

Strategic Insights for the Beaufort Basin

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For discussion purposes only

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Strategic Insights for the Beaufort Basin: Executive Summary

The current document is a synthesis of federal efforts underway, aimed at encapsulating the context, issues and possible path forward for the sustainable development of the Beaufort Basin and the necessary alignment of interests to achieve it. Given expected increases in oil and gas activity in the Basin, immediately and over the longer term, it is timely for the Government of Canada to pursue integrated resource management planning in the Beaufort Basin.

Strategic Insights for the Beaufort Basin is intended to help provide structure to an emerging consensus on the key issues and activities related to the sustainable development of the Beaufort Sea and Mackenzie Delta areas, referred to as the Beaufort Basin. It defines 6 key issues requiring sound management: Governance; Knowledge Management; Oil and Gas Development; Regulatory Management; Environmental, Social, Cultural and Economic Interplay; and Integrated Planning. These are drawn from an initial federal interdepartmental workshop held in January 2008 with regional and headquarters personnel from key departments involved in the Beaufort Basin both in program and policy functions. The main ideas related to each are addressed separately in the sections that follow. For example, in the area of Governance, a key idea expressed in many documents and meetings is the need to clarify governmental mandates, align those mandates to the needs of the Beaufort Basin region, residents and stakeholders, and achieve greater synergies among the various initiatives underway or in the planning stage. Key guiding principles are emerging, such as to respect jurisdictions, mandates and community needs, to achieve efficiencies that will result in value added for all involved, and the value of building on existing initiatives.

This synthesis report also contains a section entitled “The Path Forward”, also stemming from the January 30th workshop, which provides an approach, recommended actions and accountabilities for achieving them. It should be noted that this document refers to a common approach to the Beaufort Basin as a desirable outcome, though one still to be more fully assessed and further endorsed.

Strategic Insights for the Beaufort Basin

BACKGROUND

On 30 January 2008, federal government stakeholders with mandates in the Beaufort Basin (Beaufort Sea and Mackenzie Delta) held a workshop aimed at planning for sustainable development in the region and in particular seeking to identify common outcomes, the means to achieve them, components of knowledge management and mechanisms for achieving

coherence, particularly governance and stakeholder engagement mechanisms. The results of this workshop were captured in an As It Was Heard Report aimed at reproducing the thoughts of the workshop without interpretation. The key themes emerging from this workshop were the need for: Sustainable Development in the Beaufort Basin; Process Efficiencies; Government of Canada Coherence; Coordinated Federal Approach and Alignment; Legacy Building; and Sharing Information and Knowledge Base for Decision Making. The current document entitled *Strategic Insights for the Beaufort Basin* seeks to encapsulate the context, the issues and the path forward for the sustainable development of the Beaufort Basin for both land and sea. Conclusions of this workshop indicated that there was general support for making the processes of planning for the Beaufort Basin more effective and for achieving alignment among federal departments, the Inuvialuit, Territorial governments and other stakeholders. There was also consensus that advancing process efficiencies and stakeholder alignment will promote the sustainable development objectives of all stakeholders such as knowledge management and governance.

Several factors are converging to make such efforts urgent: these include the finalizing of recommendations from the Beaufort Sea Strategic Regional Plan of Action (BSSrPA), the anticipation of recommendations from the Mackenzie Gas Project (MGP), efforts towards integrated resource planning under the Beaufort Sea Large Ocean Management Area (LOMA), initiatives to improve the regulatory environment, and the Northern Strategy. The increased interest of oil and gas companies in exploring the offshore is an important focus for many of these initiatives, as are concerns of industry that efforts are needed to facilitate more effective environmental assessment and more efficient regulatory processes in the Beaufort Basin.

A series of subsequent meetings include the LOMA's Beaufort Sea Partnership meeting (Inuvik March 11-13), a BSSrPA Next Steps workshop (Ottawa April 17-18) and a LOMA Regional Coordinating Committee (RCC) meeting (Inuvik May 13-14). A follow-up Beaufort Basin meeting is planned to advance the conclusions of the January 30th federal workshop.

