April 23, 2019

Standing Senate Committee on Energy, the Environment and Natural Resources
The Senate of Canada
Ottawa, ON
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Subject: Comments on Bill C-69, An Act to enact the Impact Assessment Act and the Canadian Energy Regulator Act, to amend the Navigation Protection Act and to make consequential amendments to other Acts.

As the home of Alberta’s oil sands and the economic engine of Canada, the Regional Municipality of Wood Buffalo appreciates the opportunity to provide a brief to the Standing Senate Committee on Energy, the Environment and Natural Resources to share our views on Bill C-69, An Act to enact the Impact Assessment Act and the Canadian Energy Regulator Act, to amend the Navigation Protection Act and to make consequential amendments to other Acts.

We believe Canada needs a rigorous and efficient process for assessing and approving projects that are important for the social and economic well-being and prosperity of all Canadians. While we can support the expressed intent of the legislation as outlined in the preamble, we believe the bill will create unintended consequences and that greater clarification is needed if Bill C-69 is to achieve its goals.

Context

The responsible development of oil sands projects and the pipelines that bring their product to market are vitally important to this region. When projects are developed appropriately and with meaningful engagement and consultation, they bring long-term economic and social benefits to our region, province and country. Data from the Canadian Association of Petroleum Producers (CAPP), indicate that oil sands development is expected to contribute approximately $1.7 trillion to the Canadian economy—and an estimated $256 billion in provincial and federal taxes—between 2017 and 2027¹. In addition to attracting economic investment and creating jobs and contracting service opportunities, oil sands development produces economic spin-offs that have broad reach in both our urban and rural communities.

For many decades, the oil sands have fueled industry-leading innovations and allowed this region to enjoy unprecedented population growth and diversity. Our population boomed with the price of oil in the early 2000s but, more recently, the impact of lower prices on the global market,

together with the 2016 wildfire, have softened growth expectations. The 2018 municipal census estimates the region’s total population to be approximately 112,000—down from about 125,000 in 2015.

The Regional Municipality of Wood Buffalo is located in Treaty 8 and unceded Métis territory and is home to eight First Nations and six Métis locals. Responsible oil sands development is important to these communities and has led to numerous successful partnerships, including the East Tank Farm Development, a joint venture between Fort McKay and Mikisew Cree First Nations and Suncor.

The economic health of the Regional Municipality of Wood Buffalo correlates with the health of the oil sands industry. It cannot be overstated how important locally-based oil sands jobs and opportunities are to this region. Governments in other jurisdictions have also identified local employment as a critically-important part of sustainable natural resource development. The Queensland state government in Australia passed the Strong and Sustainable Resource Communities Act 2017 to help ensure that “residents of communities in the vicinity of large resource projects benefit from the construction and operation of the projects.” By legislating that residents must be employed—rather than 100% rotational, or fly-in fly-out, workers—the communities in proximity to large developments benefit alongside their industry neighbors.

As industry, our residents and local business owners can attest, our region has experienced significant change in recent years which has led to very serious consequences for our residents and communities. We would like to highlight:

- The real estate market has shifted significantly. In February 2015, the average sale price for a single-family detached home in the Fort McMurray area was $746,202; the data for February 2019 indicate the average sale price is now $535,044. This represents a decline of over 28 per cent.

- The Fort McMurray International Airport, completed in 2014 just ahead of the collapse in the price of oil, was built to accommodate 1.5 million passengers per year. In 2014, over 1.3 million passengers went through the airport; in 2018, this number fell to just under 640,000 passengers.

- The Wood Buffalo Food Bank has seen demand for hampers grow exponentially in recent years. In 2014, they handed out 1,283 hampers to feed 2,344 people; in 2018, 7,791 hampers were prepared to feed 16,457 adults and children. They also report that an average of 50 new clients use their services each month.

- The Municipality has seen a decline in the number of business licenses issued on an annual basis. In 2018, the municipality issued approximately 3,100 business licenses down from roughly 3,600 in 2015.

Honourable senators, the current lack of pipeline capacity and the absence of a pipeline to tidewater significantly impact our region and the lives of residents daily. It affects property

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2 Queensland Government, “Strong and Sustainable Resource Communities”
values, businesses, employment levels, the social services sector, local quality of life and more—and it is in this context that we believe the implications of Bill C-69 must be viewed.

**Key Concerns with Bill C-69**

We respect the expressed intent of the bill with its emphasis on the health and safety of Canadians and environmental protection; enhancing global competitiveness, investor and stakeholder certainty; and commitment to reconciliation, early engagement, inclusive participation and gender diversity. But while these may be laudable intentions, there are several concerns that we believe need to be addressed if the legislation is to achieve its goals.

As representatives of the Wood Buffalo region, we are especially troubled that the potential project delays, regulatory hurdles, and investment uncertainty that this legislation may create would have significant negative consequences for our region and people.

1. **Local Governments must be included in project assessments.**

While the inclusion of an early planning phase may lead to more focused and thorough assessments, we think it is imperative that local governments be included in that process. We believe strongly that when a project is planned in a community, the municipality should not only be informed as soon as possible but should be consulted. In our view, this would provide a voice to those directly impacted by the project, recognize the value of local knowledge and ensure that an informed decision can be made based on a solid understanding of the environmental, health, social and economic implications and land-use provisions.

