The Use of Qualified Persons for Compliance Verification

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&

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1. Introduction

This report focuses on the use of qualified persons (QPs) related to verification and enforcement activities associated with authorization management processes in the natural resource sector (NRS). Qualified persons are defined within the “Draft Framework for the Use of Qualified Persons” (Webber Atkins, Vold and Mitchell, 2012) (the draft framework) as:

- **Self-regulating professionals**: These qualified persons belong to an association that establishes the standards for membership and adjudicates eligibility and competency to practice. The association also conducts audits or investigations to evaluate the quality of members’ work and administers consequences for poor performance. These professionals may or may not have an enactment that sets out the framework for the association and

- **Accredited practitioners**: This group includes qualified persons who have become qualified as a result of passing a test set by government or another entity, or obtaining a licence from government that entitles them to carry out a certain trade or service or activity.

For the purpose of this report these definitions will be used.

Authorized individuals and businesses are legally subject to requirements in authorizations as well as statutes and regulations of general application. Government retains a responsibility to verify compliance with those requirements and, as necessary, enforce those requirements. Qualified persons are used to support that government responsibility.

The report is part of the overall NRS initiative on the role of qualified persons in the authorization management process. The intended outcomes of the QP initiative are described in the draft framework and include:

1. A shared understanding of how government and proponents may rely on the work of QPs and a culture of mutual respect and trust.
2. More efficient and effective processes and use of limited resources.
3. Improved and timely decision-making.
4. An environment that supports innovative practices.
5. More effective application of risk management.

The report is one of four reports examining particular aspects of QPs. The other reports include:

- Mechanisms for requiring or supporting the use of qualified persons in natural resource administration in British Columbia,
- Survey on competency and accountability provisions of qualified persons in the BC natural resource sector. and
- Evaluating effectiveness of using qualified persons in the natural resource sector: Preliminary metrics.

The feedback received on an earlier draft of this report is provided in Appendix 1.
2. Context

Compliance verification and enforcement lies within a broader legal and administrative framework. The report focuses on compliance verification and enforcement functions that take place following the issuance of a natural resource authorization. The compliance framework shown in Figure 1 identifies the areas where QP can be used in this context (highlighted in yellow). The analysis, discussion and advice are based on an inventory of QPs across the entire NRS, with a focus on their uses related to compliance verification and enforcement activities.

![Figure 1: Example of a Compliance Framework](image)

The approach to this report was twofold. The first step was to identify where the compliance verification and enforcement work related to authorizations was already being carried out by QPs. This was completed using information found in “Reliance on Professionals in the Provincial Administration and Management of Natural Resources in British Columbia: Inventory and Status Report” (Professional Reliance Working Group, Natural Resource Authorization Coordination Committee, 2011) prepared by a previous cross-ministry working group. Secondly it aims to develop principles, guidelines, or advice on appropriate and inappropriate uses of QP to verify compliance and take enforcement action.

3. Analysis

This report focuses on the use of qualified persons (QPs) who are external to government in relation to authorization management processes. Authorized individuals and businesses are legally subject to requirements in authorizations as well as statutes and regulations of general application. Government retains the responsibility to verify compliance with those requirements and, as necessary, enforce those requirements.

A. Compliance Verification

What is meant by Compliance Verification?
Compliance verification refers to the monitoring, inspection, data review, audit or other activities that may be used to determine if an authorized individual or business is compliant with the requirements in the applicable statutes, regulations, and authorizations.

QPs are used in a variety of authorization regimes, in a variety of ways, and for a variety of purposes (Appendix 1). This report focuses only where individuals or businesses are required to retain a QP for the purposes of compliance verification and enforcement.

How do QPs play a role in verifying compliance?

- QPs play an important role in providing information, measurements, professional opinion, and procedural oversight on which compliance determinations can be made.
- QPs allow the proponent to provide due diligence in conducting their activities and operations.
- QPs may assess or advise on an individual’s compliance with regulatory requirements (e.g. discharge limits), generally accepted standards (e.g. engineered structures; chemical sampling standards) or give professional opinions (e.g. impacts to fish habitat; terrain stability).
- While authorized individuals and businesses may address compliance issues in response to a QP’s information and findings, a formal finding of non-compliance is the responsibility of the authorizing government agency.

Why use QPs to verify compliance?

