



Is an Equitable and Inclusive Resource Sector Possible Only if the Government Changes Course

Canada's government has a poor history of balancing national interests with inclusivity, but the next chapter for Canada's resource sector could be managed differently.

This past April, the University of Ottawa and Nanos Research released their latest survey on equity and inclusiveness in the resource sector. Polled Canadians gave the government embarrassingly low marks for historical behaviour and showed extreme skepticism that the future would be better. Yet despite the sizeable challenges and current poor marks, Canada's natural resource sector is moving in new directions.

Leading the charge is an unlikely champion for change.

Canada's national government groups, who have typically played the part of the steamrolling villain in resource development projects, are coming to the table with a fresh playbook of policies and procedures. Their goal? Leverage critical policy, jurisdictional, and operational "hot buttons" to shift the conversation and develop a more robust and equitable resource sector from the top-down to the most provincial and local levels possible.

Policy Changes Dead Ahead.

Thanks to landmark cases like the 2014 *Tsilhqot'in* decision, which granted First Nations tribes greater authority over development plans in their historical territory, resource projects are now dealing with new policy realities. In the past, equitable sharing of revenues from resource development on tribal lands was given lip service. Increasingly, it is mandatory.

This financial change is having a trickle-down effect on other policies throughout government and industry. Admittedly, the concept of revenue sharing for resource sector projects on First Nations land is not new. However, thanks to new levels of transparency, interconnectedness, and organisation from First Nations groups, companies and governments are less able to move projects forward without including indigenous leaders and outlining explicit revenue sharing agreements.

As a result, it is harder for firms (and regional or national government groups) to justify excluding First Nations groups from appropriate conversations around revenue sharing, to deny Aboriginal groups a piece of claimed revenues, or to stack contracts with clauses that are less than fair.

For developers, this means new policies of transparency and more open communication. First Nations groups can no longer be included as an afterthought or given a tiny slice of a rich pie. Agreements now begin in the proposal stage, are public, and provide a path for all sides to share equitably in Canada's resource wealth.



For national-level government groups, this means a policy of shared and ceded power, as dictating terms is no longer a rational option. And for native partners, this means fresh policies of responsibility and ownership over their side of the outcomes in resource development.

Shifts in Jurisdiction Offer New Levels of Inclusiveness and Equity.

The policy of having more First Nations and Aboriginal leaders at the table from the start also signals welcome shifts in jurisdiction for projects.

In the past, national governments and corporations tended to ride roughshod over regional leaders, and particularly over local governments and community groups. This was both unpopular and opened the door for distant entities to extract the wealth from communities and regions where key resources were located while sweeping local issues and concerns under the rug, according to the University of Ottawa.

Yet as local leaders and regional bodies take a greater jurisdictional role, challenges remain. Many have noted that while they now feel more included and will potentially receive a more equitable distribution, there is still a great deal of distrust to overcome on all sides. National groups and development boards can feel that local leaders lack the experience and depth of understanding to negotiate, plan, and partner on large, multi-year or multi-billion-dollar projects. Meanwhile, based on past experience, local groups often remain suspicious of outside developers offering “a good deal” and making big promises of community investment.

With time (and good behaviour), all sides of the negotiating table should grow closer together. Increased trust will allow for more experimentation and development that appropriately includes and sustains local communities while generating the profitability Canada’s rich land offers all citizens.

Operational Adjustments for More Sustainable and Less Litigious Development.

Of course, the best negotiated contracts and fresh policies of inclusion will not be sustainable if the resource projects themselves are not sustainable. Toward this end, even as it exits other stages of the resource development process, the Canadian government has a key role to play in guiding the operations of major development projects.

The challenge up front, naturally, is to guide operations toward the most environmentally appropriate options that respect First Nations’ land use concerns and generate sufficient profits for industry groups and revenue stakeholders. It is no small task. While Prime Minister Justin Trudeau’s government has high national approval ratings when it comes to the environment, according to research from Nanos Group, it simultaneously holds a dismal 2 per cent to 3 per cent approval rating on balancing provincial and local government interests with national initiatives.



Those seemingly conflicting results do not close the door of opportunity for widely embraced, sustainable resource development nationwide. When asked, more than 55 per cent of Canadians of all background support greater levels of resource development. Thus, for all the lawsuits and false starts or project shutdowns, behind the noise is a significant group of Canadians who want to see the resource sector succeed economically and as a national development tool.

Unlike industry groups or local tribal leaders, the government alone has the capacity to tap into that groundswell of support for resource development. Only the government can engineer the presence of all key parties at the table, fostering deeper collaboration even in the face of historical mistrust and aiding all parties in avoiding litigation.

Only the government has the depth of pocket to push forward projects that might be the right thing to do but unaffordable for smaller governments or companies to undertake. And it is only the government who can pull together the threads of policy, jurisdiction, and operational issues to open doors to new opportunities for everyone across the nation to benefit from the natural wealth found within Canadian borders.