

*What We Heard Report: Issues and Opportunities*  
Stakeholder Engagement  
Regulatory Enhancement Project

August 4, 2010 (Revised)

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# 1. EXECUTIVE SUMMARY

## 1.1. Background

*Energizing Investment*, the March 2010 report on Alberta's competitiveness in the oil and gas industry pointed to a need for improvement in Alberta's regulatory system. The Regulatory Enhancement Project (REP) has been undertaken with the belief that Alberta can be more competitive while maintaining a high level of commitment to safety and environmental standards. The REP includes three rounds of engagement sessions with stakeholders from the oil and gas industry, government and other broad interest groups. These broad interest groups include: First Nations, municipalities, environmental non-government organizations (ENGOS) and landowners. Over the course of the project the stakeholders will have opportunities to provide input on a variety of topics pertaining to the design of Alberta's policy assurance (or regulatory) system.

A policy assurance system refers to the systems, processes and capacities government uses to assure that the intended results of public policy are being achieved. Policy assurance may use a variety of tools, including regulation, program evaluation, performance standards, incentives, and cross-compliance mechanisms.

In the first round of sessions, hosted and attended by the MLA Task Force that is leading the Regulatory Enhancement Project stakeholders were invited to participate in discussions about the future of Alberta's policy assurance system. The Regulatory Enhancement Project (REP) also created a stakeholder website as an additional method of communicating with *all* stakeholders and accepting their feedback. The website accepted feedback through a questionnaire similar to what was discussed during the first round of the engagement process. This report is a summary of the website questionnaire results, meetings with industry stakeholders and four, half day sessions that were held with broad stakeholders, including perspectives from municipalities, ENGOS and landowners. A workshop with First Nations will be held in August.

The output from the stakeholder sessions will be provided for consideration to the design team, a group of experts who are developing the recommendations for contemplation by the MLA Task Force. While this report contains specific issues that were raised in the stakeholder engagement sessions regarding the regulatory system, it is important to note that not all of the issues are in scope for the Regulatory Enhancement Project; or that they may be addressed at a strategic level in the system design work. The issues described in this report have not been validated.

## 1.2. Key Findings from the Stakeholder Sessions and Website

Stakeholders put forward a variety of issues and ideas in the course of the sessions and through the website questionnaire. This executive summary highlights the common themes for design principles, issues and solution ideas that arose in each of the sessions and the website, as well as the specific issues and solutions raised by each group.

### 1.2.1. Common Themes

The following themes for design principles, issues and solutions were consistent across the workshops, meetings and website questionnaire responses:

#### **“Competitiveness drivers” as the basis for design principles**

Stakeholders indicated that the competitiveness drivers (*Fair, Predictable, Efficient, Effective and Innovative*) provide a good foundation for developing design principles. Suggestions were made regarding definitions and application of these terms. It will be important for the design team to define these terms to ensure common assumptions. The workshop participants provided several suggestions for additional terms that could be included such as transparent, ethical, innovative and streamlined.

It was felt that it is important to continually review the system implementation and the design principles that underpin it and compare to best practices in other jurisdictions. It was heard throughout the workshops that the current system has undergone limited review since its inception and as a result has components that seem to exist simply because “things have always been done that way.”

#### **Need for system simplification**

The structure and processes of the current regulatory system are perceived by stakeholders as being onerous and complex with differing, and sometimes contradictory, policies and regulatory practices of Government of Alberta (GoA) departments. Stakeholders indicated that not all GoA departments seem to be following the same “rule book” or they apply policies in different ways. Providing education / training sessions for involved parties were suggested as a way to manage an apparent lack of understanding of the system and the roles of various players in it. A one-window approach as the interface between the GoA and stakeholders, with coordinated approvals, and monitoring and compliance processes among the ministries and the ERCB behind the ‘window’ was discussed as a way to reduce the complexity.

#### **Better knowledge and information sharing**

All stakeholder groups suggested using current technology to increase the accessibility of this information. The topic of cumulative effects was also discussed related to this idea, and it was felt that effects could be better managed if the scientific information that is independently collected for each project could be shared among parties (industry, ENGO’s, the scientific community, municipalities, landowners and the general public). This would lead to continuous improvement of the system, its processes and policy assurance.

#### **Public interest processes**

There was a broad range of opinions regarding the public interest process and status for standing. There was concern that it is challenging for interested parties to have a voice on specific environmental issues. It was suggested that policy to determine the public interest be established earlier in the planning process. Stakeholders believed that this would give the public confidence that public issues are being heard and considered in development decision making.

### **Policy coherence and clarity**

Policy coherence was raised by stakeholders in a variety of ways. There was recognition that clear outcomes, thresholds and targets are critical. There is a perception of overlaps, conflicts or gaps in some policies. This exacerbates the complexity of having multiple ministries and agencies involved in the regulatory system; and can contribute to issues related to the approvals, monitoring and compliance, and reclamation processes. Participants indicated that sometimes the policy is good, but the interpretation and implementation of the policy is inconsistent.

### **Risk-based system**

Stakeholders suggested that the system should be founded on the level of risk. Based on risk, the system needs to balance regulations and other policy assurance instruments, such as performance-based approaches with incentives, to elicit the desired behaviour to achieve economic, environmental and social outcomes. The stakeholder groups identified that industry must be provided the opportunity to innovate and continually improve its environmental performance. As such the system must support industry in this, within the boundaries of regulation. In lower risk situations, incentives, such as market-based incentives, could be incorporated into the system as a means of encouraging more industry innovation. Stakeholders believe industry players are looking for ways to innovate, but financial performance is an important driver for industry and must link to the revised regulatory system.

## **1.2.2. Specific Issues and Solutions by Stakeholder Group and the Website**

The following are specific issues and solutions raised by each of the stakeholder groups and through the website.

### **Municipalities**

The most important issue raised by the municipal stakeholders was the situation in which municipalities find themselves intervening in disputes between oil and gas companies and landowners. While the municipalities have no formal accountability for the regulatory process, landowners turn to them asking for help when they do not feel they are getting resolution from established mechanisms or when they do not know where to get help. These interventions by municipalities can create challenges because of the time required, the lack of knowledge and the use of resources. Among the suggestions to help resolve the issue was the development of an ombudsman function or a review panel to assist municipalities in resolving issues.

### **Environmental Non-Government Organizations (ENGO's)**

The ENGO participants contributed significantly on the topic of design principles for a renewed policy assurance system. The presentation from the REP participants included a suggestion that a new system would be aligned with the competitiveness drivers: effectiveness, efficiency, predictability, fairness and innovation. While there was general agreement with these, the participants provided their insights into what these terms meant and how they might be applied to the design. The ENGO stakeholders also provided additional design principles, for example: alignment with public expectations; responsiveness to changing technology; and transparency. There was also significant discussion around the management of the cumulative effects of a project over its life and the need for continuous improvement in the reduction of impacts.

Environmental Impact Assessments (EIAs) were also discussed. It was suggested that the value in the EIAs is diminished because of the narrow scope of the studies. Additionally, the process should be improved to use information from each EIA to add to a knowledge base from which future EIAs can build.

### **Landowners**

There were two landowner sessions. The first was with Landowner and Land Trust organizations, while the second was primarily with individual landowners.