- Individuals and businesses may voluntarily use QPs for a variety of reasons. This type of use is not the focus of this discussion paper.
- The principle reasons authorizing agencies require the use of QPs to assist in the verification of compliance include:
  - Government gets a 3rd party assurance of the determination / information independent of the authorized individual
  - QPs can provide a single point of contact for compliance verification information related to complex and high risk requirements, and can form the basis of the proponent’s reporting obligations
  - Through the use of 3rd party qualified persons, Proponents can increase the public trust for their activities and increase their social license to operate
  - Where the determination of compliance is complex; measurement is specialized or highly technical in nature; the consequences of non-compliance is significant; and, where is a need for frequent determinations (e.g. continuous emissions monitoring)
  - The authorizing agency has limited capacity:
    - Location
    - Frequency (volume of compliance determinations)
    - Technical measurements (e.g. specialized equipment, specialized determinations)
    - Availability of specialized staff (capacity of government agencies)

What are the potential costs and benefits of using QPs to verify compliance?

- Decreased costs to government by allowing allocation of government resources to higher priority issues.
- Potential increased costs for individuals or businesses to retain a QP where none have been identified as being part of the management of activities or operations.
• Decreased costs of remediation and administrative penalties to individuals or businesses due to early detection of non-compliance and voluntary actions to achieve compliance.
• Increased compliance verification activities can achieve a more “even playing field” for all individuals and businesses and result in greater consistency and fairness for natural resource users.

B. Enforcement

What is meant by enforcement?

• Enforcement is a type of response to non-compliance with requirements in statutes, regulations or authorizations. It is used to achieve compliance with those requirements. For the purposes of this paper, enforcement is deemed to include advisories / warnings, orders, administrative sanctions (e.g. authorization cancellation or suspension), administrative monetary penalties, violation tickets, court prosecutions, and alternative remedies.

What role do QPs play in enforcing requirements?

• Enforcement (as defined above for the purpose of this document) is the sole responsibility of legally designated and authorized government officials and not something generally delegated to QPs.
• The information and expertise QPs provide in verifying compliance are often used as a basis for initiating an enforcement action, or as evidence in any case file requiring determination of non-compliance or a criminal nature.
• Some QPs are used in Court prosecutions as an expert witness (which is a special form of qualified person; the qualifications are determined at the prerogative of the Court and not by an external association or body).

C. Examples

The following are some examples of how or when QPs are used in compliance verification.

• Contaminated Sites:
  • Authorized individuals are required to remediate sites contaminated through their activities on completion of those activities
  • A Professional association established by Government is responsible for all aspects of qualification and oversight of QPs
  • QPs are accountable to the professional association to retain their respective qualifications
  • QPs are registered on a government roster; authorized proponents hire QPs off of a government maintained roster to assess compliance of remediation actions for a contaminated site
  • QPs “sign-off” on many lower risk actions/sites and assure that evaluations and remediation are done to prescribed standards. Ministry audits this work to assure quality of the QP work
  • Ministry focuses assessment resources on the highest priorities (risk) sites.
• Greenhouse Gas Emissions (GHG) reporting
  • GHG emitters are required to measure GHG emissions according to prescribed standards.
• Government establishes through regulation the credentials required for a QP
• Emitters have to retain a QP to verify emission reports accuracy and completeness.
• Ministry sample audits emission reports and verifiers’ work to assurance requirements are being met.

• Riparian Area Regulation (RAR)
  • Authorized individuals must comply with regulatory constraints when developing land within a riparian area
  • Government establishes through regulation the credentials required for a QP
  • Authorized individuals required to retain a QP to verify development conducted in accordance with regulatory requirements.
  • QP submits reports to Ministry confirming project done in accordance with requirements.
  • The RAR assessment methods require the qualified environmental professional (QEP) to do monitoring during development. Section 5 requires local government cooperate to develop strategies for QEP post development monitoring. Section 5 also speaks to the local government cooperation with the province and Department of Fisheries and Oceans (DFO) on compliance and effectiveness monitoring. As part of the Intergovernmental cooperation agreement signed by the Province, DFO, and Union of British Columbia Municipalities (UBCM), there are agreed roles and responsibilities around compliance and effectiveness monitoring (designed with Simon Fraser University (SFU) that have been implemented as part of the RAR monitoring framework (designed with SFU). So the RAR is an example of compliance verification.

