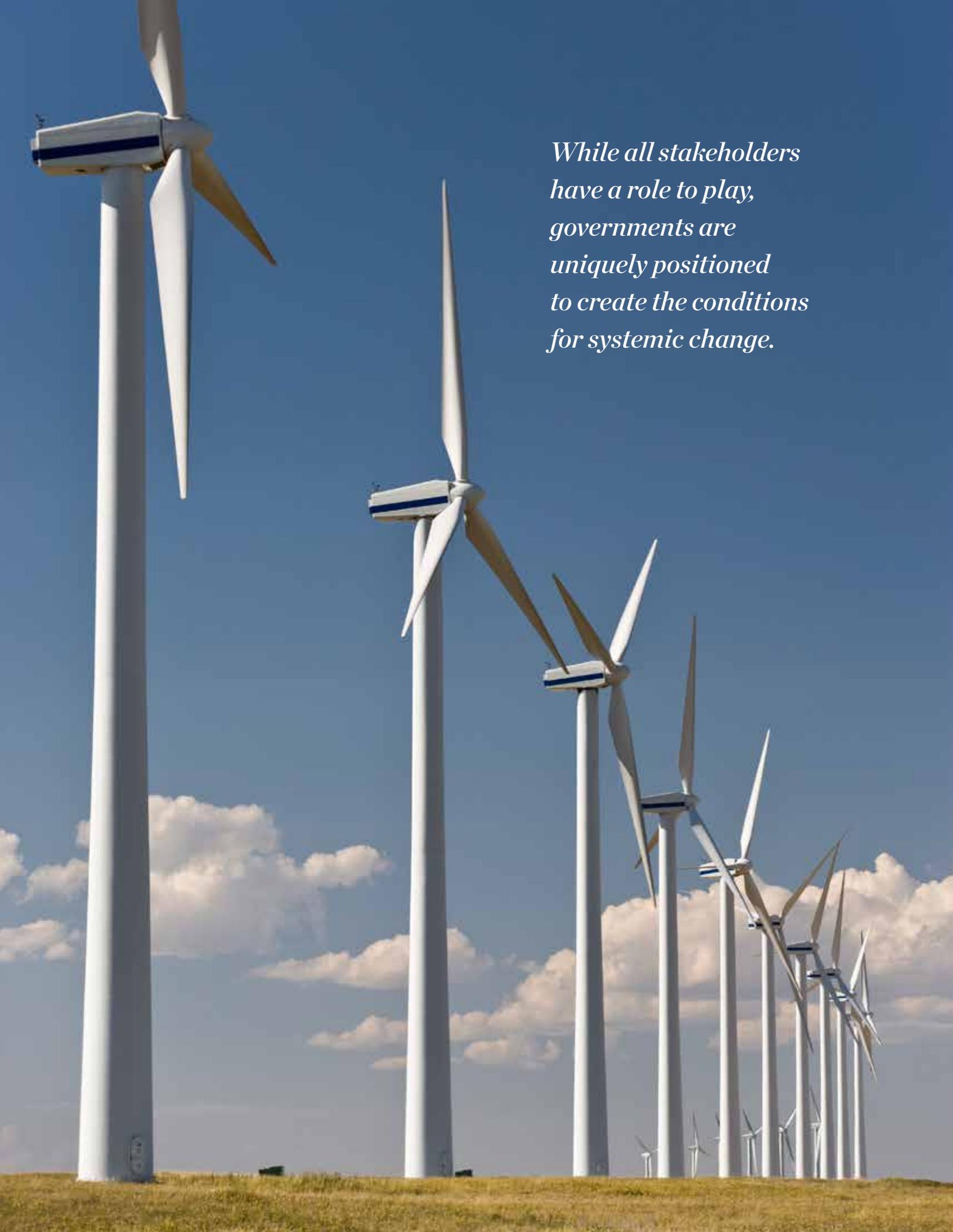
## CANADA'S OIL SANDS INNOVATION ALLIANCE

Canada's Oil Sands Innovation Alliance (COSIA) is a consortium of 13 oil sands companies committed to accelerating improvements in environmental performance across their industry through collaboration. Representing almost 90 percent of the oil sands production in Canada, members of COSIA work together to develop and share green technologies. The COSIA approach to innovation helps to reduce duplication and ensure cost-effectiveness while maintaining intellectual property rights.

Members bring together leading experts across sectors to share ideas, information and solutions that can help improve environmental performance in four priority areas: tailings, water, land and greenhouse gases. Many projects involve external partnerships that allow COSIA to leverage skills, knowledge and capacity outside of the oil sands sector. All members of COSIA contribute to the process and each has access to the data and expertise of other members.