Participants in the first landowner session, also contributed significantly to the discussion on design principles and added for consideration in the REP concepts such as: incentive oriented; knowledge based; one-stop services; and alignment to the triple bottom line (environmental, economic and social). Landowner participants expressed concern about the complexity of the system and the difficulties this posed for a landowner who has concerns. This concern pointed to the need, in their view, of better sharing of information and knowledge about the system, how it works and the oil and gas projects that are proposed. Landowners also expressed concern about the accountability for oil and gas developments over the long term. There is a perception that there are too many situations in which the responsibility for abandonment and reclamation got lost as ownership of companies changed.

In the second landowner session, participants indicated that a less complex and easier to navigate system, along with better access to information would improve the approvals process. There was discussion regarding landowners' surface rights and how landowners' agreements with companies are not enforced when licenses are issued. Improving accountability within government and industry for safety and reclamation activities is also critical to this group. It was suggested that this could be done by increasing the number and quality of inspections of well sites and pipelines, and by taking a long term view when considering the cumulative effects of development and the impact it has on valued landscapes. Finally, determining a fair level of compensation for the impact of industry activity was noted as a key resolution to balance land use tradeoffs.

### **Industry**

Industry stakeholders identified and discussed three broad strategic themes for regulatory improvement. They include coordination within the Alberta government and among different levels of government; process timelines and effectiveness; and integration of the environment and the economy. Several priority topics for the system redesign were also raised. They include policy integration, the regulatory structure and moving to a one-window approach with well defined functions, and regulatory approaches which would include using a risk based approach to determine efficient and effective regulatory approaches.

### **Stakeholder Website**

The overarching concern that emerged from the online stakeholder questionnaire was uncertainty surrounding the current oil and gas regulatory regime. This uncertainty leads to additional concerns, all of which ultimately result in additional time and costs for stakeholders. Respondent feedback on ways of resolving these concerns can be grouped into the following major themes: a single point of contact, improved communication and coordination, simplified processes, public interest, and risk-based approach.

### 1.3. Next Steps

The input from the stakeholders was heard by the MLA Task Force members directly and will be provided to the design team of the REP. As the work of the REP progresses there will be opportunities for stakeholders to provide additional input. In August of 2010, the second round of stakeholder engagement sessions will be conducted, and in October of 2010 a stakeholder forum that will include representatives of the groups including industry and government will meet to review and respond to the draft recommendations of the Regulatory Enhancement Project.

## 2. INTRODUCTION

### 2.1. Background

*Energizing Investment*, the March 2010 report on Alberta's competitiveness in the oil and gas industry pointed to a need for improvement in Alberta's regulatory system. The policy assurance (or regulatory) system currently in place for oil and gas in Alberta has become increasingly complex and is characterized by a lack of integrated policies and delivery mechanisms. The Regulatory Enhancement Project (REP) will deliver recommendations for a renewed and integrated policy assurance system that will contribute to Alberta's overall competitiveness while protecting the environment, ensuring public safety and conservation of resources. This project will gather and consider stakeholder input on relevant Government of Alberta (GoA) policies and initiatives as system design recommendations are being developed.

The project will help accelerate a shift to an outcomes-based approach for the oil and gas policy assurance system. This will assure provincial policy objectives are met, while enabling developers to use cost-effective and innovative approaches to improve environmental performance and meet required outcomes.

The REP will culminate with a final report with recommendations for:

- Aligning the regulatory system with government policy direction (policy integration);
- A renewed policy assurance/regulatory system, with regulatory performance measures and benchmarks; and
- Implementation strategies.

### 2.2. Stakeholder Engagement

To meet the project stakeholder engagement objectives the REP is hosting three rounds of stakeholder engagement sessions. The first round of sessions consisted of four, half-day workshops with broad stakeholder groups, and meetings with industry stakeholders from March to June 2010. The purpose of the workshops was to seek input on the issues and discuss opportunities for improvement to the system, which will make Alberta more competitive. The workshop with the municipalities was held in the morning of May 19<sup>th</sup> in Edmonton, the Environmental Non-Governmental Organizations (ENGO's) in the afternoon of May 19<sup>th</sup>, the first landowner session with landowner associations in Calgary in the morning of May 21<sup>st</sup>, and the second landowner session in Red Deer in the afternoon of June 24<sup>th</sup>. Meetings with industry stakeholders were held in the mornings of March 31<sup>st</sup> and June 21<sup>st</sup>, in Calgary. A workshop with First Nations will be held in August.

In addition, a Regulatory Enhancement Project (REP) website was created as another method of communicating with *all* stakeholders, including those that participated in the workshops and the general public, and accepting their feedback. The website solicited feedback similar to what was requested during the first phase of the engagement process. Feedback was received through a questionnaire posted on the website from Thursday, May 27 until Friday, June 25, 2010. A total of 23 completed questionnaires were received.

### 2.2.1. Workshop Approach

Each workshop with broad stakeholders was conducted in a group discussion format and they began with a detailed briefing on the Regulatory Enhancement Project. A series of five questions used to guide participants during the discussion portion of each of the workshops (see *Appendix A* for an overview of the facilitation methodology)<sup>1</sup>. A summary of these discussions with each of the stakeholder groups is included in subsequent sections of this report. The five discussion topics were as follows:

1. Based on the proposed design principles / competitiveness drivers of Innovative, Predictable, Efficient, Fairness and Effectiveness, are there any other design principles that should be included?
2. What are your key issues and concerns with the current system
  - 2.1. What elements of the current system does this concern relate to?
  - 2.2. As a group prioritize your top three concerns.
3. What would you propose as ways to resolve these issues and concerns?
  - 3.1. Think about the following elements of the current system:
    - 3.1.1. Structure
    - 3.1.2. Process
    - 3.1.3. Policy Assurance Instruments
4. What would a policy assurance system look like if you had a blank slate for its design?
  - 4.1. What are key features of such a system
5. What are other policy assurance systems from other industries or oil and gas regulatory systems from other jurisdictions that could be considered?

### 2.2.2. Analysis

Detailed notes of the workshop and meeting discussions were recorded. Working from the notes, the most significant discussion topics and issues were identified. Input generated from the workshops and the website is summarized and themed in the following report, including a discussion of those themes that were common to all of the workshops. The facilitation methodology that was used is included in *Appendix A*.

The output from the stakeholder sessions will be provided for consideration to the design team, a group of experts who are developing the recommendations for contemplation by the MLA Task Force. While this report contains specific issues that were raised in the stakeholder engagement sessions regarding the regulatory system, it is important to note that not all of the issues are in scope for the Regulatory Enhancement Project; or that they may be addressed at a strategic level in the system design work. The issues described in this report have not been validated.

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<sup>1</sup> Please note that not all of the workshops prioritized their top three concerns or addressed the discussion topic about other policy assurance systems.

## 3. ISSUES AND OPPORTUNITIES

### 3.1. Municipal Workshop

#### 3.1.1. Design Principles

With respect to the design principles based on the competitiveness drivers the municipal participants agreed that currently the system is not as efficient as it could be. The participants identified that because GoA staff are overwhelmed by their workload it often takes a long time for tasks to be completed. Participants indicated the system does not to provide required information from the GoA to communities.

#### 3.1.2. Current System Issues and Solutions

The participants of the municipal workshop raised a variety of issues with the current system. It was identified that GoA employees would benefit from being educated about municipalities, specifically with respect to differences between urban and rural municipalities. It was felt that from the type of questions rural municipalities sometimes receive from GoA staff, there is a lack of understanding about these differences.