• Government retains a QP to verify specific information or practice requirements of a business
  • This approach is used in both an ad hoc manner and as part of a routine compliance verification approach.
  • Generally is used where compliance determinations are complex or when government capacity is insufficient.

4. Guidance on the use of QPs for Compliance Verification

QPs provide a valuable service to the various industries and clients they serve and provide an efficient means of monitoring activities across the sector. The following advice may be considered for the continued and expanded use of QPs for compliance verification and enforcement:

• The use of QPs for Compliance Verification is supported in legislation in a number of ways, as outlined in the “Mechanisms Supporting or Requiring the use of Qualified Persons” (Ilka Bauer, Garth Webber Atkins). This report examines the legislation and policy mechanisms currently in use to support or require the use of QPs in the natural resource sector. The initial mechanisms are dependent on context specific factors but ultimately are driven by applicable legislation and the qualifications of the QPs.
• Expansion of the use of QPs for compliance verification should model best practices of those that are in place presently, are specifically focused on data monitoring against standards, and include reporting and analyzing findings to provide decision makers with information to make compliance determinations.

• The benefits of using QPs for compliance verification can evaluated on an case-specific basis through the assessment process proposed in “Evaluating Effectiveness of Using Qualified Persons in the Natural Resource Sector: Preliminary Metrics” (Mark Hayter). This presents a draft set of metrics to enable a comprehensive evaluation of the costs and benefits of increasing the use of external qualified persons in the Natural Resource Sector (NRS).

• Currently government has an overarching accountability and oversight role for verifying compliance and enforcement of requirements in statutes, regulations, and authorizations. This accountability is based on current professional standards and qualifications. Current systems in place to ensure competency and accountability (CA) of QPs differ depending on the QP type, and on the risks and complexities associated with the activities they are involved in. A survey was conducted to assess the effectiveness of current provisions for supporting competency and accountability, and the results are being considered in any guidance in the use of QPs for compliance verification.

5. Implications for NR Sector Compliance & Enforcement Framework

The main implication of using QPs for compliance verification would be the loss of direct government involvement in some cases to ensure environmental standards are being met within the sector. There are a number of external audits that have identified the need to maintain and enhance government oversight and maintain a rigorous role in assessing the performance of all users of natural resources within the sector. There is a need to maintain a high level of public trust and interest toward government as a whole regarding oversight and accountability within the Natural Resource Sector.

Specific mitigating strategies to ensure government accountability is maintained are

• Integrate QPs as a partner within the framework through effective reporting mechanisms. Some of these may be required by legislation.

• Expand current QP models across other activities to monitor lower risk and priority activities incorporating QP reporting functions which can provide information for scheduled government auditing or unscheduled inspections.

• Allow timely risk mitigation and incident remediation without the need for government approvals and direction to ensure continued operations and savings to government and the proponents.

• Government established reporting structure to enable accurate and timely input to C&E decisions.

• Incorporate possible legislative changes within the C&E framework to address reporting, scope of practice and powers for QPs.
• Ensure all enforcement actions and decisions remain the responsibility of government and that the use of QPs does not negate the government’s accountability in this context.
• Ensure Government oversight through audit type inspections or unscheduled inspections on activities where a QP is being used based on activity risk and business priorities.

There will be no significant cost to government in adopting an enhanced use of QPs, as the audits and inspections can be incorporated into the current government business model of compliance verification. Savings may be found as a result of less remediation being required and less resources being attributed to enforcement actions. Government resources would also be available for allocation to other priorities across the sector and provide a broader and more comprehensive compliance framework.

There are no further implications to the overall framework as it is illustrated in Section 2 above as long as the QP is used primarily at the initial stages of C&E on lower risk and priority activities, the roles and responsibilities of the QPs are well defined and known and that government maintains accountability for enforcement and the decisions resulting from that.

6. Conclusions

The following conclusions can be made:

A. QPs can improve compliance and the protection of resource values
B. Government can still maintain its accountability to the public.

