

Executive Summary

Initiative Summary

Initiative Name ¹ :	Natural Resource Permitting Project
Initiative Abbreviation:	NRPP
Initiative Description:	NRPP is a major component of the multi-year transformation of the Natural Resource Sector (NRS) to align legislation, processes, people and technology to allow for the integrated management of BC's shared natural resources. NRPP is a component of the NRS Transformation Plan.
NRPP Implementation Programs ² :	<ul style="list-style-type: none"> • Legislation, Regulation & Policy • Resource Stewardship • Authorizations • Compliance & Enforcement • First Nations Consultation & Engagement • Support Functions • Common IM/IT Infrastructure
Lead Sector, Ministry or Agency:	Natural Resource Sector
Need for Investment:	The NRS is a key driver of economic activity and employment in the province. In order to meet the objectives of the BC Jobs Plan and other government priorities, such as supporting the development of a Liquefied Natural Gas (LNG) export market, the NRS requires the capability to act as an integrated manager of the province's natural resources and to make timely, durable natural resource decisions that appropriately balance social, economic and environmental objectives. Through a significant investment in legislative change, business transformation, people, and technology, NRPP will address priority needs and expectations of the public, First Nations, clients and proponents, decision makers, and government.

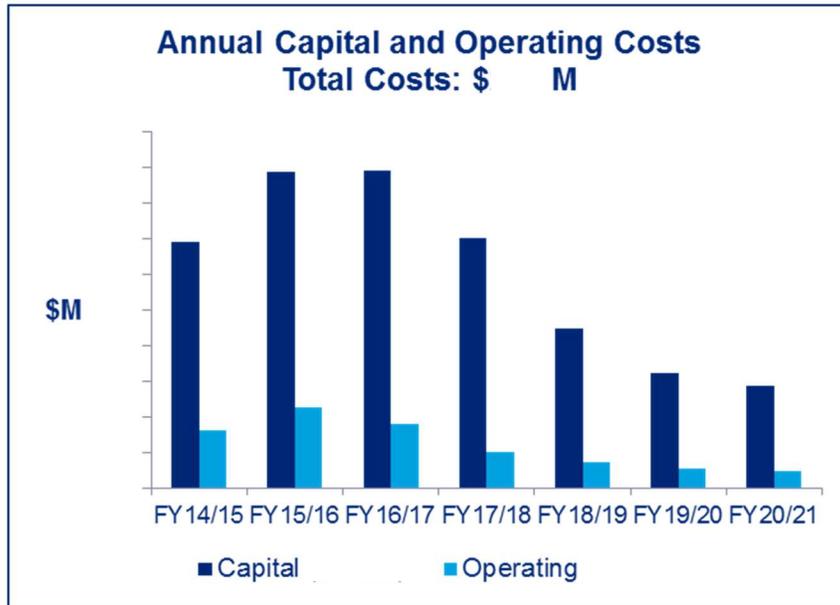
¹ For the purpose of this business case, NRPP is defined as an Initiative.

² The term Program is used throughout this business case to represent a set of interrelated projects that have a common objective and interdependencies that need to be managed together.

Initiative Start
Date:

FY 2014/2015

Costs Summary:
Numbers in
millions³



³ A full summary of the financial impacts of NRPP is included in Section 5.

Narrative

The NRS is a key driver of economic activity and employment in the Province of British Columbia. Over 153,000 jobs in BC are directly related to resource extraction and manufacturing in the areas of agriculture, forestry, mining, and oil and gas⁴, and the NRS generates over \$2.5 billion in direct annual revenue to the province.⁵ The sector's work both directly and indirectly benefits the economic, environmental and social health of our province.