Concerns were also raised related to the notification process. Again, it was identified that the differences in requirements associated with urban and rural municipalities are not well understood by the GoA which can result in confusion over identification of the parties requiring notification. Specifically the urban representatives identified that it is important for the GoA to understand the impacts of an urban centre on notification requirements. It was also identified that the official notification rules are not always followed by the GoA and that opportunities to respond to questions associated with notifications are not always provided. Further, the municipalities noted that it is difficult for them to continually keep citizens informed.

Stakeholders were concerned that there are inconsistencies in the implementation of the permitting process in municipalities. Several sources of these inconsistencies were identified including:

- Unclear development permits;
- Inconsistent rules for municipalities;
- Inconsistent application of the rules by municipalities;
- Legacy issues (i.e. historically the process has “always been done that way”); and
- Revenue generation.

It was also identified that policy and legislation thresholds need to be reviewed with respect to “scale”. Thresholds on their own are meaningless unless they are considered from both the perspective of the scale of the project and the scale of the affected municipalities. An example that was provided is when a project is considered from the perspective of a small municipality, the resultant project impact would be considered very significant. However, if that same project is considered from the perspective of a large municipality then the project impact would likely be considered small. Due to the combined effect of project and municipality size, it was felt that the concept of “scale” is an important consideration in threshold determinations. Further, it was noted that medium-sized projects do not seem to be considered within EIAs. Although

medium-sized projects have environmental and socio-economic impacts on local communities, again, unless they meet specific thresholds they are excluded from the EIA process.

In ranking their top three concerns and identifying potential solutions for each of these, the workshop participants identified the following:

### **Support for Landowners**

The top priority for these workshop participants was the development and implementation of a structure that would support landowners in addressing land disputes with oil and gas companies. It was felt that the current hearing and appeals processes are ineffective because they have a project orientation, as opposed to a landowner focus. They are also too complex, legalistic and costly for the average citizen. The *implementation of an ombudsman / appeal tribunal process* that has the authority to mediate disputes and is accessible to landowners was suggested.

### **Notification Process**

This conversation related to the earlier notification discussion regarding differences in rural / urban notification requirements and focused on the constituent parts of an appropriate notification process. It was noted that Directives 56 and 71 have begun to address some changes to notification processes, primarily by requiring more formal methods. It was suggested that although a revised notification process might not seem to support streamlining the overall regulatory process, as per the design principles discussion, the risks associated with not undertaking appropriate notification outweigh the needs for streamlining it. *Defining regular notification* (i.e. how often do people need to be told that they live in a risk area) and *delineating appropriate notification techniques* (i.e. door to door campaigns are not the only method of notification) were identified as important areas for further work.

### **Community Impact**

The third priority for the municipality workshop participants was the management of project impacts at the community level. The participants were clear that the concept of a community extends beyond municipal boundaries. As such, understanding the cumulative effects of projects on areas that extend beyond formal boundaries (i.e. municipalities) is important. The group proposed that the understanding and management of cumulative effects can be supported through the effective management of information. Currently there is extensive information collected as part of each EIA that is completed independently of each other, and EIA reports are not easily accessible. The concept of a *“one window” local office* was suggested as a possible solution for increasing transparency and access to information in local communities. The creation of an *on-line resource* that allows the public access to this information was also suggested.

#### **3.1.3. Blank Slate**

If given a blank slate to start from, the workshop participants identified that the policy assurance system would better reflect the design principle of Fairness in that it would allow local community members to be more engaged in the process and it would take into consideration the differing needs of both rural and urban municipalities. As well, the triggers within the system would consider project and municipality size, and timelines would be more

clearly defined. The British Columbia example was discussed, whereby the length of time in which a response regarding certain environmental assessment decisions can be expected, is defined (i.e. 90 days). Finally, studies and referrals would be streamlined and knowledge would be shared among parties.

## 3.2. ENGO Workshop

### 3.2.1. Design Principles

The participants in the ENGO workshop had a lengthy discussion regarding the proposed design principles. They felt it was important to articulate that all principles should apply to all sectors. In general they felt that some of the definitions required broadening. With respect to the proposed design principles the following suggestions were made:

#### **Predictable**

Currently predictability is difficult to achieve for landowners because they do not know which tenure is going to be auctioned, ahead of time. Further it was felt that that the concept of *certainty* should be included within this definition. That is, that industry should have certainty in the knowledge that permits can be revisited by GoA at some point during its lifecycle. The example provided was that should the cumulative target of an area be exceeded at some point over the timeframe of a permit, then GoA would have the right to review all affected permits and revise them (see cumulative effects discussion in next section).

#### **Fair**

The definition of fairness was further broken down to include the concept of *justness*. Although it was agreed that the revised process needs to apply to all sectors fairly, this should not mean that all applicants are treated equally. Specifically, those companies that have lower standards of care or ethics should not be treated in the same manner as those who operate responsibly.

#### **Efficient**

It was noted that efficiency might mean different things to different stakeholder groups and that these differences should be considered. It was felt that efficiency should include inter-departmental policies and work processes since GoA departments are not always aligned.

#### **Effective**

In order to “ensure environmental outcomes” it was identified that there needs to be clear thresholds and standards that are adhered to and enforced; that over time the thresholds cannot change. An issue that was noted with the current definition of effectiveness was that the definition is focused on outputs from the system, and not inputs. (See the inputs discussion in the blank slate section).

#### **Innovative**

A lengthy discussion was held regarding the concept of innovation and two predominant themes surfaced. Firstly it was identified that the concept of innovation needs to include more than just technology and should be broadened to include the management of land, air, water and

biodiversity. Secondly it was agreed that the regulatory process does not currently support innovation, and in fact there are disincentives for innovation since innovative ideas are often decided against on the basis of the additional time and expense they require. Building on this it was noted that regulations are still required, but they need to support innovative practices. The success of the flaring and venting policy was identified as a good example of a regulatory environment that allowed innovation while also ensuring a regulatory backstop was in place (see *Innovation* discussion below).

### Other Design Principles

The group also made suggestions regarding additional design principles which included the following:

- Relevant
  - Needs to align with the outcomes that the public and the government desire.
- Consistently Require Innovation
  - Innovation is required and the system must reward innovative companies. The system cannot favour those companies that only ever maintain the status quo.
- Responsive
  - Must be able to respond to technology changes and differing industry approaches.
- Transparent and Democratic
  - The range of individuals who can be involved throughout the process needs to be broadened to include a full range of individuals who will be affected by a project. For example, not everyone who is affected by a project lives within its “smelling range”. There are others who might have a vested interest in the area, such as researchers, and it is these other individuals who also need to have an opportunity to be included in the process.
- Land Base Appropriate
  - The approaches need to reflect the requirements of differing land bases (i.e. public and private lands). For example, achieving the principles of transparency and democratic on public land could be a challenge.
- Inclusivity
  - This is similar to the transparency concept in that the range of individuals who should be involved in the process needs to be broadened.

## 3.2.2. Current System Issues and Solutions

### Feedback and Improvement

In discussing the current system diagram (*Appendix A*) it was identified that two-way feedback needs to be incorporated into all aspects of the revised system. As well it was identified that the concept of continuous improvement, in the form of new knowledge and new data, needs to have an input point into the system.