The conclusions are based upon the following:

• QPs are currently being used in a variety of authorization regimes, in a variety of ways, and for a variety of purposes.
• QPs play an important role in providing information, measurements, professional opinion, and procedural oversight on which compliance determinations can be made.
• The principle reasons authorizing agencies require the use of QPs to verify compliance include:
  • Government gets a 3rd party assurance of the determination / information independent of the authorized individual
  • The determination of compliance is complex; measurement is specialized; frequency of determinations (e.g. continuous emissions monitoring)
  • The authorizing agency has limited capacity:
    • Location
    • Frequency (volume of compliance determinations)
    • Technical measurements (e.g. specialized equipment, specialized determinations)
    • Availability of specialized staff (capacity of government agencies)
• Increased compliance verification activities can achieve a more “even playing field” for all individuals and businesses and result in greater consistency and fairness for natural resource users.
• Enforcement (as defined above for the purpose of this document) is the sole responsibility of legally designated and authorized government officials and not something generally delegated to QPs.

• Government has an overarching accountability and oversight role for verifying compliance and enforcement of requirements in statutes, regulations, and authorizations and the use of QPs will not diminish nor negate that responsibility.

• Current systems in place to ensure competency and accountability (CA) of QPs differ depending on the QP type, and on the risks and complexities associated with the activities they are involved in.

• The use of QPs specifically for compliance verification can be assessed using all the considerations identified in the associated sub-project reports including the use of appropriate mechanisms, meeting identified competencies, performing to specified accountabilities and weighed against known metrics.

• Increased use of QPs may not necessarily include the need for additional resources or costs. It would require identifying and relying on QPs currently in place, increasing self-reporting requirements on the part of QPs and defining current proponent staff as QPs within the scope of the adopted definition of QPs.

Enforcement is the sole responsibility of legally designated and authorized government officials and should not be delegated to QPs due to the specific legal delegations, training and competencies required.
Appendix 1

Feedback on October 2012 Draft Report

A draft report was made available for comment, and the following questions were asked of reviewers:

1. Have you experienced the use of QPs as it pertains to compliance verification?
2. What was the scope of that experience?
3. Describe some of the roles and responsibilities that the QP performed in the compliance and verification role.
4. How did the use of QPs in your experience contribute to a successful outcome?
5. Were there any challenges or limitations to the use of QPs in your experience?
6. Are there any roles listed in the inventory that have not been identified?
7. Where do you see the most benefit coming from the use of QPs in compliance verification?
8. Have you any concerns about the use of QPs in compliance verification?
9. Where do you see opportunities to expand the use of QPs in compliance verification?
10. Does this report identify fully the scope, context and roles and responsibilities of QPs in compliance verification? If not, what is missing?
11. Would you like to see any further information within the report?
12. Please provide any other comments you might have regarding the use of QPs in compliance verification or the report itself.

Table 1 summarizes the feedback received and responses from the authors.
### Table 1: Feedback