However, opportunities for significant economic growth and job creation are being missed, and BC's plan to develop a global LNG export market is at risk due to fundamental challenges faced by the NRS. The current process to authorize the use of natural resources in BC is constrained by existing legislation, systems, and business processes that historically were developed to support individual ministries and lines of business. As a result, the NRS has diminished capability to make timely, durable decisions, and is poorly equipped to mitigate the increasing risk of legal action, compensation liabilities and damage to the environment. Further, technology systems are rigidly structured along vertical lines of business, many systems are reaching the end of their useful life, and operational data is fragmented across a number of data repositories. Given these challenges, the authorization process is lengthy, uncertain, duplicative, and frustrating for proponents and staff; citizen service delivery expectations are not being met; and government is exposed to increasing levels of financial and legal risk.⁶

*According to data from the Ministry of Jobs, Tourism and Skills Training, four major value-added Natural Gas projects looking to invest in BC have gone to other jurisdictions in the last 18 months due to a lack of certainty, incomplete information about land availability and challenges with First Nations consultation requirements. Combined, these opportunities represent a **loss of over \$4B in capital investment** and approximately **1,200 to 2,000 direct jobs**. Investment in NRPP is critical to preventing the loss of these types of opportunities as it will significantly reduce barriers to investment, which will contribute to increased government revenues and job creation in natural resource industries.*

In order to support the growth of BC's economy and to take advantage of the generational opportunity to develop a global LNG export market, the NRS requires the capability to act as an integrated manager of the province's natural resources and to make timely, durable authorization decisions. The NRS is poised to transform its business to achieve the vision of: "A prosperous future for all British Columbians through sustainable economic development and shared leadership of natural resources."⁷ A key component of the NRS transformation is the Natural Resource Permitting Project (NRPP). This opportunity for transformation is based on many years of foundational work to increase integration across the sector. NRPP will improve the ability of the six ministries and many agencies in the NRS to work together to provide seamless, high-quality service to proponents and the public, to provide effective resource stewardship across the province, to effectively consult with First Nations in natural resource decisions, and to contribute to cross-government priorities.

⁴ Statistics Canada, Labour Force Survey. Prepared by BC Stats February, 2013. www.bcstats.gov.bc.ca

⁵ Budget and Fiscal Plan 2013/14 – 2015/16, February 19 2013

⁶ Payments under *Crown Proceeding Act* from FY 2003/04 to 2012/13. Data provided by Ministry of Justice, Legal Services Branch, May 2013

⁷ Natural Resource Sector 2014-2015 Transformation Plan

NRPP will stimulate economic growth and will increase job creation in rural and urban communities. For example, each new LNG facility creates **4,000 direct construction jobs, 480 direct permanent operations jobs and \$0.9 to \$1.6 billion in annual government revenue**. If just one proposed LNG terminal is moved to another jurisdiction, it represents a significant economic loss to the province. Investment in NRPP will support the development of a global LNG export market in BC.

NRPP will enable a future state where:

- The NRS has made **significant progress towards realizing its vision** as described in the Natural Resource Sector Transformation Plan
- **Complexity and redundancy** across the NRS are **reduced**; for example, there will be fewer authorization processes due to **LEAN process re-design**, data duplication will be addressed and the number of existing NRPP-related IM/IT systems in place will decrease by approximately 25%
- Government, clients and proponents are better able to **predict the length of time to approval**, which will **increase investment in BC**
- A **modern technology foundation** supports the entire NRS and can be leveraged for new systems and applications
- NRS data and **information is more accessible and transparent** to the public, First Nations, clients, and proponents
- NRS **service delivery is citizen- and client-centered**, timely and responsive with significantly increased **online self-service opportunities**
- **Natural resource projects can be tracked seamlessly** over the entire project lifecycle, from regulatory approval, construction, operation, compliance and enforcement through to post-project obligations
- **First Nations consultation and engagement is more effective and efficient** for both the NRS and First Nation groups faced with increasing numbers of consultation requests
- **Stewardship values, frameworks and tools are incorporated into authorization decision making**, as well as ongoing project management and compliance and enforcement processes
- **Risk models** and processes that balance the risks associated with the geography, the activity and the proponent are incorporated into decision making and **will safeguard public resources**
- NRS staff, management, and statutory decision makers will have the **tools and information** required to make **timely and durable decisions** about the use of BC's natural resources