For instance, one member may develop a new technology and grant royalty-free patent-use rights to other members. This collective model is an industry first, as intellectual property tends to be guarded by companies.

To date, members have shared 814 technologies that cost almost \$1.3 billion to develop. COSIA has an active project portfolio of 242 projects with a price tag of about \$440 million. An example of COSIA's concrete impact is the 36 percent decrease in freshwater consumption for underground operations as a result of sharing technology. COSIA has also teamed up with NRG Energy to sponsor the [Carbon XPRIZE](#), a global competition to develop innovative strategies for converting CO<sub>2</sub> emissions into valuable products, such as building materials, low emission fuels, or everyday consumer goods.

A row of white wind turbines stands on a grassy hill under a blue sky with scattered white clouds. The turbines are arranged in a line, receding into the distance. The sky is a clear, vibrant blue, and the clouds are soft and white. The wind turbines are tall, slender structures with three blades each, and they are all oriented in the same direction. The overall scene is bright and clear, suggesting a sunny day.

*While all stakeholders  
have a role to play,  
governments are  
uniquely positioned  
to create the conditions  
for systemic change.*

# RESOURCE DEVELOPMENT IS A COLLECTIVE RESPONSIBILITY

Project proponents may seek certainty in resource development, but failing to accept complexities from the start only leads to greater uncertainty down the road. From our discussions with leaders across sectors, we have learned that public confidence is not something that can be ignored, trivialized or reduced to a simple checklist of activities. Building trust in resource development depends on respectful attitudes as much as meaningful actions. Indigenous communities directly affected by projects need to be engaged as equals with a role in decision-making. Public concerns must be heard and addressed through genuine dialogue and balanced debate. Cumulative impacts and potential risks have to be carefully considered and effectively managed throughout the lifecycle of each project. Canada also needs to develop a forward-looking strategy for resource development that balances environmental protection with economic resilience.

Shared governance, honest dialogue, comprehensive oversight and a common vision cannot be achieved without genuine commitment from all parties, including citizens, communities and interest groups, as well as governments, regulators and project proponents. Resource development ultimately affects and implicates everyone. We need to accept our role as consumers and producers of natural resources. We also need to reconcile difficult trade-offs as citizens who care about the environment and also value a comfortable standard of living. As our interests are interconnected, we need to work together to promote long-term prosperity for all Canadians. To begin restoring public confidence in resource development, our common focus must shift toward meaningful accommodation, constructive engagement, proven accountability and collective action. While all stakeholders have a role to play, governments are uniquely positioned to create the conditions for systemic

## SHIFTING FOCUS TO BUILD PUBLIC CONFIDENCE





change. Included below are recommended next steps for rebuilding trust in processes and institutions that shape resource development in Canada:

- Establish shared governance platforms and frameworks to facilitate inclusive decision-making. The federal government or designated authority can bring together project proponents, affected Indigenous communities and other relevant jurisdictions to collectively decide on the best approach for consultation, research and accommodation. Rather than creating new institutions, the Major Projects Management Office and the Northern Projects Management Office may be well-positioned to serve this function.
- Create ongoing opportunities for meaningful public engagement and cross-sector dialogue. Genuine engagement and greater transparency can help ensure that the concerns of citizens and interest groups are heard and addressed. To complement public consultations on specific projects, the federal, provincial and territorial governments can re-establish multi-stakeholder committees for each resource sector to foster mutual understanding and find collaborative solutions to issues of common interest.

- Modernize regulatory processes to replace piecemeal approaches with integrated oversight. From assessing cumulative effects to improving lifecycle monitoring, closing the gap between public expectations and regulatory frameworks will require all levels of government to work together to improve coordination among existing authorities. To meet the long-term, holistic needs of Indigenous communities, governments can also explore opportunities for the co-management of land and resources.
- Chart a clear path forward on climate change by harmonizing strategies across the country. From reducing carbon emissions to incentivizing green technologies, clear and consistent climate action can help drive sustainable practices across the natural resource sector. Strategies also need to address the economic implications of transitioning to a low-carbon economy. Policymakers will need to work with industry and other sectors to anticipate and deliver the supports required to move forward with a common vision for sustainable prosperity.

# APPENDIX: LIST OF INTERVIEWEES AND ROUNDTABLE PARTICIPANTS

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**Ian Anderson**

*President*

Kinder Morgan Canada

**John Barrett**

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