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<thead>
<tr>
<th>Comment / Feedback on Draft 1, October 2012</th>
<th>Working Group Response</th>
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<tbody>
<tr>
<td><strong>Compliance Verification Report Comments</strong></td>
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<tr>
<td>I am not clear if the intent of this report is to justify the loss of compliance staff by enabling 3rd party certification to act as a replacement or if it is intended to allow C&amp;E to use certification reports as a way of enforcing compliance.</td>
<td>The working group has undertaken this project in order to provide guidance on the efficient and effective use of qualified persons. An underlying premise of this work is an assumption that NR users will continue to be subject to requirements protecting the environment and human health and safety, and the Province retains a responsibility to assure compliance with those requirements. The purpose of this initiative is no way intended to diminish that fundamental responsibility.</td>
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<td>I think if government relies on commercial enterprise [QPs] to conduct audits then, over time, staff will lose the ability to conduct this work, and we will lose the experience and professional scope and will be forced to rely on the same sources of compliance information as industry.</td>
<td>This is an important point. As above, the working group has undertaken this work assuming the Province has an ongoing role to assure compliance with all regulatory requirements, and that this entails retaining a capacity to verify compliance with those requirements and respond to non-compliance.</td>
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<td>I have yet to encounter a single case where a company lost their certification through non-compliance with legislated requirements - this track record speaks volumes.</td>
<td>The appropriate response to non-compliance was not within the scope of this initiative. The appropriate response to non-compliance, including the loss of certification, is the responsibility of the appropriate business line. Assuring QP accountability will be addressed by the competency and accountability sub-project.</td>
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<td>To my knowledge, no company has lost their certification though several have been asked to clean up operations.</td>
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<td>Using the same companies used by our clients to do compliance may not be viewed favourably by the public</td>
<td>This is important feedback. The working group believes that retaining high levels of public trust for the Province’s management of natural resource uses is a key success measure. The working group will be developing recommendations and guidance that are intended to increase public trust. The way QPs are used is a key element in achieving that public trust.</td>
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<td>There is a parallel process, with QP’s used to assess whether business functions are meeting international market standards.</td>
<td>This initiative is focused on the verification of Provincial legal requirements. If international market standards are legal requirements based in Provincial statutes, regulations or authorizations, the Province retains a responsibility for verifying those market standards are being met.</td>
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<td>Companies currently cooperate with third party certifications bodies in a way that is unique from how they would cooperate with government. While each is different, if government were to endorse the use of 3rd party certification, industry would have considerable power in how non-compliance was detected and reported – and Provincial verification staff (C&amp;E staff) would likely never know.</td>
<td>The working group believes that the Province retains a responsibility for verifying compliance with requirements and responding to non-compliance with those requirements. If a business model or an approach to the use of QPs diminishes or impedes that responsibility, it is unlikely that the working group would recommend the continued use of that model.</td>
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<td>My feeling is that using QP’s is more likely to meet a politically motivated goal because we no longer have the staff or resources to compete with third party certification processes.</td>
<td>The working group has been asked to focus on the efficient and effective use of QPs that does not diminish the Province’s responsibility for the protecting the environment and human health and safety.</td>
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<td>Not once has a QP, conducting an audit, contacted me to alert me to a potential non-compliance.</td>
<td>This may due to the way a particular business line has authorized the NR use. Many business lines require the use of QPs, retained by the proponent to provide the verification information directly to authorizing agency.</td>
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<td>The report also seems to suggest that liability for an opinion or prescribed course of action by a QP could then be used by the company as a defence in an enforcement action.</td>
<td>One possible outcome of this initiative may be advice or direction on best practices in the business line use of QPs.</td>
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<td>The working group understands that this may be a consequence of the way QPs are used. The working group is looking for advice on the frequency this occurs, the circumstances under which it occurs, and advice from practitioners</td>
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<td>This report suggests that enforcement is not generally delegated – but it’s not strongly worded – to me, the door is opened to having QP’s delegated to conduct enforcement.</td>
<td>The report provides the reasons for the working group belief that enforcement is not delegated to non-government individuals. While non-government individuals, including QPs, can influence and otherwise change behaviour on the ground, that role is not defined, for the purpose of this report, as “enforcement.” In this report, enforcement is considered to be the legal action taken to compel behaviour change, using such methods as penalties and sanctions.</td>
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<td>I feel relying on QP’s is an eventual threat to our mandate of ensuring compliance with legislated requirements.</td>
<td>The working group will try to be clear that the use of QPs is not intended to erode the mandate of Provincial NR authorizing agencies, nor erode the Province’s responsibility for protecting the environment and human health and safety.</td>
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<td>I believe that verifying and ensuring compliance with legal requirements is what the public expects of public servants.</td>
<td>Business models for staff roles need to assure the ongoing competency of those Provincial staff. If the method and purpose for which QPs are used is diminishing the skill sets of Provincial staff, this is an important finding that needs to be acknowledged in the final report.</td>
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<td>Many of us are currently focused on individual case-loads and we don’t benefit from the provincial picture. We are unable to develop the skills needed to conduct and interpret license wide audits.</td>
<td>This issue will be addressed through the accountability and competency sub-project of the working group.</td>
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<td>The concern is that many of the professionals are employees of the clients and have conflicts between duty and compensation.</td>
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<td>I would like to see that the QPs are not establishing long-term employee relationships with the same employer.</td>
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<td>They should have no enforcement powers.</td>
<td>In the sense of “traditional” enforcement actions, such as legal responses to offences, the working group agrees with this perspective.</td>
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<td>The working group also recognizes that currently there is no agreement of what actions are included in the term “enforcement” and this can cause some uncertainty in relation to this issue. For this report’s purpose, the working group is using the term only in the strict legal sense where a delegated authority is empowered to take action against non-compliance, including actions that can result in sanctions and penalties.</td>
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<td>A challenge is the extra time/workload involved with the hiring process itself and then waiting for the information. Another issue is because the QP gives a third opinion to present as evidence that can entail a large binder for the decision makers to digest.</td>
<td>This is the type of feedback we are looking for. If the QP model decreases efficiency (i.e. increases time and effort for Provincial staff or the proponent to undertake their business), this is important information. The “metrics” sub-project will be trying to identify these types of cost shifts.</td>
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<td>Generally, the more you have to use QPs the more time you have to spend on the administrative aspects.</td>
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<td>More time is spent dealing with their mistakes; they need to vastly improve the quality of their work.</td>
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<td>I am concerned about the criteria for when a QP must be retained. I can think of many examples where seemingly benign activities resulted in environmental degradation and there was no environmental monitor required to be onsite.</td>
<td>Whether NR uses are low risk (benign) or high risk (to the environment or human health and safety), the working group assumes the Province retains a responsibility to assure compliance with all requirements, and this responsibility is fundamental to the expected role of the Province.</td>
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<td>Why not have the QP issue a non-conformance report? If there is a non-conformance, it is a non-conformance.</td>
<td>This type of verification information (a non-conformance report) is not precluded in any QP model being considered by the working group. The specific approach used by this business line was not described making a more detailed response impossible.</td>
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<td>I have concerns about the ability of a QP to do effective compliance verification work when considering the FOIPPA legislation.</td>
<td>Most business models that rely on QPs for compliance verification information are able to meet FOIPPA requirements because the information is held by only the QP, the proponent and the government overseer. The action that government takes in response to that information is bound by FOIPPA requirements.</td>
</tr>
<tr>
<td>The main benefits are in having independent experts review our data and processes which give credibility to the program.</td>
<td>This type of positive result achieved through a reliance on QPs what the working group is striving to replicate in other business lines.</td>
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<td>The ability to use 3rd party verifiers lends credibility to our program which is extremely important as it may be scrutinized by the public.</td>
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<td>Using QPs to verify compliance can positively supplement government expertise, however the reliance on QPs should not be a substitute for a well trained, properly staffed regulatory overseer.</td>
<td>This point of view is consistent with the current direction of the QP working group and will form the basis for subsequent recommendations.</td>
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*Comments provided in response to the Compliance Verification Draft Report but applicable to QP use in general*