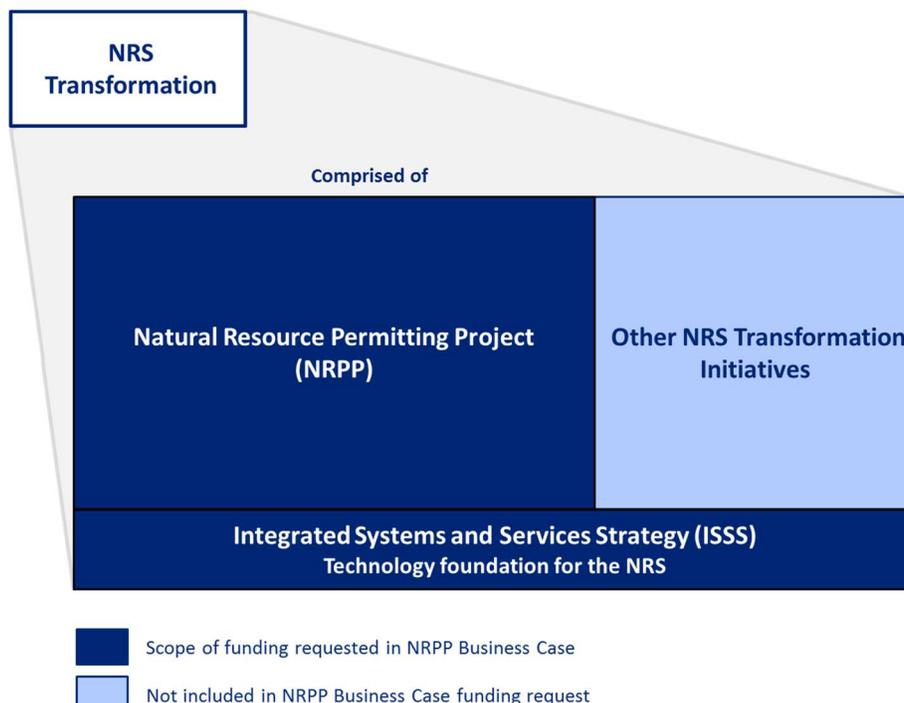
To be successful, NRPP requires integrated systems and data to support streamlined business processes. As a result, NRPP has been guided by and includes the Integrated Systems and Services Strategy (ISSS), which outlines the vision and directs the development of the sector's Information Management and Information Technology (IM/IT) framework. The ISSS will establish the technology foundation for NRPP and for the NRS as a whole, which will help enable service, business and workforce transformation. The ISSS will also save the sector a significant amount of money going forward as this technology foundation will be leveraged by the entire sector, and future investments in new systems and applications will be substantially lower. NRPP will deliver significant technological changes guided by the ISSS including:

- Implementation of a fast, modern and easy to use website to expedite submissions for authorizations that provide:
 - Smart forms (*technical term – dynamic forms*) that bundle authorization forms together based on the user's specific request, require the user to fill in only relevant information and just once (no repeat questions even if multiple forms are required); smart forms

- also provide immediate spell checking, error checking, and help text to produce a more accurate and correct submission
 - Mechanism that provides proponents different options to receive immediate feedback and information regarding projects and authorizations (*technical term - self-assessment*)
 - Secured online access for proponents (*technical terms - BCeID and the BC Service Card*)
- A method for proponents, staff and decision makers to track all projects and authorizations through the life cycle of the submission (*technical term - embedded workflow*)
 - Adoption of a methodology that continually updates and aligns the needs of proponents, staff and decision makers with technology, a state of continuous improvement (*technical term - Business Process Management (BPM)*)
 - A common mechanism for the secure management and storage of documents associated with projects and authorizations
 - An approach to allow reuse of common business processes and common functions between NRS information systems, removing the need for building duplicative systems (*technical terms - Application Programming Interfaces (API's) and web services*)
 - Easy to use tools to allow proponents to quickly view and edit maps online for their authorization submission (*technical terms – Map Viewer and spatial editing*)
 - A database that contains necessary and relevant operational data that proponents, staff and decision makers can access in one location, with all data being integrated, approved, current up to the second and time-stamped (*technical term – Operational Spatial-Temporal Database*)

ISSS will provide the technology foundation for the entire NRS and will support the service, business, technology, and workforce transformation to be delivered by NRPP. In turn, NRPP is a major component of the overall NRS Transformation, which is further defined in the 2014-2015 NRS Transformation Plan. The relationship between NRS Transformation, NRPP and ISSS is depicted in Figure 1.

