SESSION II: RECLAMATION INITIATIVES

NATIVE BUSINESS DEVELOPMENT THROUGH RECLAMATION

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ABSTRACT

NOVA Corporation of Alberta is a widely held, shareholder-owned company operating internationally from headquarters in Calgary, Alberta. NOVA builds its future principally on pipelines and the manufacturing and marketing of chemicals produced primarily from Alberta natural resources. As part of their philosophy, the Corporation supports a unique policy to encourage the Native community to participate in the growth and development of the Canadian economy and to ensure Native people are involved in all aspects of the Corporation's operations.

NOVA's Reclamation program is designed to effectively stabilize the right-of-way as soon as possible after construction, re-establishing native vegetation where appropriate, enhancing fish and wildlife habitat where possible, and to meet the requirements of regulatory agencies and landowners. In the past, native contractors have been used primarily where seeding was required within the forested Green Zone of the province. In recent years, this involvement has been expanded to include the agricultural White Zone, averaging 38% of the total work over the past eight years. In 1991, the Environmental Management Department dedicated one person as a liaison between NOVA and the aboriginal contractors in an effort to improve communication and information exchange. Pre-bid meetings and workshops were initiated to improve the aboriginal contractors' understanding of NOVA's reclamation requirements, and to assist them in effectively bidding on projects. The reclamation program within the Alberta Gas Transmission Division of NOVA has been a useful vehicle for aboriginal contractors to diversify, improve the quality of their work, improve their competitive salary and develop viable businesses.

Introduction

NOVA is a public company owned by shareholders which operates from headquarters in Calgary, Alberta. NOVA serves its customers by producing, marketing and transporting sweet natural gas, and by developing chemicals and plastics to meet customer needs.

Alberta Gas Transmission Division (AGTD) is a division of NOVA Corporation of Alberta. AGTD plans, designs and constructs natural gas pipelines in Alberta and then operates and maintains them. AGTD measures natural gas for its customers, ensures quality control and moves the gas through the pipeline network.

AGTD's pipeline network is the main system for transporting natural gas in Alberta and carries over 75% of all marketed Canadian gas each year. Gas is delivered through more than 18 000 kilometres of pipeline to points in the province and to the borders for export outside the province.

As part of their philosophy, the Corporation supports a unique policy to encourage the Native community to participate in the growth and development of the Canadian economy and to ensure Native people are involved in all aspects of the Corporation's operations. In 1992 NOVA was named 'Employer of the Year' by the Native Employment Services Association.

This paper will review NOVA's commitment to Native development and focus on the contribution of AGTD's Reclamation Program to that corporate policy.

Nova's Commitment to Native Development

NOVA is committed to a pro-active approach to Native development by assisting Native people in becoming self-sufficient participants in the Canadian economy. To meet this commitment, the corporation has established a series of development initiatives. There are two key factors supporting Native initiatives. First, there is an identified need for employment opportunities in Native communities and second, Native leaders have demonstrated a keen desire to assume control of their affairs.

The development initiatives based on the key factors mentioned above are as follows:

1. Certain types of work are reserved for Native contractors such as clearing facility rights-of-way,
2. Where practical, units are broken into contracts, which smaller Native businesses can undertake,
3. Identifying interested and capable Native businesses, ensuring they are included in the bidding process, that they understand that bidding process and the terms of the contract,
4. Waiving bonding requirements in many cases,
5. Supplying contract liaison and other support services,
6. Paying invoices from Native businesses promptly to avoid compromising their financial stability.

Reclamation Program Contributions

The Reclamation Program within the Alberta Gas Transmission Division of NOVA has been one of the vehicles in support of Native contractors. By NOVA definition, a Native contractor is one which is at least 51% Native owned. The program has assisted Native contractors in developing viable businesses through identification of diversification opportunities, developing high quality work, improving their competitive ability. Native contractors have traditionally been hired to seed pipeline rights-of-way within the forested areas of Alberta. Recently, this involvement has been expanded to include reclamation activities in our agricultural zones. Over the past eight years Native contractors have done 38% of the total work.

NOVA's Reclamation Program is designed to effectively stabilize the right-of-way as soon as possible after construction, re-establish native vegetation where appropriate, avoide introduction of noxious weeds, enhance fish and wildlife habitat where possible and meet the requirements of regulatory agencies and landowners. Contracts are awarded based on past performance, bid information, and work distribution. Bid price is an important factor, as NOVA is responsible to its customers for expenditures, but it is not the only discerning factor in many cases.

The use of Native contractors to implement reclamation plans has been an important part of the reclamation program. In the past, Native contractors have been used primarily where broadcast seeding was required within the forested zone of the province. In recent years this involvement has been expanded to include the agricultural zone and has averaged 38% of the total work over the past eight years. In the mid-1980's, reclamation projects were primarily in the forested zone, this resulted in higher contract expenditures for Native contractors. In 1990, Native contractors accounted for only 12% of the total reclamation contract expenditures. The lower value in 1990 was due to the majority of pipeline construction and subsequent reclamation efforts being in the dry rangeland southeastern areas of the province. These site conditions necessitated the use of specialized techniques and equipment, which were not available from Native contractors on our bidders list.