### Innovation

With respect to issues associated with the current system, the lack of innovation that exists within it was revisited. It was suggested that the system should be redesigned to reward innovation. The flaring and venting example was again discussed noting that the key to its success was that all players were affected by the regulations, industry had the flexibility to meet the established targets, and industry knew that targets would increase over time. It was suggested that innovation could be further supported by rewarding industry for having created reductions in their environmental impact through the formal submission of conditional best practices and the awarding of incentives, such as royalty relief. Implementing market-based approaches was also put forward as an example of innovative policy. Market-based concepts such as graduated *pollution fee-bates* (Sweden) and *emissions trading* were discussed.

### Cumulative Effects

The issue of cumulative effects and the impact of approval decisions standing throughout the life of a project were also discussed. Emissions targets determined at the outset of a project are “grandfathered”. From the perspective of the ENGO’s this issue requires the development of an approach that is at an appropriate scale (i.e. ecoregion) and which provides incentives to industry to improve their performance. Similar to the concerns of municipalities, it was identified that cumulative effects cross municipal boundaries and as such require an ecologically based approach. The *creation of area-based thresholds* that, once exceeded within the area triggers a review of all new and existing permits, was suggested. Critical to the engagement of industry in the management of cumulative effects in this manner is the development of economic drivers and incentives. It was suggested that the lessons learned from the failure of *Directive 93-9: Oil and Gas Developments Eastern Slopes (Southern Portion)* should be reviewed as part of the strategy for addressing this issue.

### Standing Status

Concern was also expressed that there is a narrow test for standing in the current system. In keeping with the previous discussions around transparency, democracy and inclusivity it was noted that unless someone is a landowner on affected lands, individuals cannot get standing in front of the ERCB. Therefore if a landowner does not have an interest in a specific environmental issue (e.g. an endangered species) there is no opportunity for non-landowners to intervene and reasonably put issues forward. It was also identified that there needs to be greater opportunities for the public to become involved in applications that impact public lands. It was suggested that the policy to determine standing for public interest discussions at the planning stage be extended to allow more public involvement.

### Information Sharing

Another significant concern for this group was the difficulty associated with accessing relevant compliance and regulatory information. As brought up by the municipalities, it was felt that proponents’ submissions should be publically accessible online in a searchable database. Examples of online systems exhibiting this kind of transparency including the U.S. Environmental Protection Agency and the Province of Ontario were provided. Related to this issue is the concern that communication from companies tends to flow between the company and individual landowners and excludes broader audiences. Again having information available in a *centralized, on-line repository* would help to address this issue.

There was also some discussion related to the importance of ascribing liabilities appropriately. Issues related to the inability to tie liability to companies, especially as ownership changes over time, were mentioned. Examples of abandoned wells and pipelines were discussed.

### 3.2.3. Blank Slate

If given a blank slate to start from, the workshop participants identified several features of a revised policy assurance system. These features included the following:

#### Clear Outcomes

- Identifying thresholds / targets for industry and clarifying the role of regulator in supporting them.

#### Scale

- Establishing appropriate thresholds on an ecological basis (i.e. basin level, sub-basin level, or other appropriate ecological unit).

#### Incentives

- Developing effective positive incentives that work within a market-based system that are:
  - Set for each Region;
  - Verified by external, third parties; and
  - Bound by strict criteria and clear rules.
- Developing meaningful penalties (industry would not be allowed to insure themselves against the penalties).

#### Regulations

- Continuing to have regulations in place that also support the long-term goals of the system (it was noted that both regulations and market-based approaches have a role to play within the system).

#### Audits

- Having an ongoing, systematic auditing process of approvals conducted by external third parties that operate at arm's length to government.

#### Quality of Life

- Establishing a system that fits within Albertans' view of their Quality of Life.

#### Fines

- Defining clear rules for the implementation of a fines system.

#### Outcomes

- Defining system outcomes that are enforceable (examples of inputs included emissions and data).

- Developing monitoring standards and informational requirements for meeting the monitoring standards.

#### EIAs

- Revising the EIA process so that it is more meaningful. Examples for achieving this included:
  - Separating the consultant / proponent relationship;
  - Coordinating the completion of EIA's so they are in concert with regional planning initiatives;
  - Collating information in a central data system to facilitate sharing amongst parties in order to reduce duplication and to allow parties easier access to information; and
  - Aggregating the results of studies to support knowledge sharing.

#### Robust Monitoring

- Requiring not only the monitoring of air and water thresholds, but also monitoring the regulatory system itself:
  - For example, identifying components of the system that cannot fail and putting in place checks and balances to ensure the right activities are being achieved; and
  - Linking monitoring requirements to the continuous improvement of the revised system.

#### Funding Mechanisms

- Making funding mechanisms available to the NGO's to support involvement in regulatory issues.

### 3.3. Landowners Workshop #1

#### 3.3.1. Design Principles

The participants in the landowners' workshop also had a lengthy discussion regarding the existing design principles. Feedback indicated that the competitiveness drivers (*Appendix A*) provide a strong foundation for developing design principles. With respect to the existing design principles the following suggestion was made:

#### Fair

Building on this design principle, participants indicated equal recognition for all stakeholders is important. In a specific example, participants identified that under lease agreements freehold owners lose their rights and the only way they feel they currently have a voice is through the court system. A sense of fairness can be created by providing clarity, transparency and consistency in the system.

#### Other Design Principles

The group also made suggestions regarding additional design principles which included the following:

- Incentive Oriented/Performance Based

- There was feedback provided about the challenges of achieving the design principles. It was identified that the system needs to consider high level economic, environmental and social incentives, and align regulations with incentives to elicit the desired behaviour and outcomes. Unintended consequences of incentives must be considered. For example, in the Water for Life Strategy, there is an economic incentive for companies to use more water because it reduces per unit costs. This is in conflict with the social incentive of conserving water.
- One Stop Shop
  - A system that allows for all of the work to be done in one place with coordinated processes and consistent timelines for approvals.
- Standardization
  - Industry and government forms and systems are standardized to allow for easier navigation by stakeholders.
- Knowledge Based
  - The system is built on a common base of knowledge that allows for continual education and information sharing.
- Triple Bottom Line
  - A system that equally recognizes social, environmental and economic factors. Focus should be on the long term view and strategies even though there is pressure for short term political decisions.
- Accountable
  - The system must result in corporate accountability for meeting environmental standards. There also needs to be accountability by government in meeting timelines for the approvals process and ensuring social, economic and environmental outcomes are achieved.

### 3.3.2. Current System Issues and Solutions

In discussing the Current System diagram (*Appendix A*) and potential solutions, the importance of education and knowledge sharing were identified as critical factors for the revised system. Managing complexity, and creating accountability and adaptability within the system were also identified as key themes that must be addressed. The current system issues and solutions identified by landowner's are described below.

#### Education and Knowledge Sharing

There was discussion about the difficulty for stakeholders in understanding the current system and how it works. A lack of knowledge of regulation and regulatory processes impacts the ability to engage Albertans and build confidence in the system. It was noted that energy literacy is required for stakeholders to understand the complexities of the oil and gas industry, competitiveness and how the regulatory system works.

