

Métis Consultation Policy

Economic Impact Summary

November 27, 2018

Alberta

Métis Consultation Policy (MCP)- Background

- Alberta currently does not have a consultation policy on land and resource management for Métis who are not members of a Métis Settlements.
 - Unlike First Nations and Metis Settlements, it is challenging to know the appropriate Métis to consult with for those who are not part of a Metis Settlement.
- The absence of a MCP increases risk for project proponents and Government of Alberta (GoA) ministries due to the lack of clarity on which Métis to consult.
 - Without a GoA policy, project proponents decide on their own whom to consult with, which has led to confusion and inconsistent decision making across and between sectors which negatively impact relationships and consultation timelines.
- The proposed MCP will:
 - Provide clarity and transparency to proponents, GoA ministries and Métis organizations as to whom to consult.
 - Align with the current procedural aspects of consultation under the existing First Nation and Metis Settlements consultation policies, providing further certainty to project proponents when they are directed to consult Métis.

MCP- Industry Feedback

- Indigenous Relations (IR) recently completed in-depth engagement sessions with Métis organizations, industry, and municipalities to solicit their feedback regarding the proposed policy.
 - Stakeholders, including Métis, have been generally supportive.
- Industries represented at the engagements included: Oil and Gas, Pipelines, Forestry, and Sand and Gravel.
- Industry supports a regional approach as long as:
 - Single points of contact are known;
 - Capacity funding is provided to Metis communities
 - There is buy in at the local level;
 - There is transparency and consistency;
 - Timelines are met; and,
 - Competitiveness is not impacted.

*"CAPP welcomes the development of the MCP.
There is a need for clear and consistent direction
from government on how project proponents
should be consulting with off-settlement Metis
communities."*

Canadian Association of Petroleum Producers.

Alberta

MCP- Industry Feedback

- Industry feedback has indicated that the proposed MCP could:
 - Bring greater certainty
 - Act as a risk management tool
 - Fill a gap
 - Decrease risk for project proponents
 - Potentially serve to increase Alberta's competitiveness.

"Since industry has been managing risk in the absence of Policy ..when it comes to consultation with off-Settlement Métis, there is a need for clear and consistent direction from government on how project proponents are to consult on behalf of the Crown."

Devon Canada Corp.

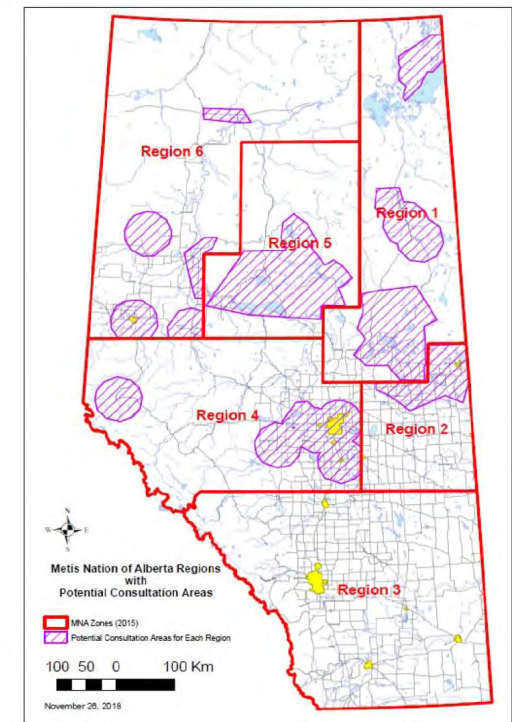
Economic Impact Overview

- IR began an economic impact analysis in Summer 2018 to determine potential economic impacts of the MCP on industry and GoA partner ministries.
 - This work was supported by Economic Development and Trade (EDT), and other partner Ministries (Agriculture and Forestry, Culture and Tourism, Environment and Parks, Energy, Municipal Affairs, Transportation, and Infrastructure).
- The analysis focused on impacts to industry – specifically the oil and gas and forestry sectors.
 - Analysis also included implementation considerations.

External Impacts

Proposed Métis Consultation Areas

- The establishment of a Métis Consultation Policy anticipates consultation with 5 regional communities (the MNA Regions, excluding Region 3), each with a single point of contact.
- Potential consultation areas were developed using Government of Alberta geo spatial data only.
- Proposed consultation area map was shared with cross-ministry partners to aid in the development of economic impacts analysis.



