

## SOCIO-ECONOMIC EFFECTS MANAGEMENT PLANNING IN BRITISH COLUMBIA, CANADA – A NEW ERA

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### Introduction

A common issue of socio-economic impact assessments (SEIAs) as conducted in Canada is the lack of required follow-up. Unlike for many environmental valued components, for which environmental protection plans and follow-up monitoring are often legally prescribed, there are few regulatory requirements or policies guiding proponents in the implementation of socio-economic mitigations and management measure. The lack of regulatory framework for socio-economic effects management became evident to environmental policy makers in British Columbia (BC), Canada, facing the possibility of multiple large liquefied natural gas (LNG) and related pipeline infrastructure projects being built along the province's lightly populated north coast. This paper overviews the international and Canadian requirements for socio-economic effects management planning, discusses the regulatory rationale behind BC's requirement that some projects prepare a socio-economic effects management plan (SEEMP), and reviews the Community Level Infrastructure and Services Management Plan (CLISMP) prepared for the LNG Canada project, the first such plan to be approved under BC's new requirement that socio-economic effects management plans be prepared for certain projects.

### International and Canadian Requirements

Social management plans, in various guises, have been features of international development bank (IDB) projects since at least the 1990s (IFC 1998, IFC 2015, Nobel 2014). Proponents of development projects financed through the International Finance Corporation (IFC) are required to establish an environmental and social assessment and management system comprising several elements: policy; risk and impact identification; management programs; organizational capacity and competency; emergency preparedness; stakeholder engagement; and monitoring and review (IFC 2012). Social management plans may also be required by jurisdictions not seeking IDB funding. Recent examples include those prepared for the Australia Pacific LNG and Arrow LNG projects in Australia (APLNG 2012, SKM 2013).

Canada does not have a universal approach to socio-economic effects management planning. Any such requirements vary depending on the federal, provincial, or territorial environmental review regulations applicable to a project. At the federal level, the *Canadian Environmental Assessment Act, 2012* (CEAA 2012) requires that proponents include follow-up program(s) to verify the accuracy of the environmental assessment, and to determine the

effectiveness of mitigation measures. However, such requirements do not generally extend to socio-economic effects. Projects reviewable under the *National Energy Board Act* must file inspection plans to ensure compliance with biophysical and socio-economic commitments identified in the Environmental Impact Statement, including methods for tracking and monitoring the effectiveness of mitigations (NEB 2016).

Most Western Canadian provinces do not require that social management plans be developed as part of the environmental review process. Environmental assessments undertaken under Alberta's *Environmental Protection and Enhancement Act (EPEA)* do not require the preparation of social management plans, though in theory under the EPEA legally binding conditions could be set out requiring such a plan (AESRD 2013, Dowse et al. 2016). The environmental review processes of Saskatchewan and Manitoba also do not require social management plans.

In Nunavut, the Nunavut Impact Review Board (NIRB) may require that socio-economic effects be included within a project's monitoring program. In 2007, three Socio-Economic Monitoring Committees (SEMCs) were established to address project-specific monitoring programs of NIRB certified projects. The SEMCs create a forum for information sharing, and discussion between proponents, affected communities and other stakeholders (NIRB 2017). In the Northwest Territories, guidelines issued by the McKenzie Valley Impact Review Board identify the importance of monitoring programs as follow-up to socio-economic impact assessment of development projects (MVEIRB, Consilium, Gartner Lee 2007).

Discussed in greater detail in the following section, socio-economic effects management in BC is an evolving practice. While not a legislative requirement under the BC *Environmental Assessment Act (BCEAA)*, the BC Environmental Assessment Office's (BCEAO) has recently required that certain projects prepare a SEEMP as a condition of environmental certification.