A proposed solution was that relationship networks be built among all of the players, including landowner groups. This would allow for better information and knowledge sharing. It was also felt that formalized mechanisms should be implemented that allow for multiple perspectives on regulatory and policy assurance issues and concerns, and potential changes, to be heard.

### Complexity and Coordination

Participants indicated that there are multiple ministries involved in the current regulatory system, making it challenging to know who to talk to for information. There are also perceived gaps in understanding among ministries and agencies about what they do. Finally it was noted that all of the stakeholders have difficulty with predictability in the system because the rules and requirements keep changing.

It was suggested that approvals and enforcement be better coordinated to ensure there is an improved connection between those approving and enforcing within *and* between each of the ministries. This would require sponsorship and promotion of cross-ministry cooperation by senior management within government. Also, in addressing this issue participants indicated that information systems need to be improved and coordinated among the ministries.

### Transparency

Participants suggested that there should be more transparency in the system, and that a lack of transparency impacts public confidence. This is related to difficulty understanding the current system, complexity and lack of coordination. Improved transparency could be accomplished by increased education and knowledge sharing, and use of information technology to share information.

### Accountability

Participants indicated that this issue pertains to both companies and government (see design principle above). Companies need to be accountable for adhering to requirements and meeting environmental standards, and government needs to be more accountable for meeting timelines for the approvals process and ensuring social, economic and environmental outcomes are achieved.

Specific examples of corporate accountability issues for companies cited by participants were well reclamation and pipelines reclamation issues. Participants expressed that the public maintains the perspective that it is often less expensive for a company to maintain a lease than reclaim an area (also an incentive issue). According to participants if a well site is in compliance with requirements, then a company only need meet their lease payments, they do not need to reclaim the well. It was suggested that there should be a requirement for companies to reclaim well sites sooner for new agreements. However, it was noted that it is important to be careful about timing the reclamation of old wells because new technology could allow smaller companies to extract additional resources through the same well site rather than create a new footprint with another well a short distance away. And while landowners need some predictability on reclamation timelines they also rely on income from resource development. Finally there was discussion about the need for continuity of responsibility by the company with the current license for maintenance and reclamation of a well site.

Accountability for companies can be created by focusing on risk, with the government responsible for getting companies to manage risk. It was noted that access to quality information about projects and corporate environmental history is integral to managing risk. There is a need to improve information and it was suggested that government should be the main source for this. This would include publishing company emissions (similar to what is done

on the ERCB website, but in an easier to understand/interpret format for the public) to promote accountability.

To improve government accountability, participants once again identified that there needs to be clear roles and responsibilities among the ministries. There should be set timelines for the approvals process and performance measures for social, economic and environmental outcomes.

### **Adaptability**

There was discussion about the lack of flexibility in the current system to allow for adaptation to changing circumstances.

For example, a sub-surface issue for freehold owners was raised. Because leases are “locked in” it is difficult for landowners and industry to re-negotiate leases to obtain contiguous tracts of land. This impacts land management and conservation planning in ‘white space’ because there is increased land fragmentation. Specifically related to the sub-surface issue about leases, there should be an opportunity to re-write old leases to reflect today’s problems. This will help both surface and sub-surface owners on freehold lands and improve development economics by opening up contiguous tracts of land. It was noted that there is no consensus among sub-surface landowners about this issue and proposed solutions.

### **‘Triple Bottom Line’**

The triple bottom line refers to social, environmental and economic outcomes. There was feedback that without the regional plans from the Land Use Framework it is difficult to assess social and environmental impacts within the current system. Another example provided is that legal contracts for conservation easements can be overruled after the investment has been made resulting in unpredictability in the system.

In addressing this concern, participants indicated that there needs to be well defined ‘no-go zones’ in the regional plans in the Land Use Framework. This will also help with predictability.

The system also needs to increase awareness of environmental stewardship of the land in Alberta.

A proposed solution for the issue about conservation easements on private land involves increasing the cost to industry (i.e. pay landowners) to develop land on which an easement has been overruled by government. It was felt that this is a fair solution because significant money has already been spent on the conservation easement by the landowner.

### **3.3.3. Blank Slate**

If given a blank slate to start from, the workshop participants provided several ideas for a revised policy assurance system. These ideas included the following:

An *application tracking system* and process that is similar to Federal Express will allow companies and stakeholders to understand where a specific application is in the process. This will also help create accountability for approvals timelines.

Create a *one-window approach* for the interface between government and industry or other stakeholders; there is a single point to access information for stakeholders. There can be multi-

ministry involvement to handle the approvals, monitoring and compliance and policy setting but the onus should be on government to coordinate that and provide navigation support. An example model for navigation support is 'Biz Pal' in municipalities for new business operators.

There should be *continuous engagement* of all stakeholder groups, not just when there are issues to be resolved, as a part of process improvement. This can be done by utilizing tools on the internet such as stakeholder websites and surveys, but it was noted that face to face contact leads to better discussions, understanding, compromises and relationship building.

There was a suggestion for an improved *Geospatial Information System (GIS)* that includes layers for items such as conservation easements or sensitive wildlife areas. This should be made publically available. It will help industry and government with the planning and approvals process, and provide other stakeholders with an understanding about the landscape and prospects for oil and gas development with less environmental impact.

Finally, a *compliance system* that includes negative publicity for companies that do not meet requirements and positive publicity for companies exceeding requirements was proposed. This is related to the previous incentive discussion.

### 3.3.4. Other Systems

When asked about policy assurance systems in other industries the following examples were provided:

- Agriculture industry and the identification and quality control process throughout the value chain of a livestock animal; and
- Food industry. An interesting case study is the Maple Leaf *Listeria* issues that occurred two years ago, how that was handled and the measures that were put into place to prevent future incidents.

## 3.4. Landowners Workshop #2

The participants in the second landowners' workshop addressed the discussion questions related to current system issues and solutions, and blank slate ideas.

### 3.4.1. Current System Issues and Solutions

#### Fairness of Approvals Process

Participants indicated frustration with the approvals and licensing process for several reasons. There is a lot of information related to development plans that requires knowledge, time and money for landowners to navigate and understand. There is also a perception that the regulatory system is difficult to navigate because of the multiple departments and mandates involved, and landowners have difficulty accessing the information required to inform interactions with companies.

Landowners also indicated that the timelines for the approvals process can be too fast to allow them adequate time for considering the full implications of the development activities. Time for the hearing process will often allow landowners the period they require to appropriately understand the development.

Finally, the Surface Rights Board (SRB) hearing process and claims settlement is perceived as being unfair to landowners because of the time required, incomplete recovery of legal and travel costs, and length of time to receive a decision on the case.

### **Complex System**

Participants indicated that creating *one governing body* for the regulatory system in Alberta would reduce complexity and difficulty for landowners navigating the system during the approvals process. It was suggested that there should be 'one number' that you could call to access information or resolve issues; they would then transfer you to the right individual or department. Related to creating one-window was government providing easy to access information regarding oil and gas development.

### **Landowners' Surface Rights**

It was noted that the Surface Rights Act is good, but the interpretation and implementation of the policy convolutes it and negatively impacts landowners' rights. An issue raised was that landowners will sometimes sign development agreements with companies about how the resources will be developed, but the Energy Resource Conservation Board (ERCB) overrides these agreements when issuing licenses. With no enforcement of these agreements, landowners indicated that their rights are diminished. This was suggested as one of the reasons landowners feel compelled to use the Alberta Surface Rights Board (SRB) hearing process.