To this end, we would like to see the Impact Assessment Act amended in the relevant sections to require consultation with the affected municipal government(s). We also support the recommendation proposed by the Alberta Urban Municipalities Association (AUMA) that section 22 (1) be amended to “include ‘comments from a municipal government impacted by the designated project’ as one of the factors that must be considered by the review panel.”

2. **Local voices must be heard.**

At present, the bill is drafted in a way that allows for wide public participation—but not necessarily meaningful participation. The effect is to minimize the influence of communities that are directly impacted by major projects like those in our region. We are concerned that the legislation affords opportunities for broad public participation without giving adequate and appropriate consideration to the perspectives of the residents and communities that will most directly experience environmental, social, and economic impacts due to projects occurring in proximity to them.

In our view, it is vitally important that people who are directly impacted by a project are truly heard. Otherwise, we create a situation where the loudest voices—even those with limited, if any, direct connection to the project or economy—overpower those directly affected, including

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3 Alberta Urban Municipalities Association, “Urban municipal perspectives on Bill C-69”, Submission to the Standing Senate Committee on Energy, the Environment and Natural Resources on 10 April 2019, p.5.
citizens who live, work and call the area home. We are concerned that this bill will create obstacles that will make it more difficult for impacted Canadians to get their message across to decision-makers.

We suggest that one way to ensure meaningful participation is to allow review panels to have discretion over the nature and scope of participation. We think it is vital that those who face direct implications due to a proposed project have an opportunity to present their views and for their views to be considered relative to the project. We agree with the Canadian Association of Petroleum Producers (CAPP) and support their recommendation that review panels should “have the discretion to determine the nature and scope of participation of members of the public and to consider the information, expertise and opinions of other knowledgeable persons as they see fit.”

3. **A hard time limit for the assessment process is needed.**

We are concerned that Bill C-69 as currently drafted, will increase the complexity of the project review process and make it difficult to move forward with significant natural resource projects. We believe it will create investor uncertainty which will damage the global competitiveness of Canada’s oil and natural gas industry. In Wood Buffalo, we are particularly concerned that this will deter future investment in our region and elsewhere in the country.

While proponents must have the flexibility they need to see a project through, we believe that clear, disciplined timelines are needed to create a sense of predictability and help build trust in the approval process. Investment will follow when projects advance in a timely, transparent and predictable manner. As others have noted, Bill C-69, in its current form, provides numerous opportunities to introduce delays. Indeed, throughout the project assessment process, the federal minister and cabinet can pause, suspend or cancel a project; an approach that not only thwarts predictability but introduces the risk of political interference on projects. We join the Government of Alberta and others in calling for a hard time limit for the process.

Ultimately, we worry that the inability to move pipeline projects forward and build additional pipeline capacity will lead to continued discount pricing for Canadian oil and negative consequences for people in our communities as investment in new and existing oil sands projects will be impacted.

4. **Unintended impacts and administrative implications will hurt municipalities.**

Municipalities are obligated by legislation to deliver important services to residents and businesses at reasonable tax rates. As currently drafted, Bill C-69 does not clearly outline the financial and administrative implications for municipalities. Furthermore, we believe the language of the bill is vulnerable to interpretation and does not provide the necessary clarity on municipal land-use planning, waterway use, indigenous consultation or federal grants.

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4 Canadian Association of Petroleum Producers, Submission to the Standing Senate Committee on Energy, the Environment and Natural Resources, 15 February 2019, p.4.
We also share the concerns, identified by the Federation of Canadian Municipalities and others, that the proposed Canadian Navigable Waters Act raises questions regarding the definitions of key terms, such as navigable water, vessels and works. This ambiguity could result in a significant number of municipal infrastructure projects, including the construction of bridges, landfills and sewage lagoons, requiring federal review. At the municipal level, federal review of small-scale projects would translate into significant delays and unnecessary added costs as well as impair a municipality’s ability to meet federal and provincial grant requirements. In Wood Buffalo, for example, we are concerned about how these new changes will affect our ability to deliver a secondary access and egress route for our community in case of an emergency and other infrastructure needed to ensure public safety, increased regional connectivity and economic development.

For these reasons, we believe that municipal projects should be exempt from this legislation. We ask the committee, and all honourable senators, to review the proposed Act with this in mind.

5. The competitiveness of Canada’s oil and gas industry must be recognized as vital to our communities.

While we appreciate the addition of economic considerations in the new Impact Assessment Act, we are concerned that the bill, as currently drafted, will increase the complexity of the project review process and make it more difficult to move forward with significant natural resource projects. Ultimately, investor uncertainty will further damage the global competitiveness of Canada’s oil and gas industry and harm communities, like ours, that depend on investment to ensure future viability and sustainability.

We urge the committee to consider amending the preamble and Section 6(1) to set out that one of the purposes of the Act is to improve investor confidence, strengthen the Canadian economy, encourage prosperity and improve competitiveness.

Conclusion

We would like to express our sincere gratitude to the committee for travelling to Fort McMurray as part of the cross-country public hearings on Bill C-69. We appreciate the Senate’s thorough consideration of this important legislation and urge senators to strengthen and improve this legislation by making the necessary amendments.

Sincerely,

[Signature]

Don Scott, QC
Mayor, Regional Municipality of Wood Buffalo