



Why the uncertain future of Alberta's wetlands is an opportunity for oilsands leadership

BY ERIN FLANAGAN

provided by wetlands includes important functions such as flood and stormwater control, water filtration and groundwater replenishment. Wetlands also preserve resilient and diverse ecosystems by providing critical habitat for wildlife, migratory birds and fish.

With improved scientific understanding of wetland services has come greater public recognition of the social and economic benefits derived from their conservation. When the provincial government set out to write a final wetlands policy for the province, it had an opportunity to craft a progressive management system with an eye to preserving the integrity of this important resource.

Unfortunately, Alberta's wetland policy is most notable for its exemptions and loopholes. The policy will come into effect no sooner than August 2015. Further, it is simply a "go forward" tool—meaning it will not apply retroactively to approvals issued prior its implementation. Shortly after its release, the government confirmed that the policy would not apply to oilsands projects currently operating, approved or seeking approval.

Considering Alberta's nearly two million barrels per day of oilsands production, and the large number of projects currently navigating the regulatory queue, these loopholes will result in thousands of hectares of wetlands falling outside the purview of the policy. Moreover, due to the time elapsed between project approval and bitumen production, it could take a decade or more before any oilsands projects are subject to binding compensation measures when it comes to restoring and protecting Alberta's wetlands.

With this short-sighted approach to environmental stewardship, Alberta has set a dangerous precedent. The province is charting a course toward wetland destruction and limited compensation in the oilsands at a time when it could be delivering on its responsible development commitment by ensuring robust environmental management in the region.

FAIR RULES THAT APPLY TO ALL COMPANIES?

Alberta's final wetlands policy could have represented a significant step forward. Notably, it marks the first time the province

Around the world, governments are seeking innovative ways to balance long-term prosperity with evidence-based environmental management. When Alberta released its final wetlands policy for the oilsands region last September, it qualified its approach by saying its goal was to "minimize the loss and degradation of wetlands, while allowing for continued growth and economic development in the province."

Closer analysis reveals a policy heavy on rhetoric and light on details regarding its practical implications. Unfortunately, after eight years of collaboration between stakeholders, Alberta's final policy offers little to enhance protection of wetlands in the oilsands.

SETTING A DANGEROUS PRECEDENT

Wetlands are among the most essential natural systems on Earth. They produce ecological goods and services and provide substantial economic, recreational and intrinsic value. The list of services

has written a set of rules regarding wetlands management in the province's green zone, or area of Crown lands. However, without applying those rules to existing and planned oilsands operations, the government will be hard-pressed to claim it is demonstrating environmental leadership with this move. Had the province committed to bringing the policy into effect today, it would likely have received positive recognition from environmental advocates and international customers alike.

It's troubling that projects operating today will not be subject to the same wetland management rules as those approved decades from now. Current producers may be relieved that the government has turned a blind eye to their legacy operations; however, those who intend to propose projects following the policy's implementation in 2015 may wonder why they alone are required to shoulder the burden of the new policy.

But this could change: applying the wetland management rules to all current and future companies in the oilsands would level the playing field and boost Alberta's environmental credibility.

In addition to applying the policy to all oilsands operations, ensuring no net loss of wetlands is a critical element of effective wetland management and responsible oilsands development. A no-net-loss policy would have required oilsands companies to create wetlands of equal value for every hectare destroyed. Instead, the new policy relies on offset mechanisms to preserve wetlands. This includes restorative replacement, such as constructing a new wetland, and non-restorative replacement, such as in-lieu fees. Embedding a strict no-net-loss component in the final wetland policy would have demonstrated that the government was serious about making decisions consistent with the long-term best interests of Albertans.

Despite the endorsement of no net loss in the United States and in the policies of the Canadian government for federal public lands, it is sorely missed in Alberta. For the oilsands, Alberta's abandonment of no net loss will result in ongoing wetland habitat loss—an outcome incompatible with sustaining the benefits these natural assets provide to the environment, society and our economy.

The oilsands industry continues to face international scrutiny, and so ensuring all current and future companies comply with a no-net-loss wetlands policy would work in the sector's best interests. Without these changes, the new wetlands policy does little to bolster confidence in environmental management in the region.

PLAYING THE LONG GAME: WETLAND MITIGATION AND SOCIAL LICENCE

Alberta's new permissive wetlands policy was unveiled hot on the heels of the federal joint review panel decision report for the Shell Canada Limited Jackpine Mine Expansion project. The panel determined that Shell's project would have significant adverse environmental effects on wetlands; wetland-reliant, at-risk species, including migratory birds; and biodiversity.

Because of these findings, the report recommends that the province implement a wetland policy and require more wetland mitigation before issuing any new provincial or federal approvals.

Given that Alberta's policy will not take steps to ease the ambiguity surrounding wetland avoidance and mitigation until at least August 2015, uncertainty remains for the industry at large. Under federal and provincial law, companies are responsible for proposing feasible mitigation measures that address project-specific adverse environmental effects, such as those on wetlands and wetland-reliant species at risk, in their environmental assessments. The new wetlands policy does little to support oilsands companies in this pursuit.

In anticipation of future project approvals, smart companies could get out in front of the wetland mitigation recommendation established by regulatory panels by pursuing voluntary offsets.

At a time when social licence has never mattered more to the oilsands, companies may need to look within for leadership on wetlands management.

Doing so would show private-sector leadership in the face of rising social expectations and the absence of strong government policy.

A small number of leading oilsands companies such as Shell and Suncor Energy Inc. are already voluntarily conserving wetlands and other habitats. These are commitments every company should have in its plans. Voluntary commitments to conserve habitat are no longer just a panel expectation—increasingly, they are a social expectation, too.

After nearly a decade of consultation and policy design and the loss of thousands of hectares of wetlands in Alberta, the province cannot afford further delays. In order to deliver on its commitment to act in the long-term interests of Albertans, the government must implement its new rules fairly across the playing field—applying to all companies that operate in the oilsands, period.

But without a clear signal that the government intends to revise these exemptions, oilsands companies would be well advised to raise the bar themselves. At a time when social licence has never mattered more to the oilsands, companies may need to look within for leadership on wetlands management. [OSR](#)

Erin Flanagan is an analyst with the Pembina Institute, a national clean energy think tank. She is based in Calgary.