CONTEXT

The Beaufort Basin as defined here includes the MacKenzie Delta and the adjacent Beaufort Sea. This region also coincides with the MacKenzie Delta-Beaufort Sea hydrocarbon basin as defined by the Geological Survey of Canada. The Beaufort Basin is in the Inuvialuit Settlement Region. Participants at the January 30th meeting viewed sustainable ocean and terrestrial development of the Beaufort Basin as seeking to address the full range of environmental, social, cultural and economic needs of the region. This included both land and sea, in particular as they relate to oil and gas development in the region. The oil and gas sector has returned to the Basin after a lengthy absence. Its return is generating opportunities for sustained economic growth as well as pressures to balance this growth with environmental protection and maintenance of traditional lifestyles.

The geography of the Beaufort Sea Large Ocean Management Area (LOMA) includes communities whose populations are direct users of this area, i.e. Aklavik, Inuvik, Paulatuk, Ulukhaktok, Sachs Harbour and Tuktoyaktuk. The Beaufort Sea Large Ocean Management Area was defined based on a combination of political and environmental features. Sustainable

development is being approached through Integrated Ocean Management involving the full range of federal, aboriginal, territorial, regional and community partners working together to craft a common integrated plan that respects both jurisdictions and the needs of the communities in the Beaufort Sea region. This partnership, called the Beaufort Sea Partnership (BSP), is the primary forum for the engagement of stakeholders in Integrated Ocean Management of the Beaufort Sea. The Beaufort Sea Partnership is made up of regional level representatives who provide members to Working Groups. Working Groups in turn provide analysis and propose management objectives for consideration by the Beaufort Sea Partnership. The areas of focus include traditional knowledge and all social, cultural, economic biophysical and landscape aspects of the region. Consideration is also given to the governance, regulatory and knowledge management components of integrated planning. The LOMA Regional Coordination Committee, for example, plays the role of overarching governance body for the Beaufort Sea Large Ocean Management Area; it is made up of federal regulators, territorial and aboriginal governments.

Other important federal initiatives underway include the Beaufort Sea Strategic Regional Plan of Action (BSStRPA) which aims “to ensure that the Inuvialuit, governments, industry and other northerners will be prepared for” the renewed interest and increased oil and gas industry activity in the Beaufort Sea, which is being induced by the Mackenzie Delta Gas Project. Others include: International Polar Year, the Northern Strategy, research being conducted under the Environmental Sciences Research Fund, increased attention on cumulative environmental effects, INAC’s work on regional strategic environmental assessment of its rights issuance processes, and the INAC/EC Regional Plan of Action for the Delta.

ISSUES TO MANAGE

During the January workshop, as well as during the course of the past six months, the issues identified as key to integrated resource management ensuring sustainable development of the Beaufort Basin can be grouped under the following headings: governance; knowledge management; oil and gas development; regulatory management; environmental, social, cultural and economic interplay; and integrated planning.

1. Governance

Governance relates to how government and other organizations interact, how they relate to citizens and how decisions are made on behalf of society. Governance in the Beaufort Sea and Mackenzie Delta involves the need to:

- Communicate clearly the federal and territorial governmental mandates, and align those mandates to the needs of the region;
- Require governmental alignment as a pre-requisite for resource allocations, including joint commitment to priorities and seamless inter-agency cooperation, while respecting existing authorities;
- Work to achieve further alignment and commitment of all other interested parties involved in the Beaufort Basin, including the oil and gas industry;

- Develop a decision-making framework to complement that established for the Beaufort Sea LOMA;
- Complement the existing Integrated Ocean Management mechanisms when developing a Beaufort Basin Integrated Land Management process.

2. Knowledge Management

Knowledge Management is defined here as management of the information, communications and technology needed to manage the Beaufort Basin. At a minimum, this involves:

- Strong linkages between land and sea initiatives with a view to developing complementary plans;
- A framework for accessing the broad range of scientific, social, cultural, economic, political and environmental knowledge required for sound decision-making in the Beaufort Basin;
- The commitment of holders of information to share all available information;
- The coordination of research planning and implementation among the various players and rationalization of projects aimed at building strong scientific premises while avoiding duplication;
- A process for clarifying what decisions need to be made;
- Development of a common information repository, for example a clearing house with one agency as a lead and accountable for its management, with access by all Partners (GeoConnections REA pilot project);
- Effective communications across and between stakeholder groups to ensure that all stakeholders are informed of emerging trends, developments and ideas on a continuing basis;
- Protocols for the use of knowledge, e.g. proprietary information from commercial interests and from elders.