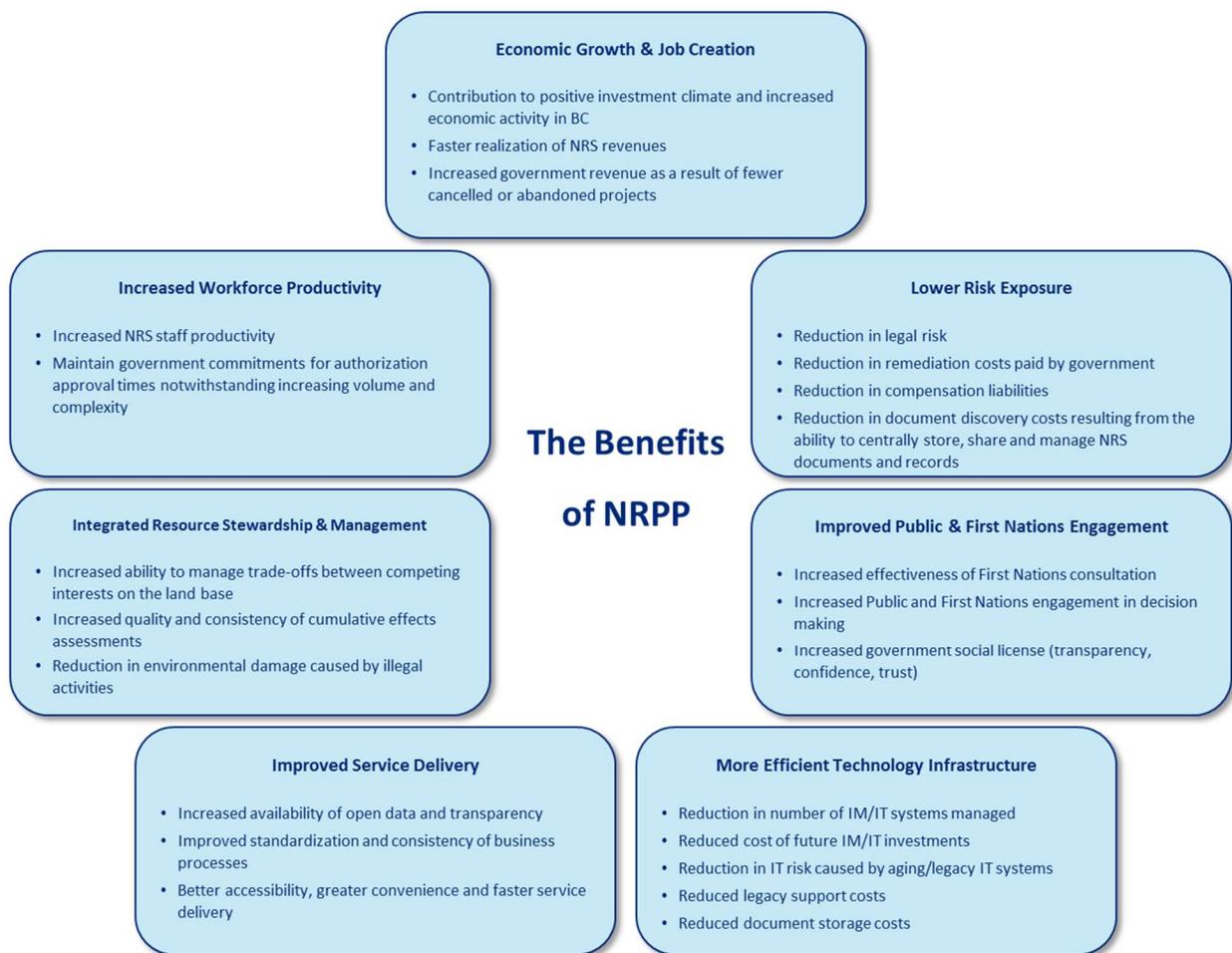
Figure 1 - Relationship between NRS Transformation, NRPP and ISSS



NRPP will be implemented using a phased approach whereby projects are delivered in waves, with core functionality built early and added to over time. Government priorities will inform implementation; for example, process improvements and system capabilities to support LNG will be prioritized to ensure this industry can be advanced in the near term. Details on implementation may be found in the NRPP Investment Roadmap section on page 76.

