

MEMORANDUM OF UNDERSTANDING

Among the

**MINISTER OF ALBERTA SUSTAINABLE RESOURCE
DEVELOPMENT**

And the

**MINISTER OF ALBERTA AGRICULTURE,
FOOD AND RURAL DEVELOPMENT**

And the

**NATURAL RESOURCES CONSERVATION BOARD AS
REPRESENTED BY THE CHAIRMAN AND CHIEF
EXECUTIVE OFFICER**

I. INTENT

1. This Memorandum of Understanding (“MOU”) is developed pursuant to the recommendations and aims of the April 2001 Review of Agencies, Boards and Commissions and Delegated Administrative Organizations – Final Report which recommended, inter alia, that Ministers enter into memoranda of understanding with each agency, board or commission in their respective ministry to clarify the government’s expectations about roles, responsibilities, duties, functions, standard of care, policy direction and performance expectations to be achieved by the agency, board or commission.
2. This MOU implements the governance approach recommended in the report Effective Delivery of the Agriculture Operation Practices Act (AOPA) dated December 22, 2005 and accepted by Ministers of Sustainable Resource Development (SRD) and of Agriculture, Food and Rural Development (AFRD) in January 2006.
3. This MOU is intended to clarify the roles, responsibilities and relationships of and among the:
 - (a) Minister of AFRD, who is accountable for AOPA legislation, including regulations and broad policy;
 - (b) Minister of SRD, who is accountable for the *Natural Resources Conservation Board Act* (NRCB Act) and the delivery of AOPA through the NRCB; and
 - (c) Natural Resources Conservation Board (NRCB), specifically:
 - (i) the Chair and the Board of the NRCB, who are accountable for NRCB governance and reviews; and
 - (ii) the Chief Executive Officer (CEO) who is accountable for operations and operational policy with respect to the delivery of the AOPA approval and compliance functions of the NRCB. The CEO will also ensure the provision of resources and staff necessary for the NRCB to conduct natural resource project reviews pursuant to the NRCB Act.

4. The mandate of the NRCB is:
 - (a) to deliver the NRCB Act purpose which is to provide for an impartial process to review projects that will or may affect the natural resources of Alberta in order to determine whether, in the Board's opinion, the projects are in the public interest, having regard to the social and economic effects of the projects and the effect of the projects on the environment; and
 - (b) to deliver AOPA functions of approvals and compliance, and Board reviews in accordance with the purpose of AOPA.
5. The purpose of AOPA is to ensure that the province's livestock industry can grow to meet the opportunities presented by local and world markets in an environmentally sustainable manner.
6. The parties recognize the need to express clearly the separation of responsibilities delegated to the CEO, including the development of policy governing, and the implementation of, approvals and compliance by the NRCB approval officers and inspectors and the responsibilities that remain with the Board, including the consideration of reviewable projects under the NRCB Act and reviews under AOPA.
7. By clarifying the separation of the functions of the Chair and the CEO, emphasizing use of written and published policies, instituting regular accountability sessions and restructuring advisory groups with stakeholder participation, the MOU is intended to promote and ensure:
 - (a) clarity and consistency of policy;
 - (b) clear regulations;
 - (c) standards based on science, level of environmental risk and cost effectiveness;
 - (d) open, integrated and transparent system;
 - (e) building trust and confidence;
 - (f) timely decisions;
 - (g) fair and impartial processes and decisions;

- (h) efficient and effective issue resolution, including increased mediation;
- (i) independence of Board review (appeals) process; and
- (j) communication and stakeholder participation.

II. ROLES AND RESPONSIBILITIES

A. MINISTER OF SRD

1. The Minister of SRD is accountable for the NRCB Act and the delivery of AOPA through the NRCB. The Minister of SRD shall:
 - (a) recommend to Cabinet the appointment of members of the NRCB;
 - (b) articulate clear goals and measurable results that are expected and for which the NRCB will be held accountable;
 - (c) communicate government policies to the Board through the Chair and the CEO except insofar as those policies affect matters that may be in issue before the Board in any review (appeals) proceedings within its jurisdiction;
 - (d) approve the business plans and budget of the NRCB for recommendation to Standing Policy Committee and Treasury Board;
 - (e) require the NRCB to provide quarterly forecasts, year-end statements and any other documents or information that may be required by the Minister of SRD;
 - (f) review the activities of the NRCB at periodic accountability sessions and consult with the Minister of AFRD with respect to actions resulting from the sessions;
 - (g) monitor the activities of the NRCB to ensure that its mandate is being fulfilled, receive advice from the Chair and the CEO on legislative and regulatory matters and make recommendations to the Minister of AFRD for legislative and regulatory changes to increase the efficiency and effectiveness of the delivery of AOPA; and