3. Regulatory Management

Legislation and regulations provide the legal framework and administrative tools both to support resource based development and to modulate its effects in accordance with the economic, environmental and social capacities of the region. These capacities are interdependent, the “carrying capacity” on one affecting the other two, making a compelling case for an Integrated Management approach to the Beaufort Basin. This provides challenges and opportunities in terms of managing relationships, involving:

- Understanding and harmonizing legislation and regulations among the various regulating agencies;
- Streamlining environmental assessment processes and regulatory approval in support of meeting the needs of the region in a timely fashion and encouraging investment in the Beaufort Basin.

4. Oil and Gas Development

Aboriginal groups, communities, industries, governments and academics with interests in the Beaufort Basin understand the importance of oil and gas development to the future of the Region. This infers that:

- Sustainable development of the Beaufort Basin includes both a sea component, via the Integrated Ocean Management Plan and a land component, via an emerging Integrated Land Management Plan. In time, this may result, in an integrated resource plan for the Beaufort Basin;
- Industry needs an active role in the Beaufort Sea Partnership. Consideration must therefore be given to inviting industry to participate as an Observer on the Regional Coordinating Committee. The oil and gas industry will also need to participate in the emerging Integrated Land Management Plan;
- A policy on REAs is needed¹ to address industry concerns regarding the present uncertainty related to the requirements for environmental assessments in the Beaufort Basin;
- A process is developed for integrating BSStRPA and related initiatives with the LOMA Integrated Oceans Management and the emerging Mackenzie Delta Integrated Land Management processes.

5. Environmental, Social, Cultural and Economic Interplay

The balance between developing a vibrant economy and ensuring that the region remains (or becomes) healthy appears to be one of the more difficult issues to manage in the Beaufort Basin. Suggestions for achieving this balance include:

- Ensuring healthy and sustainable ecosystems and fisheries;
- Regional transportation that is safe both for humans and for wildlife;
- Providing for the physical, mental and emotional health of the communities in the region, including the safety of its members;
- Integrating both onshore and offshore development;

¹ The GeoConnections proposal for a pilot in the Beaufort Sea was supported by the Beaufort Sea Partnership at its March 2008 Meeting.

- Monitoring indicators for environmental, social, cultural and economic health and the linkages between them and taking corrective actions;

6. Integrated Planning

In order to complement the Integrated Ocean Planning efforts for the Beaufort Sea, there is also a need to advance the emerging Integrated Land Management Plan and, at a future date, to connect the two. Moving toward this goal will involve inter-agency development of a long term strategy in support of the Basin.

Efficient processes, defined here as the series of steps that will lead to desired results, are essential to the development of a planning strategy for the Beaufort Basin. The word “integrated” connotes that all stakeholders, all information and all elements have been duly considered as parts of the various plans or components and their supporting processes. This will involve:

- Commitment to a common vision for the Basin to ensure consistency of purpose and approach;
- Effective design of the process by those with the expertise to do so as well as continuous adjustments to the process on a regular basis;
- Coordinated, consultation of stakeholders in both the what and how of the plan(s) – terrestrial and sea;
- Development of long-term economic stability for the region as a categorical imperative, to avoid or at least reduce the boom or bust cycle that appears typical of Northern development;
- Development and application of risk assessment (for example, assessment of personal, property, business, ecological and political risks) as an integral part of the planning process aimed at supporting the Precautionary Principle and in compliance with federal Treasury Board Guidelines.