The changes delivered by NRPP will create significant benefits for key target groups including the public, First Nations, clients and proponents, decision makers, and government as a whole. Benefits have been grouped into seven categories, as shown in Figure 2. Benefits are described in greater detail beginning on page 60.

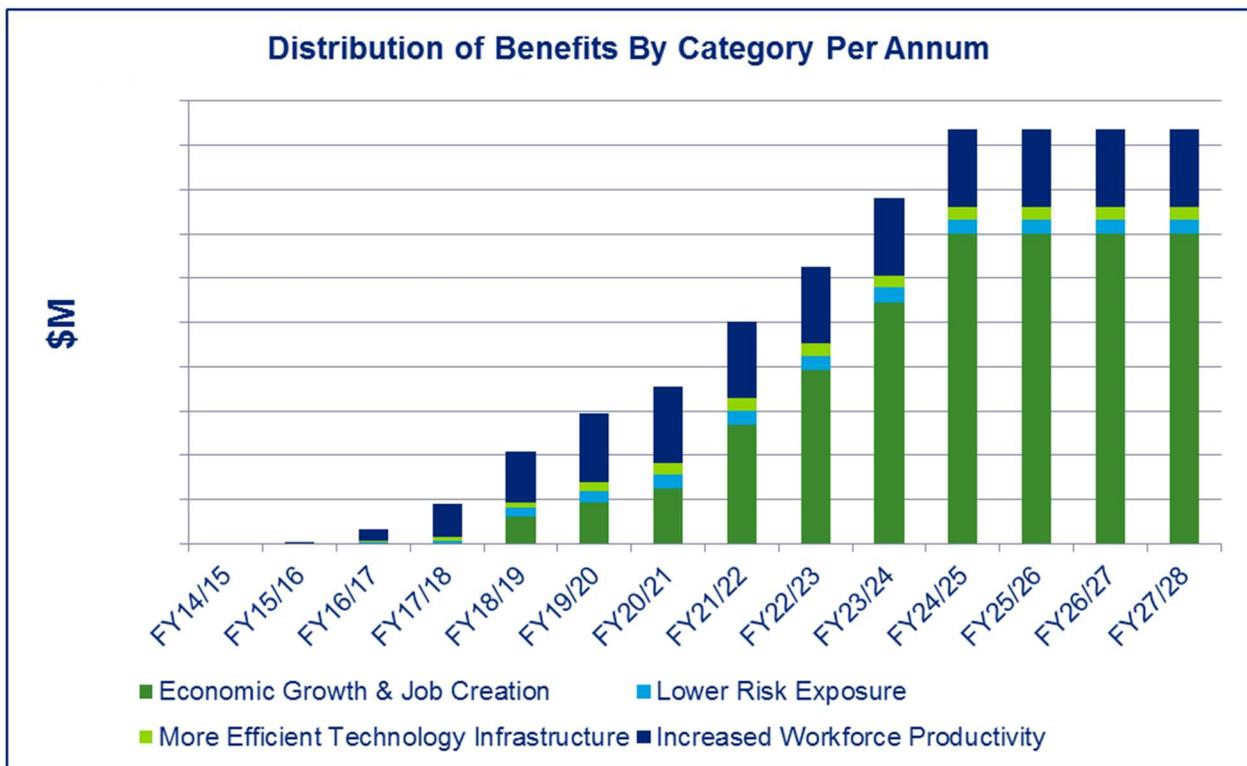
Figure 2 - Key Benefits of NRPP



The investment in NRPP outlined in this business case is necessary to achieve these critical benefits. The realization of these different benefits will incrementally increase over the course of the 7 year implementation; once the full vision of NRPP is implemented in year 7 and full benefits realization occurs in year 11, NRPP will continue to deliver **annual recurring financial benefits of \$X M**. NRPP will also deliver significant financial benefits to proponents, as less time and expense will be required to complete the approval process; however, these benefits to proponents have not been quantified in this business case.