NOTE: The purple sections on the map are the potential consultation areas for each region

Alberta

Estimated Energy Sector Impacts

- Over 85% of Indigenous consultations in Alberta are energy sector related.
- Due to the absence of data on industry consultation costs, it was not possible to quantify the financial impacts of the proposed policy.
- As a result, analysis is focused on the **number** of energy projects that will experience increased consultation requirements as a result of the MCP, using baseline data on the number of projects triggering consultation at each consultation level between November 2016 and July 2017 (assumed and adjusted to be representative of data throughout a typical year),
 - Level 1: Streamlined consultation
 - Level 2: Standard consultation (total of 3952 Level 1 & 2 per year)
 - Level 3: Extensive consultation (total of 82 per year)

Estimated Energy Sector Impacts

- Alberta Energy developed their analysis based on the following assumptions:
 - For projects where Level 1, Level 2, and Level 3 consultations are already required, timelines are **unlikely** to be substantially affected by consulting with an additional Métis community.
 - The dataset shows that some projects currently do not trigger consultation with *any* Indigenous communities, but under the new MCP, would trigger consultation with at least one Métis region. These projects are assumed to be Level 1 or 2.
 - In the MNA regions context, Regions 1 and 4 are likely the most critical to oil and gas development going forward.

Estimated Energy Sector Impacts

- Economic impacts associated with smaller Energy projects that trigger Level 1 or Level 2 consultations (a total of **3952** per year):
 - **159** energy projects that currently do not trigger consultation with any Indigenous community, may trigger Level 1 or 2 consultations under the new MCP (4% of projects may be impacted).
 - **472** energy projects that already trigger Level 1 or 2 consultations will need to undertake additional consultation with Métis groups as a result of the MCP (12% of projects may be impacted)
 - Total Level 1 & 2 projects impacted = **631**
- Economic impacts associated with large energy projects that trigger Level 3 consultation (a total of **82** per year):
 - Assuming that no consultation is currently occurring with any Métis communities, **36** energy projects that already require Level 3 consultation will need to undertake additional consultation with Métis regions as a result of the MCP. (44% of projects may be impacted)

Estimated Energy Sector Impacts

- Overall Impacts:

Total number of energy projects: **4034** (3952 Level 1 & 2 + 82 Level 3)

- Of these projects, a total of **667** (631 Level 1 & 2 + 36 Level 3) will be impacted by the new MCP (16% overall)
- For large projects that trigger Level 3 consultation, impacts may be neutralised in many cases where proponents are already voluntarily engaging with multiple Métis communities. (Due to the current lack of policy direction on whom to consult, some proponents choose to manage risk by engaging with multiple Métis groups. By providing certainty on whom to consult with, in practice, the MCP could actually *reduce* the number of Metis a proponent may consult with on Level 3 projects)
- Overall, this represents a **low to moderate impact** to industry

Estimated Forest Industry Impacts

- Forestry developed their analysis based on a estimated cost to consult per First Nation and Métis Settlements and multiplied that cost by the amount of additional consultations that must occur.
- The following is an example of the methodology used:
 - Estimated the cost to consult as \$0.22 per cubic meter for a Timber Quota Certificate and \$0.25 per cubic meter for an Forest Management Agreement.
 - For example: A disposition has 1 Timber Quota Certificate, 5 FN & MS to currently consult with, and an annual allowable cut (quota) of 50,000 cubic meters.
 - To estimate the current cost to consult, multiply the 50,000 cubic meters by the estimated cost to consult per cubic meter of \$0.22 to get \$11,000.
 - This would be divided by 5 FN & MS to get the cost of consultation per FN & MS, or $\$11,000/5 = \$2,200$.
 - If the disposition is in Metis Region 4, and must now complete one additional consultation, the additional cost would be calculated at $\$2,200 \times 1 = \$2,200$.
- Forestry then applied this methodology to the 5 Métis consultation areas and looked at potential impacts on Quotas and Forest Management Agreements

Estimated Forest Industry Impacts

- Estimated additional cost of consultation due to MCP (Quotas and FMAs) is \$1.5 million dollars.
 - Timber Quota Certificates reflect \$520,000 and FMAs reflect \$1 million of this total.
 - The ability of individual companies to absorb the additional costs will vary across the sector.
- In 2016, Alberta's forest industry earned revenues of \$6.5 billion, primarily from the sale of forest products and services.
- The additional costs of the MCP reflect 0.2% of annual forestry revenues.
 - The real GDP of Alberta's forest industry was \$2.7 billion in 2017.
 - NOTE: the industry's GDP and revenue is not indicative of profits- Forestry indicated it does not have data necessary to estimate industry profits.