SUGGESTIONS FOR A PATH FORWARD

Issue	Approach	Recommended Actions
1. Governance	Ensure the alignment and commitment of 1) Federal, Aboriginal and Territorial Government Department initiatives and 2) the members of the Beaufort Sea Partnership, it's Working Groups and the RCC	<p>Ensure that Fisheries and Oceans fulfills its role as the lead agency and that partners are engaged in the various governance processes of the Beaufort Sea as mandated through the <i>Oceans Act</i>, including finalization and implementation of an Integrated Ocean Management Plan for the Beaufort Sea.</p> <p>Ensure that the INAC mandate and policies for non-renewable resource management (and specifically oil and gas in the Beaufort Basin) evolve in a manner consistent with integrated resource management, recognizing territorial government and Aboriginal interests in shared management as appropriate.</p> <p>Advance the emerging federal interest in developing an Integrated Land Management Plan.</p> <p>Recognize the complementary SD mandates of federal departments and agencies in advancing IOM and ILM Plans.</p> <p>Develop an overarching mechanism to ensure the aquatic and terrestrial plans function seamlessly.</p>
2. Knowledge Management	Develop a robust Knowledge Management approach in support of the Integrated Ocean Management Plan for the Beaufort Sea and the evolving ILM Plan for the terrestrial component of the Basin	<p>Name lead agencies/partners to take accountability for the design, development, integration and management of a comprehensive Knowledge Management approach for the Beaufort Basin.</p> <p>Perform a comprehensive needs-analysis on the knowledge required to roll-out the Integrated Management Plan for the Beaufort Sea and the terrestrial counterpart.</p> <p>Develop a Knowledge Management strategy, involving all aspects of information management, information technology, communications and education.</p> <p>Project the scientific work and information required to support Sustainable Development in the Beaufort Basin and seek funding.</p>

Issue	Approach	Recommended Actions
3. Oil and Gas Development	Nurture the commitment of industry for oil and gas development in the Beaufort Sea	<p>Develop an Integrated Resource Plan for the Beaufort Basin.</p> <p>Build on BSStRPA recommendations and develop a Working Group of the Beaufort Sea Partnership to deal with Oil and Gas Development and related opportunities.</p> <p>Consider Industry and Gwich'in participation in emerging Integrated Management Planning.</p> <p>Continue policy analysis in support of a Beaufort Basin Regional Environmental Assessment.</p>
4. Environmental, Social, Cultural and Economic Interplay	Maintain commitment of all members of the Regional Coordination Committee (RCC) to the Vision, Goals and Guiding Principles of the IOM Plan and develop Vision, Goals and Guiding Principles of the emerging ILM Plan	Provide the final Vision, Goals and Guiding Principles of the IOM Plan for consideration in the emerging ILM Plan.
5. Regulatory Management	Ensure effective management of regulations associated with the Beaufort Basin	Provide opportunities, e.g. Regulator Forum, for regulators to exchange views on regulatory issues and emerging developments that require policy alignment.
6. Integrated Planning	<p>Strengthen RCC commitment to the development, implementation, assessment and renewal of the Integrated Ocean Management.</p> <p>Promote ongoing planning and analysis with respect to Integrated Land Management.</p>	<p>Foster effective dialogue among all stakeholders to elicit clear commitment to implementing the IOM and ILM Plans.</p> <p>Initiate analysis on governance mechanisms to enable the IOM and ILM Plans to function seamlessly together.</p>

CONCLUSION

It would appear that:

- Stakeholders are looking for a fully coordinated and integrated approach to integrated resource management in the Beaufort Basin;
- The collaborative work of IOM provides a useful model for the development of an Integrated Land Management process;
- There appears to be a genuine commitment by federal stakeholders to continue the dialogue initiated at the January 30th workshop and to engage other stakeholders in advancing common interests and objectives for the Beaufort Basin.

In view of the above, and given expected increases in oil and gas activity in the Basin, immediately and over the longer term, it is timely for the Government of Canada to continue to advance IOM and ILM in the Beaufort Basin. In particular, early consideration needs to be given to governance mechanisms to enable the IOM and ILM Plans to function seamlessly together, and to identify more specific efficiencies and value added that can be achieved, for example, in the areas of stakeholder engagement and information management. Such analysis will inform interdepartmental as well as broader discussions in the coming days.

Appendix: References

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