### **Socio-Economic Management Planning in British Columbia**

BC's bid to develop an LNG industry, which picked up steam in 2012, resulted in an unprecedented number of large LNG projects and associated pipelines being proposed along BC's North Coast. The prospect of multiple large projects being constructed near relatively lightly populated communities raised concerns by Aboriginal Groups, local governments, community groups, and stakeholders over potential adverse socio-economic effects resulting from a sudden large population influx. Common concerns included potential effects on community infrastructure and services, housing affordability, and additional demands on health care. There were also concerns that large construction workforces lodged near relatively small communities could affect safety, security, and community wellbeing.

Most LNG and pipeline projects have triggered mandatory environmental assessments under the BCEAA and/or CEAA 2012. Those projects that have submitted provincial environmental assessment certificate (EAC) applications have undertaken comprehensive assessment of potential socio-economic effects, and have proposed mitigation measures designed to address potential adverse socio-economic effects (e.g. LNGC 2013, PRGT 2013, PNW LNG 2012). However, despite the assurances of proposed mitigation measures, government regulators, local communities, and stakeholders remained concerned over the potential for adverse socio-economic effects befalling the region. Four general concerns emerged:

- Large projects may adversely affect community infrastructure and services
- Potential for multiple LNG-related projects to be constructed concurrently, which could result in cumulative adverse socio-economic effects due to rapid population growth
- Risks and uncertainties related to the implementation and effectiveness of mitigation measures proposed by project proponents
- Inadequacy of existing regulatory frameworks and planning processes in meeting the expectations of local and regional governments in regard to addressing project-specific and cumulative socio-economic effects (MCSCD 2015a; MCSCD 2015b; BC EAO 2015d).

To address these concerns, the Ministry of Community Sport and Cultural Development (MCSCD), in coordination with the BCEAO, developed the SEEMP framework as an EAC condition for some projects (MCSCD 2015a; MCSCD 2015b). The intent of the SEEMP is *"to ensure a clear and defined role for an EA certificate holder in identifying, quantifying and mitigating (or contributing to the mitigation of) socio-economic effects on community-level services and infrastructure arising from construction of the certificate holders project"* (MCSCD 2015b). BC EAO and MCSCD has provided guidance that condition holders are expected to follow when preparing their plans. The guidance describes the primary purpose of the SEEMP, outlines recommended engagement during SEEMP development and implementation, identifies SEEMP roles and responsibilities, and suggests key plan content (MCSCD 2015a).

## LNG Canada CLISMP

LNG Canada is a joint venture company comprised of four global energy companies with substantial experience in LNG – Shell, PetroChina, KOGAS (Brion) and Mitsubishi Corporation. LNG Canada is proposing to design, build and operate a 26 million tonnes per year LNG export terminal in Kitimat, BC, within the traditional territory of the Haisla Nation. Construction of the project would require a workforce of up to 7500 persons be housed in an accommodation village located within Kitimat. The estimated operational workforce, at full build out, would be 400 – 800 persons (LNGC 2014).

LNG Canada's EAC application focused on effects that could result from the construction and operation of the LNG facility, marine terminal, and shipping activities. The following socio-economic valued components (VCs) were addressed in the application: Economic Effects, Infrastructure and Services, Visual Quality, Marine Transportation and Use, and Community Health and Wellbeing.

LNG Canada was issued an EAC on June 17, 2014. The certificate includes 24 conditions that must be fulfilled prior to or during construction and operations. Condition 14 requires that the certificate holder "develop a plan to adaptively manage potential socio-economic effects on services and infrastructure delivered by provincial agencies and local governments" (BCEAO 2015). Condition 14 requires that the plan<sup>1</sup>:

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<sup>1</sup> The full text of Condition 14 can be found at: <https://projects.eao.gov.bc.ca/p/lng-canada-export-terminal/docs>

- Include engagement and communication with Aboriginal Groups, local governments, and service agencies in both its development and implementation
- Include mitigation measures identified within the Infrastructure and Services and Community Health and Wellbeing VC chapters
- Be based on MCSCD guidance with respect to plan contents
- Provide an approach for monitoring and reporting on the effectiveness of mitigation measures
- Include adaptive management for addressing unexpected effects.