- (h) report annually to the Legislature on the affairs of the NRCB, including the tabling of SRD's annual reports which contain the annual report of the NRCB, and the NRCB's business plan.
2. The Deputy Minister of SRD shall be the principal contact for the Chair and CEO with respect to general governmental policies and information, including financial, legislative and administrative matters, including information and comments on draft NRCB contributions to annual reports and business plans regarding the NRCB.

B. MINISTER OF AFRD

1. The Minister of AFRD is responsible for the broad AOPA policy, legislation and regulations. The Minister of AFRD shall:
- (a) advise the Minister of SRD, the Chair and the CEO of the Minister's expectation for the delivery of AOPA, in part through the business plan process;
 - (b) assess the progress in achieving the purpose and objectives of AOPA;
 - (c) provide input to the Minister of SRD on appointments of Board members;
 - (d) review the adequacy of and recommend amendments to the legislative/regulatory framework in achieving government objectives;
 - (e) maintain communication and contact with industry participants relative to the legislative and regulatory environment and successful delivery of AOPA;
 - (f) ensure AFRD staff work closely with the NRCB to align operational policies and practices with broad policy objectives;
 - (g) ensure that the NRCB receives advice from the Technical Advisory Group on technical aspects of implementing AOPA policies and practices; and
 - (h) provide extension services.
2. The Minister of AFRD has no role with respect to NRCB Act natural resource projects.

C. NRCB

(a) Chair and Board

1. The Chair and the Board have two primary functions:
 - (a) directing the affairs of the corporation; and
 - (b) conducting the NRCB's quasi-judicial functions, namely:
 - (i) hearing reviews of AOPA matters; and
 - (ii) considering reviewable projects and preparing recommendations to the Lieutenant Governor in Council pursuant to the NRCB Act.

Corporate Governance

2. The Chair and the Board provide strategic direction for the development of the NRCB business plan, to accomplish the objectives of the NRCB Act and the purpose of AOPA.
3. The Chair in consultation with the Deputy Ministers of AFRD and SRD shall hire the CEO.
4. The Chair and the Board will support the CEO in the CEO's delivery of the approvals and compliance processes, to promote the overall effectiveness and efficiency of the NRCB in achieving the purpose of AOPA.
5. The Chair and the Board hold the CEO accountable for delivery on the business plan consistent with the directions of the Government of Alberta.

Review Process

6. The Chair provides leadership to the Board in the organization and operation of the AOPA review (appeals) process and reviewable projects under the NRCB Act.
7. The Chair and the Board will ensure proper separation of the quasi-judicial review process from the other operations of the NRCB by:
 - (a) maintaining the distinction between the Board acting in its corporate governance role and the Board performing its quasi-judicial functions; and

- (b) maintaining the distinction between quasi-judicial matters under AOPA and the delivery processes for AOPA approvals and compliance, the latter under the general authority of the CEO.
8. The Chair and the Board will ensure fair, impartial and timely consideration of AOPA reviews and NRCB Act reviewable projects.
 9. The Chair, the Board and the CEO will develop and utilize mediation and dispute resolution processes to assist in the resolution of issues.

Accountability

10. The Chair and the Board will hire staff which reports directly to the Chair.
11. The Chair and the Board are accountable to the Minister of SRD for the performance of the NRCB in developing and meeting the approved business plan and in making good use of public funds consistent with the directions of the Government of Alberta.
12. The Minister of SRD expects that the Chair shall:
 - (a) clearly set out for the Minister of SRD how the NRCB intends to meet its mandate, objectives and process as well as the expectations of the Minister of SRD;
 - (b) report and be responsible to the Minister of SRD for the overall performance of the NRCB in delivering its mandate and business plan;
 - (c) maintain effective and regular communication with the Minister and Deputy Minister of SRD, keeping them informed of issues or events that concern the Minister or can reasonably be expected to be important in the exercise of the Minister's responsibilities;