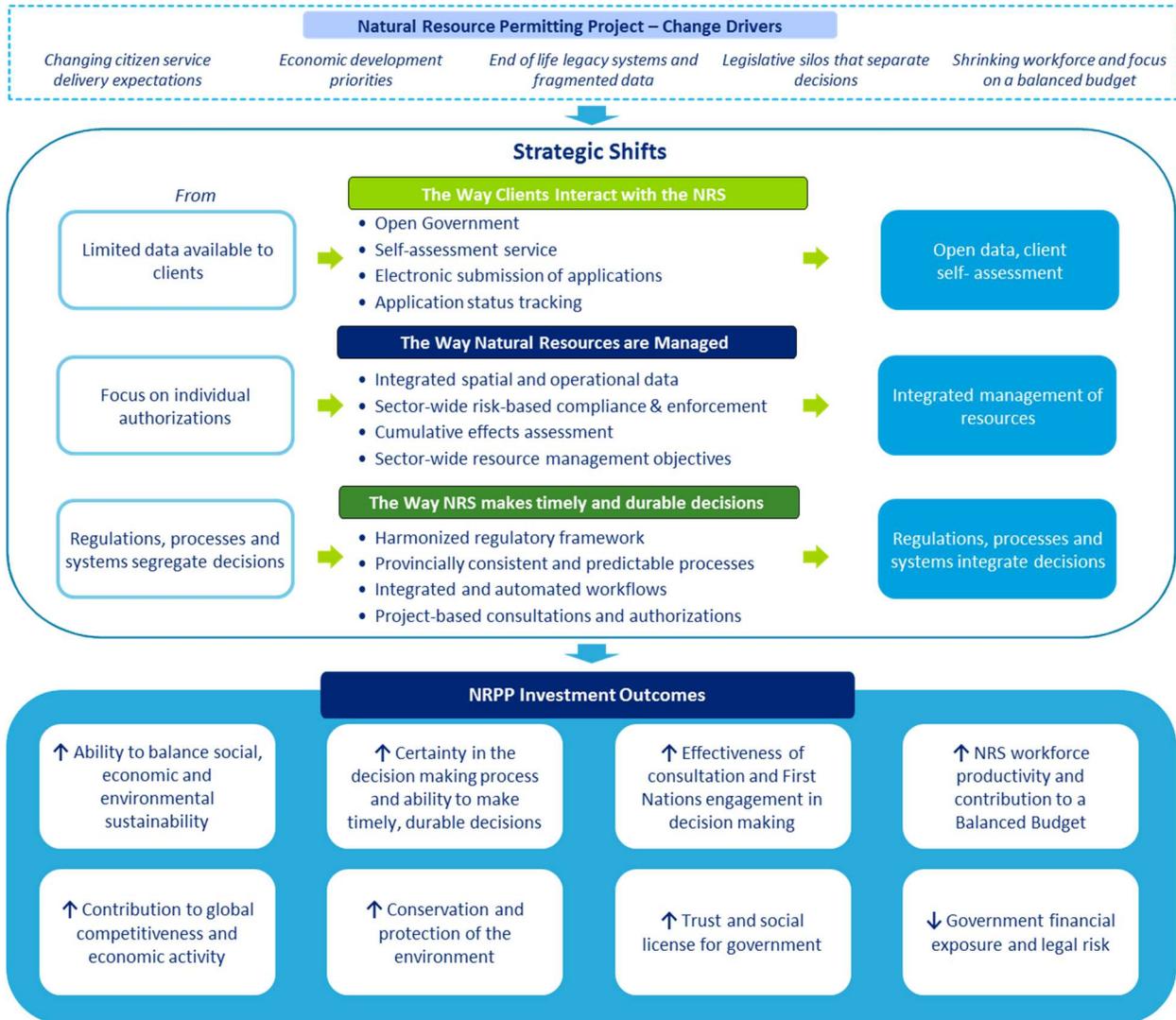
A summary of financial benefits by category is presented in Figure 3 below.