Participants suggested that the ERCB enforce landowner agreements in the issuing of licenses. It was noted that there are implications to this solution because the agreements are not consistent and environmental and safety standards will need to be maintained.

### **Trust**

There was discussion about companies using confidentiality disclaimers to prohibit open, factual discussions at hearings. Participants indicated that the ERCB or the government should ensure companies provide complete and forthright information at hearings.

### **Accountability for Monitoring, Compliance and Enforcement**

While the ERCB conducted well site and pipelines inspections, participants are concerned that there are not enough inspections conducted, particularly of pipelines. There also needs to be greater accountability within government for ensuring safety and environmental standards are being met. Specific issues related to sour gas wells was raised.

When discussing solutions, landowners pointed to the need for more inspections of well sites and pipelines. Industry and peer compliance mechanisms were also mentioned.

### **Cumulative Effects**

The cumulative effects of oil and gas development (drilling and pipelines) are a significant concern for landowners.

Strongly related to the issue of cumulative effects was a perceived lack of accountability for abandonment and reclamation of wells and pipelines by industry because of the time and cost required, and a view that new technology will allow companies to recover additional resources

in the future. Further, it can be challenging to determine who is responsible for reclaiming a well because multiple companies can be involved over the life of the well.

It was noted that a long-term view needs to be taken to industry development because new technology is allowing wells to be active for a longer period of time.

### **Competing Land Uses and Land Fragmentation**

Participants indicated that industry activity is having a significant impact on valued landscapes in Alberta because of the location of the resources, length of time of lease agreements and sterility of the land. The need for fair compensation for these impacts using the Surface Rights Board (SRB) was raised. It was also noted that companies do not want to set a precedent around increasing compensation.

Pipelines setbacks are not adequately compensated for because landowners are only compensated for the area of the pipelines, not the setback on either side. Pipeline setbacks also contribute to land fragmentation on valued agricultural landscapes.

It was suggested that greater compensation of landowners by companies will reduce resistance to development, balance land use tradeoffs, and improve working relations. It will also prevent landowners going to the courts to obtain appropriate compensation. There was discussion about the positive and negative aspects of allowing landowners to negotiate their own rates of compensation rather than going through the Surface Rights Board. This would not work for some landowners because they would not have the information or resources required to reasonably negotiate a fair rate. It was suggested that the Surface Rights Board be made up of landowners and that surface rights rules be reviewed and better described.

#### **3.4.2. Blank Slate**

There was minimal discussion on blank slate system ideas. The concept of one-window was raised again. There was also discussion about the need for a system that appropriately assesses risks of development and penalizes lack of compliance.

### **3.5. Oil and Gas Industry Meetings**

Industry stakeholders in the briefing session and group meeting identified and discussed three broad strategic themes for regulatory improvement and priority topics for consideration within the system redesign.

#### **3.5.1. Strategic Themes**

1. Inter- and Intra-Governmental Coordination
  - Complexity dramatically decreased
  - Workable integrated system
  - One project, one review, one decision, one appeal
2. Process Timeliness and Effectiveness
  - Certainty of process and timelines
  - Fit-for-purpose review process (i.e. “risk-based”)
  - Necessary government resources (capacity and expertise)
3. Integrating the Environment and the Economy

- Opportunity cost of environmental policy is explicitly considered
- Consistent legislative / policy / regulatory alignment
- Coherent design of regulatory instruments
- Clarity on boundary conditions
- Appropriate compensation for loss of rights / access

### 3.5.2. Priority Topics

The following priority topics were identified and discussed by industry stakeholders.

#### **Policy Integration**

There are concerns that policy initiatives are often not effectively aligned or integrated, and responsibility and accountability for policy is unclear to stakeholders outside of government. It was noted that one of the implications of policy gaps are that they end up being addressed via regulation which can be subject to inconsistent application.

#### **Regulatory Structure (single vs. multi agency)**

Having multiple government departments and the ERCB involved can be cumbersome and confusing. Coordinated delivery with an integrated agency approach or 'one-window' approach to regulation would dramatically reduce complexity in the system. It was noted that well defined functions (roles and responsibilities) is a critical success factor.

#### **Regulatory Approaches (goal/performance based vs. prescriptive)**

It was noted that 'more regulation is not necessarily better regulation' and that coherent design of regulatory approaches is important. The system should adequately balance performance based and prescriptive regulation dependent on the level of risk.

#### **Risk Based Approaches**

There needs to be an appropriate risk matrix and management of perceptions. For example, risks related to new technology need to be appropriately assessed based on probability of the risk occurring and impact.

#### **Cumulative Effects Management System (CEMS)**

A better understanding of the measures of success, monitoring expectations and possible tools and approaches required to meet CEMS is desired. There was discussion about the need for the regulatory system and CEMS to determine how they will integrate.

#### **Role and Structure of Industry Participation in Provincial and Regional Monitoring and Assessment Frameworks**

Funding for industry participation in provincial and regional monitoring and assessment frameworks, such as CEMS, needs to be considered.

#### **Aboriginal Consultation**

Aboriginal consultation during the approvals stage is perceived to be lengthy and there is a need to improve the process.

### **Public Interest / Consultation**

Increasing engagement of the public during the policy development and planning stages would be of value.

### **Inter-Jurisdictional Policy Alignment (Municipal/Provincial/Federal interfaces)**

There is uncertainty and a lack of clarity around roles and expectations for various parties. The interfaces across governments are becoming increasingly complex. Policy development must be clearly articulated and aligned to ensure a workable integrated system is developed for all stakeholders.

## **3.6. Stakeholder Website Questionnaire Results**

The REP website was created as an additional method for communicating with all stakeholders, including those who attended the workshops and the general public, and accepting their feedback. The website accepted feedback on topics that are similar to what was discussed during the first round of engagement workshops. A summary of responses received is outlined below.

### **3.6.1. Current System Issues**

The overarching concern that emerged from the online stakeholder questionnaire was uncertainty surrounding the current oil and gas regulatory regime. This uncertainty leads to additional concerns, all of which ultimately result in additional time and costs for stakeholders. The main issues and concerns identified in the questionnaire were:

#### **Lack of Certainty between Government Ministries (i.e. no common approach)**

Examples from respondents include conflicting mandates across ministries, and a lack of inter-governmental cooperation resulting in ministerial silos. Multiple comments were received from stakeholders highlighting the differing priorities of Alberta Energy, Alberta Environment, and Alberta Sustainable Resource Development; and the overlap between Alberta Environment and the ERCB.

#### **Additional Costs to Stakeholders Due to System Inefficiencies**

Examples from respondents include differing reporting and monitoring requirements for each ministry, inconsistent decision-making between ministries, and reliance on manual processes that are time consuming and prone to human error (e.g. the submission of paper well logs to ERCB).

#### **Overlapping or Duplicate Information Requests by Government Ministries**

Examples from respondents include responding to multiple requests for the same information, reproducing entire reports instead of providing updates on changes, and answering questions when the answers have already provided in the original documentation.

### **Long Approval Timelines**

Examples from respondents include excessively long response times that lead to increased projects costs and unpredictability, and ever-changing project requirements that delay the process.