- (d) approve and submit any accountability documents required by the Minister of SRD including, but not limited to, business plans, financial documents, periodic reports and performance standards;
- (e) provide corporate direction to achieve effective collaboration with AFRD and the agencies involved in broader CFO policy and specifically in relation to the delivery of AOPA; and
- (f) build understanding and trust with explicit policies, multi-stakeholder consultation and clear communication,

13. The Chair and the Board are accountable to the Minister of AFRD for the administration of AOPA in accordance with the purpose set out in clause I.5. above.

(b) Chief Executive Officer

1. The CEO is an employee of the NRCB and is accountable to the Chair. However, there are matters that require the Chair to respect the independence of action of the CEO. Both the Chair and CEO recognize the need to ensure that issues are identified and addressed in a timely manner, while at the same time recognizing that the relationship must at all times respect the independence of each as a decision maker. In establishing a clear separation between the Chair and CEO, it becomes necessary to delegate certain powers and authority. The delegated powers and authority are set forth in a Delegation and Confirmation of Authority executed by the Chair and the CEO, a copy of which is attached hereto as Appendix "A".
2. The CEO has three primary functions:
 - (a) leading and directing corporate operations;
 - (b) delivering of AOPA regulatory functions; and
 - (c) providing support to the Chair and Board for NRCB Act matters.

Corporate Operations

3. The CEO is accountable to the Board through the Chair for the general operations of the NRCB and its staff, including;
 - (a) preparation of strategic business plans and budgets consistent with the Government of Alberta strategic plan and business planning directions;
 - (b) operating to and reporting against the business plan and the budget;
 - (c) establishing and operating an overall framework for financial, administrative and operational controls according to the directions of the Government of Alberta as exemplified by SRD;
 - (d) ensuring that the assets and liabilities of the NRCB and all public funds are managed effectively and with probity; and
 - (e) staff selection and training, including staff required by the Chair and the Board to support NRCB Act reviews.

Delivery of AOPA Regulatory Functions

4. The CEO provides leadership, management and support for the delivery of AOPA approval and compliance functions.
5. The CEO is responsible for developing and ensuring that there are clear operational policies in place to guide approvals and compliance staff so they can deliver their responsibilities in a clear, consistent, efficient and fair manner.
6. As appropriate, the CEO will consult with stakeholders in development of policy.
7. The CEO will:
 - (a) co-chair the Policy Advisory Group with the Assistant Deputy Minister, Environment and Food Safety, AFRD; and

(b) hold accountable the Technical Advisory Group chaired by the ADM of Environment and Food Safety, AFRD, for timely delivery of technical guidelines and standards.

8. The CEO is responsible for achieving appropriate regulatory alignment with the broad AOPA policy set by the Minister of AFRD and will:

(a) support effective cooperation between the NRCB and AFRD; and

(b) ensure completion of accountability reviews and assessments.

III. ACCOUNTABILITY DOCUMENTS

1. The Chair and CEO will deliver to the Minister of SRD the following documents according to the dates and in the format specified or agreed to by the Minister:

(a) business plans, budgets and quarterly forecasts; and

(b) year end financial statements and the NRCB's portion of the SRD annual report; and other information, specific documents or reports as requested.

IV. PERFORMANCE ASSESSMENT

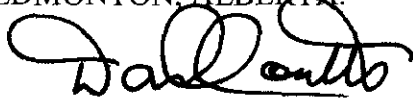
1. The Minister of SRD shall assess the overall performance of the NRCB annually, taking into account the periodic public accountability sessions and consulting with the Minister of AFRD.

2. The NRCB shall have an independent review of its operations conducted every five years. The Ministers shall approve, in advance, all aspects of the proposed independent review, including the person conducting the review. Such a review shall consider such matters as the Ministers direct, including progress against the objectives of AOPA, the need for and the performance of the NRCB, the Chair, the CEO and such matters as may be required for a regulatory sunset review. The current five-year period shall commence April 1, 2006.