Figure 3 - Summary of NRPP Financial Benefits



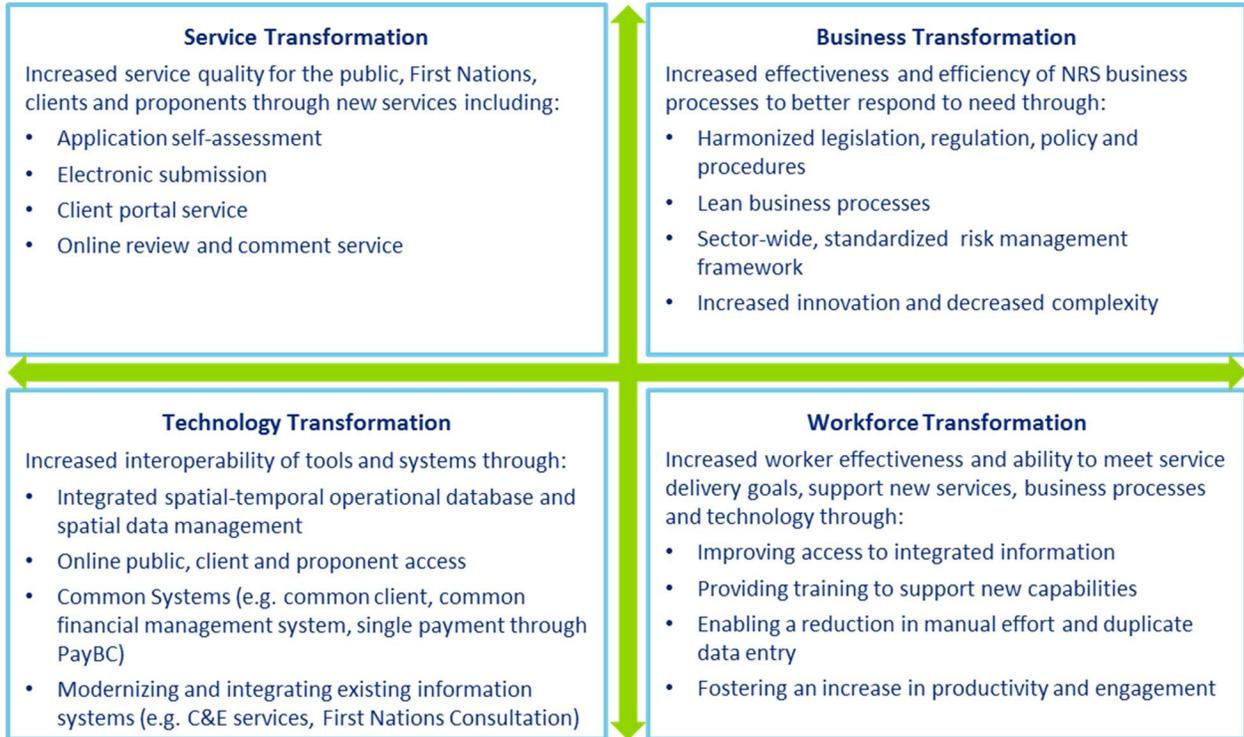
To achieve these benefits, the NRS must make three strategic shifts. Doing so will fundamentally transform the way clients interact with government, the way the province’s natural resources are managed, and the way in which authorization decisions are made. Figure 4 presents a summary of the strategic shifts required to move from the current state to the future state as well as the investment outcomes that will be enabled by NRPP.