### **Extent of Information Requests (i.e. too much/too little information requested)**

Examples from respondents include increasingly detailed information requests, and requests for information that do not ask the 'right' questions and appear to be of little value to the decision-making process.

### **Multiple Reporting Requirements**

Examples from respondents include unclear and/or inconsistent reporting guidelines resulting in additional submissions, and identical reporting requirements for multiple agencies (e.g. spills that are required to be reported to 3 agencies).

## **3.6.2. Current System Solutions**

Respondent feedback on ways of resolving these concerns can be grouped into the following major themes: a single point of contact, improved communication and coordination, simplified processes, public interest, and risk-based approach.

### **Single Point of Contact**

A single point of contact or a "one-window" approach for the regulatory system would reduce duplicate requests for information and make it simpler for stakeholders to ask questions and be engaged in the process. In addition, a single-point of contact would improve stakeholder perceptions and trust in the system. Suggested solutions include a one-call line for spills and incident reporting, modelling the system after the federal Major Projects Management Office (MPMO), and revisiting the recommendations in the McNichol report. Additional suggestions include centralizing decision-making into a single agency where possible, having one department take ownership for the management of the oil and gas sector, and creating a framework where each project has a single reviewer, decision-maker, and appeals process.

### **Improved Communication and Coordination**

Improved communication and coordination is needed between both internal government ministries and agencies, and between government and external stakeholders. Improved communication would reduce uncertainty and increase stakeholder confidence in the regulatory system. It would also break down ministerial silos and reduces overlapping and duplicate information requests as ministries and agencies would be better informed of the various departmental mandates. It would also provide increased clarity on procedures and regulation both between ministries and with external stakeholders. One way this can be accomplished is through the creation of a single database accessible to all stakeholders, and publishing expected timeframes for approvals. Additional suggestions include the creation of cross-ministry committees that meet regularly and are tasked with identifying inconsistencies and potential bottlenecks in the system; and establishing meaningful collaboration and feedback mechanisms between government and the private sector. It was suggested that government capitalize on the

capabilities of information technology / information management for access to project information, effective consultation and information sharing across regulatory bodies.

### **Simplified Processes**

Government ministries and agencies need to streamline their processes to ensure there is a straight path from application to approval. The process should also ensure that there are clear resolution procedures that are timely. Simplifying the regulatory process to remove the current complexities would reduce the amount of time required to submit an application and receive approval. A simplified process would also reduce the extent of the information requests and ensure that the right information is being requested (i.e. not too much, not too little, just what is required). A simplified process would also result in less onerous reporting requirements, or a better understanding of the reporting requirements. The regulatory process used in Saskatchewan may provide some insight into how to accomplish this as applications in Saskatchewan are processed very quickly in comparison to Alberta timeframes.

### **Public Interest**

It was suggested that a common, proactive approach to public involvement is preferred. This would include public concerns identified and addressed earlier in the planning process (i.e. policy development). This would be of value to industry and will also instil public confidence that their issues are being heard and considered.

### **Risk-Based Approach**

A risk-based system that adequately balances performance based and prescriptive regulation was proposed by a few respondents. This will require establishing clear and consistently applied regulatory policy objectives, performance measures, and service standards, as well as a framework to evaluate performance against desired outcomes and comparable jurisdictions. Government will also need to ensure enforcement processes are comprehensive and coherent, and that a strong link exists between risk of non-compliance and the enforcement penalty. Appropriate monitoring, compliance and enforcement will require that sufficient resources are allocated for robust data collection, evaluation and reporting of performance measures.

When asked what a policy assurance system would look like if they had a blank slate for its design, respondents generally agreed with the draft design principles generated from the preliminary work on competitiveness drivers. Additional design principles of a policy assurance system included simplicity, clarity, collaboration, necessity, predictability, and enforcement. These additional design principles are captured in the major themes described above.

### 3.7. Common Themes

The following themes for design principles, issues and solutions were consistent across the workshops, meetings and website questionnaire responses:

#### **“Competitiveness drivers” as the basis for design principles**

Stakeholders indicated that the competitiveness drivers (*Fair, Predictable, Efficient, Effective and Innovative*) provide a good foundation for developing design principles. Suggestions were made regarding definitions and application of these terms. It will be important for the design team to define these terms to ensure common assumptions. The workshop participants provided several suggestions for additional terms that could be included such as transparent, ethical, innovative and streamlined.

It was felt that it is important to continually review the system implementation and the design principles that underpin it and compare to best practices in other jurisdictions. It was heard throughout the workshops that the current system has undergone limited review since its inception and as a result has components that seem to exist simply because “things have always been done that way.”

#### **Need for system simplification**

The structure and processes of the current regulatory system are perceived by stakeholders as being onerous and complex with differing, and sometimes contradictory, policies and regulatory practices of Government of Alberta (GoA) departments. Stakeholders indicated that not all GoA departments seem to be following the same “rule book” or they apply policies in different ways. Providing education / training sessions for involved parties were suggested as a way to manage an apparent lack of understanding of the system and the roles of various players in it. A one-window approach as the interface between the GoA and stakeholders, with coordinated approvals, and monitoring and compliance processes among the ministries and the ERCB behind the ‘window’ was discussed as a way to reduce the complexity.

#### **Better knowledge and information sharing**

All stakeholder groups suggested using current technology to increase the accessibility of this information. The topic of cumulative effects was also discussed related to this idea, and it was felt that effects could be better managed if the scientific information that is independently collected for each project could be shared among parties (industry, ENGO’s, the scientific community, municipalities, landowners and the general public). This would lead to continuous improvement of the system, its processes and policy assurance.

#### **Public interest processes**

There was a broad range of opinions regarding the public interest process and status for standing. There was concern that it is challenging for interested parties to have a voice on specific environmental issues. It was suggested that policy to determine the public interest be established earlier in the planning process. Stakeholders believed that this would give the public confidence that public issues are being heard and considered in development decision making.

### **Policy coherence and clarity**

Policy coherence was raised by stakeholders in a variety of ways. There was recognition that clear outcomes, thresholds and targets are critical. There is a perception of overlaps, conflicts or gaps in some policies. This exacerbates the complexity of having multiple ministries and agencies involved in the regulatory system; and can contribute to issues related to the approvals, monitoring and compliance, and reclamation processes. Participants indicated that sometimes the policy is good, but the interpretation and implementation of the policy is inconsistent.

### **Risk-based system**

Stakeholders suggested that the system should be founded on the level of risk. Based on risk, the system needs to balance regulations and other policy assurance instruments, such as performance-based approaches with incentives, to elicit the desired behaviour to achieve economic, environmental and social outcomes. The stakeholder groups identified that industry must be provided the opportunity to innovate and continually improve its environmental performance. As such the system must support industry in this, within the boundaries of regulation. In lower risk situations, incentives, such as market-based incentives, could be incorporated into the system as a means of encouraging more industry innovation. Stakeholders believe industry players are looking for ways to innovate, but financial performance is an important driver for industry and must link to the revised regulatory system.

## 4. CONCLUSIONS

In working toward meeting the project objectives of the Regulatory Enhancement Project hosted workshops and meetings between March and June of 2010 with all stakeholder groups: municipalities, ENGO's, landowners and industry. At these workshops, input was sought on their perspectives about issues with the current system and discussions regarding opportunities for improvement were held. A stakeholder website was also created to collect stakeholder input on the same topics. In the above report the themes of each of these discussions and the website questionnaire responses have been summarized, including those themes that were common to the discussions.