V. MOU ADMINISTRATION

1. The term for this MOU shall continue, but may be amended from time to time as determined by the parties.
2. The Ministers, the Chair on behalf of the Board and the CEO will review this MOU annually following the review of the performance of the NRCB, the Chair and the CEO.
3. Nothing in this memorandum is intended to or shall interfere with the NRCB's proper exercise of any statutory powers of decision so as to maintain and preserve the independent quasi-judicial role of the NRCB.
4. Amendments to this MOU shall be in writing and must be agreed to by all parties hereto.

Signed and dated by the Ministers and the Natural Resources Conservation Board at EDMONTON, ALBERTA.



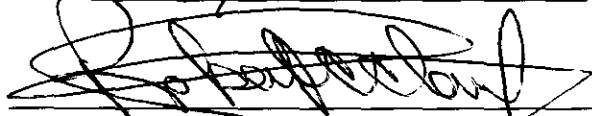
Minister of Sustainable Resource Development

Date: MAY 23 2006



Minister of Agriculture Food and Rural Development

Date: May 13/06



Chair - Natural Resources Conservation Board

Date: May 11/06



Chief Executive Officer - Natural Resources Conservation Board

Date: May 11/06

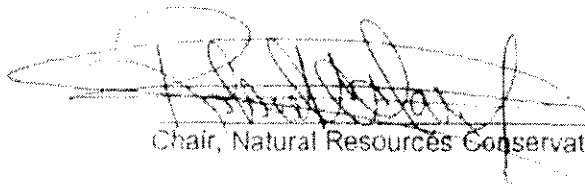
DELEGATION AND CONFIRMATION OF AUTHORITY

I, Robert C. ("Bob") Clark, Interim Chair of the Natural Resources Conservation Board, hereby delegate to and confirm the following authority and powers to Les M. Lyster, as Chief Operating Officer, Natural Resources Conservation Board:

1. The Chief Operating Officer shall be responsible for the daily management and direction of the affairs and operations of that portion of the Natural Resources Conservation Board that relate to the Agricultural Operation Practices Act, except as set out in paragraphs 2 and 3 below.
2. The Chief Operating Officer shall not be responsible for management and direction of any applications for appeals or reviews to the Natural Resources Conservation Board pursuant to the Agricultural Operation Practices Act or for any reviews of projects pursuant to the Natural Resources Conservation Board Act.
3. The Chief Operating Officer shall not be responsible for the making of regulations pursuant to the Agricultural Operation Practices Act but shall be responsible for identifying and advancing proposed regulatory amendments or new regulations, after consultation with the Board, to the Lieutenant Governor in Council, the Minister of Sustainable Resource Development or the Board, as appropriate.
4. The Chief Operating Officer shall be responsible for the appointment of Approval Officers and Inspectors.
5. The Chief Operating Officer shall report on the discharge of his authority pursuant to the Delegation and Confirmation of Authority to the Minister of Sustainable Resource Development.
6. The Chief Operating Officer shall commence the process to amend the existing Memorandum of Understanding between the Chair and the Minister to reflect the roles and responsibilities of the Chief Operating Officer.

7. Without limiting the generality of paragraph 1, the Directors of Approvals, Compliance and Enforcement, Science and Technology, and Finance and Risk Management, Communications, and counsel, and any successor positions, shall report to the Chief Operating Officer.
8. Without limiting the generality of paragraph 1, the Chief Operating Officer shall be responsible for the management of all employees of the Natural Resources Conservation Board administering the Agricultural Operations Practices Act.
9. Without limiting the generality of paragraph 1, the Chief Operating Officer shall be responsible for the management of the budget of the Natural Resources Conservation Board relating to the Agricultural Operation Practices Act, including the preparation of all accountability documents. The Chairman of the Board retains the responsibility to develop a budget dealing with Board review functions.
10. Without limiting the generality of paragraph 1, the Chief Operating Officer shall be responsible for establishing the operating and performance policies and standards for the Natural Resources Conservation Board pursuant to Agricultural Operation Practices Act.
11. The Chief Operating Officer shall provide the necessary staff resources and budget to the Natural Resources Conservation Board to support any reviews or hearings that may proceed pursuant to the Agricultural Operation Practices Act and the Natural Resources Conservation Board Act.

Dated at Edmonton, this 27 day of October, 2005.


Chair, Natural Resources Conservation Board


Acknowledged by Les M. Lyster