Figure 4 - NRPP Strategic Shifts and Investment Outcomes



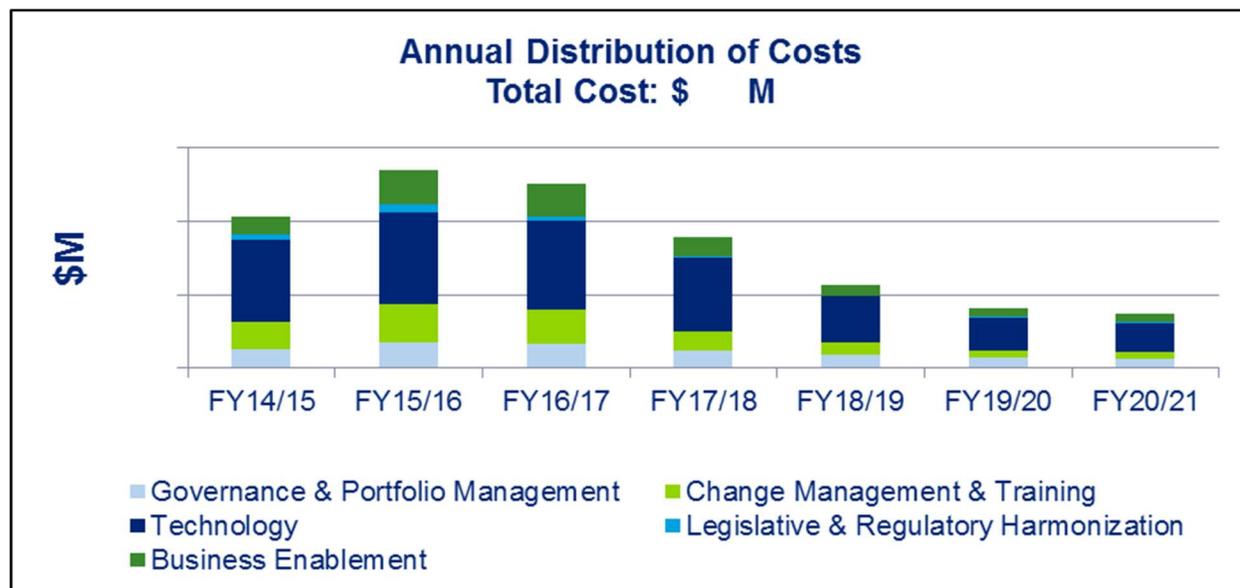
To achieve the strategic shifts depicted in Figure 4, transformation along business, service, technology and workforce dimensions will be required. The dimensions of transformation for NRPP are summarized in Figure 5 and are described in detail in the Transformation Analysis section on page 39.

Figure 5 - Dimensions of Transformation for NRPP



NRPP will require a **total investment of \$X M** over seven years as outlined in Figure 6 below. In addition to the NRPP investment, there will be on-going hardware and software maintenance, support costs and amortization charges that will need to be funded during and beyond the core 7 year investment period. More detailed information on the capital and operating costs required to implement NRPP is provided in Section 5.

Figure 6 - Distribution of Costs by Type



The NRS has demonstrated a strong track record of business integration, and has made incremental yet meaningful steps toward transformation with available resources, including the creation of the Ministry of Forests, Lands and Natural Resource Operations to set the stage for integration. However, without a significant long-term investment in NRPP, the NRS will not be able to bring about a transformational level of change and achieve the full benefits of sector-wide integration.

The status quo is unsustainable as the current constraints and challenges faced by the NRS will lead to greater delays in project approval timelines, increases in authorizations backlogs, lost economic opportunities, increases in legal and financial risk, and declining levels of satisfaction with NRS services provided to the public, First Nations, clients and proponents.

*An oil and gas company acquired a tenure in northeastern British Columbia only to find out the **NRS had not disclosed that the area was considered historically and spiritually significant** by a local aboriginal group. The matter proceeded through an extensive litigation process and **settled in FY 2012/13 for \$X M.***

Investing in NRPP is central to enabling government to deliver on many of the commitments made in the BC Jobs Plan and in the June 2013 Speech from the Throne, as well as the priorities outlined in the Premier’s mandate letters to NRS Ministers, Core Review, Citizens @ the Centre, and Being the Best. The outcomes of NRPP will directly contribute to the achievement of government priorities including building a strong economy, developing a global LNG export market, and achieving a Balanced Budget.