MCP Implementation



Implementation

- The proposed MCP implementation will not be immediate or all-inclusive.
 - Metis communities need to meet the Standards under the MCP before being consulted.
 - Policy anticipated to come into effect by Fall 2019.
- The recently announced \$20 million increase in enhanced capacity funding includes implementation and ongoing base funding for the MCP.
- No new FTEs will be requested to support implementation. Pressures will be addressed through internal re-allocations and additional process improvements, some of which are already being actioned internally.
 - The Aboriginal Consultation Office in IR will be the most affected.

Economic Competitiveness Initiatives

- Initiatives to enhance the efficiency and effectiveness of Indigenous consultation policy implementation include:
 - Enhanced Consultation Capacity Funding
 - Enhances economic competitiveness by increasing the ability of Metis communities to be active participants in the consultation process and decreasing burden on proponents.
 - Landscape Analysis Indigenous Relations Tool
 - Enables industry to upload a project footprint online and have the system inform them who the Government of Alberta would ordinarily direct consultation to.
 - Aboriginal Consultation Office (ACO) Re-Organization
 - Recently restructured to a regional approach model with dedicated resources for strategic relations, process enhancement and regulatory efficiency.
 - Eliminated a layer of management
 - Alberta Energy Regulator/Aboriginal Consultation Office Joint-Operating Procedures
 - The updated JOP will increase the effectiveness and efficiency of the AER and ACO.
 - Ensure staff have clear guidance on roles and responsibilities and enable Public Lands Act applications to be processed concurrently (saving time).

Next Steps

- Communicate final approval of the Standards and MCP to Métis communities, GoA ministries, industry and municipal stakeholders.
- Communicate capacity funding resources available to Métis that seek to put forward a claim to meet the Standards under the Consultation Policy.
- Draft Guidelines, Ministerial Orders and Joint Operating Procedures to implement the MCP. IR to seek Communication and Public Engagement approval to engage on Guidelines development with the MNA and GoA ministries as part of policy implementation.
- As Métis organizations meet the Standards, provide training and support to establish consultation offices in a manner that will meet MCP requirements.
- The Policy will come into effect in Fall 2019.

Slide Notes

Slide 8:

Data source: ACO: Electronic Disposition System

Slide 9:

Data showed approximately 159 energy projects that did not trigger consultation with any Indigenous groups because they occurred outside of any current consultation areas. Application of the new MCP consultation areas would result in most of these projects going from NO CONSULTATION REQUIRED to requiring consultation at a Level 1 or Level 2 with one or more Metis groups.

Slide 10:

A higher percentage of Level 3 projects are impacted by MCP because the majority occur in MNA Region 1 where there is a strong off-settlement Metis presence.

Slide 11:

Overall, the percentage may seem low because the potential consultation areas for MCP only cover a small portion of the province, thus only a small portion of projects are impacted.

For large projects (Level 3), due to a lack of policy direction on whom to consult with, many proponents currently choose to manage risk by consulting with multiple Metis groups. By providing certainty on whom to consult with and supporting the regional approach to Metis consultation, the MCP will give proponents the option of consulting with far fewer groups.

Slide 12:

Timber Quota Certificate: is a long term form of tenure [20 years,] that are area or volume based and gives the company fewer rights. The forest management planning and inventory remain the responsibility of government. Currently, all quotas in Alberta are volume based. Sizes vary from 670 m3/year all the way up to 451,117 m3/year. The number of indigenous groups that would need to be consulted with will depend upon the general location of the allocation and the number of consultation areas that overlap.

Forest Management Agreement: is a long term [20 year], area based form of forest tenure. It is the most secure form of tenure in Alberta. A company is given certain rights, including the right to establish, grow, harvest and remove timber in exchange for responsibilities such as forest management planning and inventory. The size of an FMA varies. In Alberta the largest FMA is located in northeastern Alberta and covers approximately 58,120 square kilometres. It is managed by Alpac Forest Products Incorporated. Vanderwell Contractors Ltd.'s FMA located near Slave Lake is the smallest, at 585 square kilometres.