Stakeholder input and feedback also pointed to potential barriers to implementation. Participants identified resource and financial capacity within government and industry for the change as a possible challenge to implementing a renewed system. It was also noted that changing the system is a long and arduous process that requires long term support. This can be challenging because of short term political pressures and it is critical that a long term strategic view is being taken.

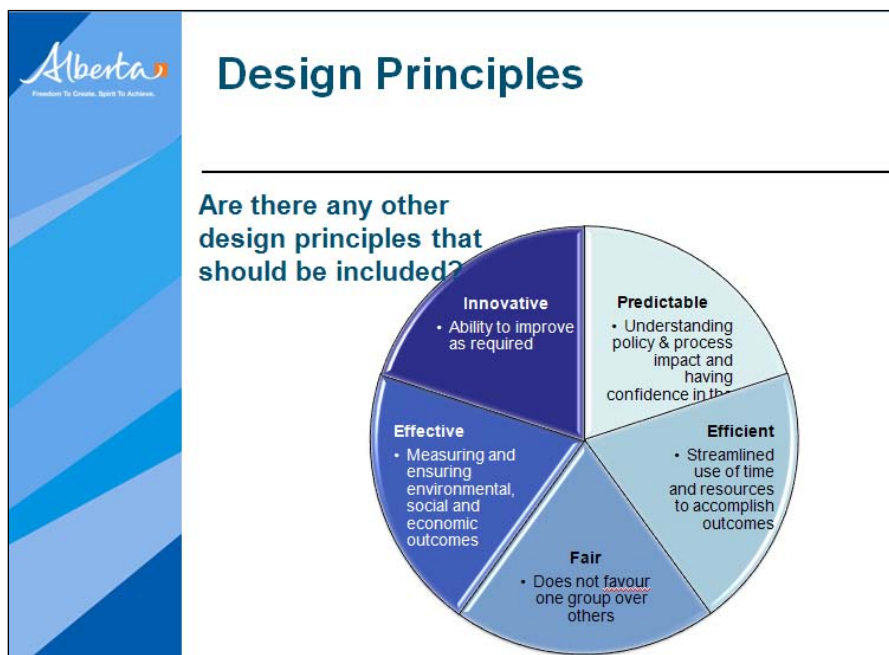
In addition to responding to the discussion points that were presented to each of the workshops, the stakeholders provided some additional insights about this process. All of the groups expressed an appreciation for the opportunity to be involved in the process and support the work the Regulatory Enhancement Project is undertaking. They also expressed a desire to be involved in a broader discussion with other stakeholders. There is a genuine interest in understanding the perspective of other stakeholders and collaborating to work toward an endpoint that is mutually acceptable.

## Appendix A. Facilitation Methodology

In order to provide preliminary, stakeholder-related information to the Design Team the Government of Alberta hosted workshops with different stakeholder groups. The purpose of each of the workshops was to seek input on the issues and opportunities for improvement to the regulatory /regulatory assurance system, which will make Alberta more competitive.

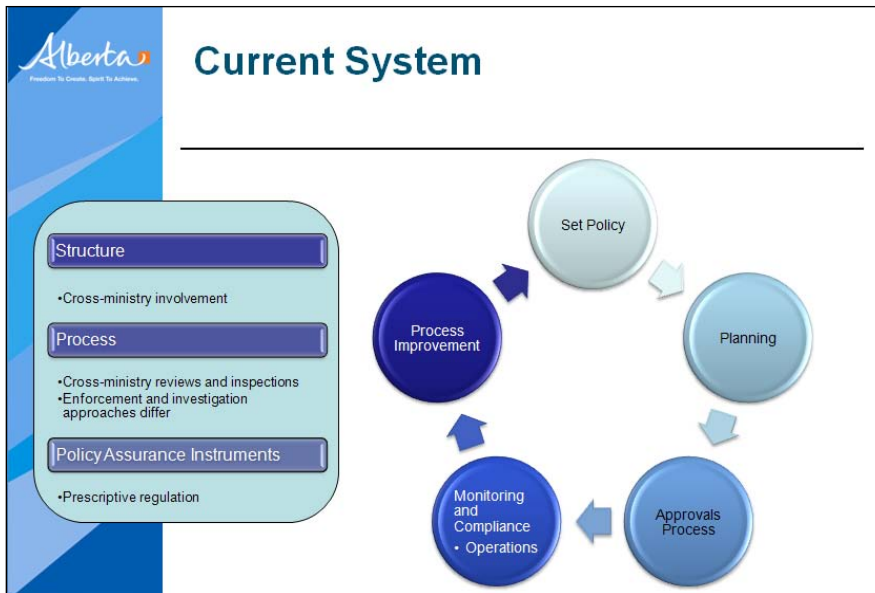
Each of the workshops, which were between three and four hours in length, was run in a similar manner. A general welcome to participants was provided by a GoA representative, participants introduced themselves to the larger group and a GoA representative provided an overview of the REP. For the ENGO and landowner workshops, this project overview and the accompanying question and answer period, lasted approximately 30 minutes because this was the first exposure of these stakeholder groups to the REP. Since many of the participants in the municipal workshop had previously been involved in an REP workshop, the overview and question and answer period was shorter, lasting approximately 20 minutes. A series of five discussion points guided the rest of the workshop. The number of participants involved in each of the workshops allowed the discussion to occur with all participants (i.e. breakout groups were not required). These five discussion topics, which were provided to participants of each of the workshops, were as follows:

1. Based on the current Design Principles of *Innovative, Predictable, Efficient, Fair and Effective*, are there any other design principles that should be included?



2. What are your key concerns with the current system?
  - 2.1. What elements of the current system does this concern relate to?

2.2. As a group prioritize your top three concerns.



3. What would you propose as ways to resolve these concerns?

3.1. Think about the following elements of the current system:

3.1.1. Structure

3.1.2. Process

3.1.3. Policy Assurance Instruments

4. What would a policy assurance system look like if you had a blank slate for its design?

4.1. What are key features of such a system (design principles)

5. What are other policy assurance systems from other industries or jurisdictions that could be considered?

The salient points from each of the discussions were recorded on flipcharts at the front of the meeting room. Comprehensive notes of each discussion were also recorded. Following each discussion, a representative of GoA expressed their thanks to the participants for taking the time to be involved in this process.

## Appendix B. Erratum

The following list of corrections has been made to the *What We Heard: Issues and Opportunities* report.

- Pages 2 and 25: There was a broad range of opinions regarding the public interest process and status for standing. There was concern that it is challenging for interested parties to have a voice on specific environmental issues. It was suggested that policy to determine the public interest be established earlier in the planning process. Stakeholders believed that this would give the public confidence that public issues are being heard and considered in development decision making.
- Page 8: The participants of the municipal workshop raised a variety of issues with the current system. It was identified that GoA employees would benefit from being educated about municipalities, specifically with respect to differences between urban and rural municipalities. It was felt that from the type of questions rural municipalities sometimes receive from GoA staff, there is a lack of understanding about these differences.
- Page 12: It was suggested that the policy to determine standing for public interest discussions at the planning stage be extended to allow more public involvement.
- Page 19: Specific issues related to sour gas wells was raised.