LNG Canada's CLISMP was structured to fulfill EAO requirements of Condition 14, and in accordance with MCSCD's 2015 guidance. The CLISMP includes a core plan that describes roles and responsibilities, implementation strategies, monitoring and reporting processes, and an adaptive management framework (Table 1). Sub-plans were prepared for socio-economic aspects of concern: community amenities, community health, education, emergency response, housing and accommodations, municipal utilities, and traffic. These sub-plans detail how the mitigations identified in the EAC application would be implemented, monitored, and measured for effectiveness. The sub-plans also identify parties responsible for information sharing, implementation timelines and interested stakeholders. The CLISMP also provides information on the engagement undertaken during its development, and details the community feedback process during plan implementation (LNGC 2016).

<b>LNG Canada CLISMP</b>				
Introduction Project Description Engagement during Plan Development Organization Roles and Responsibilities		Plan Implementation, Engagement, and Information Sharing Potential Socioeconomic Effects Monitoring and Reporting Adaptive Management		
<b>Appendix 1</b> EAC Conditions and Mitigations	<b>Appendix 2</b> Parties Engaged during Plan Development	<b>Appendix 3</b> Record of Engagement	<b>Appendix 4</b> Social Management Plans	<b>Appendix 5</b> Community Feedback Process

**Table 1 – LNG Canada CLISMP Framework**

The adaptive management framework described in the CLSIMP outlines the steps that would be taken to address uncertainty related to the effectiveness of mitigation measures (Figure 1). A core element of this process will be regular engagement with local governments, service providers, Aboriginal Groups, and interested stakeholders. In its CLSIMP LNG Canada proposes to form a Social Management Roundtable, comprised of groups that contributed to the plan, as a forum to share information, review the effectiveness of mitigations, and identify adaptive management measures.



**Figure 1 – LNG Canada CLISMP Adaptive Management Process**

The CLISMP was developed in collaboration with input from technical experts, seven Aboriginal Groups, three local and regional governments, and over 27 service providers and provincial government agencies. It took over a year and involved 300 separate engagements. It was submitted in the spring of 2016 and approved June 14, 2016.

### Lessons Learned

Because the development of LNG Canada's CLSIMP was in response to a new regulatory requirement, with limited precedent in Canada, the LNG Canada project team were, to an extent, involved in a "learning by doing" situation. Lessons learned from the CLSIMP development process included:

- Scoping – limiting the focus to community level infrastructure and services may facilitate practical implementation, but there may also be stakeholder interest in broadening the scope to include other considerations (e.g. economic benefits)
- Collaboration – early and ongoing collaboration with local communities, Aboriginal Groups, and service providers is important for plan credibility and buy-in
- Share responsibility - the proponent can best collect project-specific monitoring data, but information on many socio-economic aspects (e.g. housing, health, community infrastructure) can best be collected by government agencies
- Engagement fatigue –local governments, Aboriginal Groups, and service providers may have limited capacity to engage.

When implemented, LNG Canada's CLISMP would provide a robust platform for ensuring that potential adverse socio-economic effects of the LNG Canada project are addressed. However, it does not address all issues of concern, notably cumulative effects. A government-led initiative, such as a Nunavut-style Socio-economic Monitoring Committee, might usefully complement the initiatives outlined in LNG Canada's CLISMP by more comprehensively addressing such broader concerns.

## Conclusions

Social management plans are a mandatory component of environmental and socio-economic effects management for projects funded by international development banks. In Canada, however, such plans are uncommon. British Columbia's recent requirement that certain industrial/infrastructure projects develop and implement a comprehensive SEEMP establishes it as a social management planning leader in Canada. With few projects having prepared such documents as a regulatory condition, and none having yet implemented them, the efficacy of this requirement in reducing and avoiding adverse social effects has yet to be tested. As demonstrated with the development of LNG Canada's CLISMP, comprehensive community engagement is an important element in the development of such plans, because through such discussions, expectations can be established regarding the scope, shared responsibilities, communications and reporting, and collaborative processes that will set the stage for successful plan implementation going forward.

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