<p>| The report suggests that government will establish regulations regarding QP credentials. | See “Accountability and Competency” report |</p>
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<tr>
<td>Additions to the inventory of where QPs are currently used.</td>
<td>Thank you.</td>
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<td>QPs and governing bodies are not all equal, nor do they have the same level of monitoring and enforcement over their members.</td>
<td>See “Accountability and Competency” report.</td>
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<td>You’re report has a piece on “continued and expanded use of QPs” and there is apparently another whole report entitled “Assessing the Benefits and Effectiveness of Increased Use of QPs”</td>
<td>See the “Metrics” report.</td>
</tr>
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<td>Passing a test or obtaining a licence can result in acceptance of poorly qualified persons or persons qualified in a general field that may not have specific knowledge required for certain aspects of the activities being verified.</td>
<td>See “Accountability and Competency” report</td>
</tr>
<tr>
<td>Reliance on QPs can increase the costs for small operators and impinge on innovative practice.</td>
<td>As a comment on the general reliance of QPs, we need to examine the reasons for such outcomes (inappropriate/unacceptable cost increases and reduced innovation) and make recommendations that do not place unjustifiable costs on proponents nor stifle innovation. The reliance on QPs can not diminish Provincial requirements or the Province’s responsibility for assuring those requirements are being met.</td>
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<td>Overcoming a proponent’s reluctance to hire a QP can be a challenge.</td>
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<td>Proponents seek out the lowest bidding QPs and they may not necessarily be the most suitable or qualified. The proponent can select the QP who recommends the most minimal approach. Setting up a government roster of suitable QPs is one solution.</td>
<td>Some business lines already use a “roster” to address this issue and assure QP performance standards.</td>
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<td>Professional reliance needs a better</td>
<td>We expect clear direction on cumulative</td>
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<td>understanding of all activities on the land base and considers the impacts on all values.</td>
<td>impacts to be a result of the current NRS initiative on cumulative effects. We will ensure that the Cumulative Effects work adequately considers the reliance on QPs.</td>
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