In 1991, the Environmental Management Department dedicated one person as a liaison between NOVA and the Native contractors in an effort to improve communication and information exchange. Efforts have been focused on Native contractors attempting to develop a business that will be competitive. This effort assists communities

economically and allows NOVA to complete necessary work. An additional benefit is improved community relations. Designating one coordinator to this role resulted in streamlined gathering and organization of project specific information, more effective information transfer and more detailed bid information.

During initial community visits by NOVA representatives prior to construction, information packages are distributed. The increased efforts by the Reclamation Program resulted in more accurate details of potential reclamation contracts and clarified project requirements in these information packages at this early stage. Contractors were provided suitable lead time to meet bidding eligibility requirements, such as insurance coverage, equipment and manpower.

Recent bioengineering initiatives in the Reclamation Program have successfully used Native contractor crews to collect and store suitable cuttings, apply materials to structures and complete final seeding. This initiative has realized a genuine interest on the part of these crews to identify the most suitable species to use for cuttings and to take pride in the final product. In particular, one 1993 project on NOVA's Bear Canyon Lateral resulted in the combined effort where design and implementation were developed co-operatively by a NOVA representative and a Native contractor. The resulting product successfully applied the design skills of NOVA with the implementation skills of the contractor. Bioengineering applications allow the contractors to diversify their knowledge and skills without requiring large investments in new equipment. This support is encouraging in the development of this new initiative for NOVA to stabilize slopes with 'soft' bioengineered structures.

Pre-bid meetings and workshops were initiated to improve the Native contractors' understanding of NOVA's reclamation requirements and to assist them in effectively bidding on projects. Equipment requirements, calibration, material staging, site access, manpower, safety requirements, and any other pertinent information was reviewed at each meeting. Some logistical and organizational problems were encountered but the overall attendance by contractors has been 71%. Contractor response to these meetings is favourable. New contractors agree they would have been totally unprepared to bid accurately without these meetings. Experienced contractors also claim to have a better understanding of NOVA's requirements. Pre-bid meetings also provide a forum for informal discussion of concerns and opinions. As a result of these pre-bid meetings, we have noted a higher awareness of work requirements upon arrival at the job site and increased ability to interpret alignment sheets, as well as an increased attention to safety.

Benefits

NOVA

The most obvious benefit to NOVA is the value of the completed work. Constructing, operating and maintaining the system of over 18,000 km of pipeline and 44 compressor stations requires efficient use of manpower and equipment. Much of the gas transmission system is located in areas where qualified Native contractors are readily available thereby permitting faster and more economic mobilization.

NOVA's visible commitment to Native development allows for smoother recruitment of Native contractors. By honouring a commitment to support development in the Native communities, the company is more attractive as an employer with a genuine interest in current issues. This characteristic of NOVA provides an open avenue for Natives to work with the company. Thus, NOVA progresses in its initiative to increase its support to the Native community.

A partnership with Native communities is fundamental to maintenance and expansion of the gas transmission system. The location of many of NOVA's customers require transport of gas across lands held by Natives. Access must be negotiated by all parties. Trust must be established between the negotiating parties.

Reclamation Program

Benefits of developing Native business extend into the Reclamation Program. Of primary benefit is the increased supply and diversity of equipment. As the Reclamation Program keeps pace with the demands of NOVA's transmission system, a broad and diverse supply of reliable equipment and contractors is vital. The more remote sites, commonly with extremely wet ground conditions, require specialized equipment for implementation which local contractors can supply. Native contractors have geographically broadened the base of qualified contractors.

These groups have also increased our knowledge of local conditions. Many sites have seasonal access and are subject to atypical climates. The local knowledge is an important factor in designing appropriate seed mixes and implementation methods.

Native Contractors

NOVA's efforts to provide opportunities for Native contractors to diversify prepares them to bid on contracts for other companies. The increased experience and broadened skills are marketable to other potential employers. In order for these businesses to be viable, there must be a broad client base.

Traditional work in broadcast seeding has been expanded into three other primary areas of expertise. The reclamation program has developed a bioengineering component over the past 3 years. Work required has been almost exclusively awarded to Native contractors. As this field grows, these contractors will have the experience to supply these specific skills on a competitive basis in a field relatively new to Alberta. Recently, efforts have resulted in assigning drill seeding work to Native contractors as well. This diversifies the services they can offer. The option to purchase the additional equipment provides an avenue to re-invest earnings in their business increasing their asset base. As the scope of the reclamation program grows to include minor earthwork, another door is opened for Native contractor involvement. Over the past year we have contracted the services of Native crews to operate heavy equipment to complete necessary re-contouring to stabilize and re-establish drainage on specific projects.

Experience has shown that our Native contractors are investing earnings in equipment upgrades. As the season progresses, new and improved equipment is available for contract work. This supports the programs' efforts to provide the opportunity for contractors to develop viable and competitive businesses.

Feedback from the Native contractors has also shown that their credibility in the industry has improved. NOVA is a well respected company with high standards to be met by its contractors. According to our Native contractors, successful completion of a contract with NOVA is an important asset to their marketability to other companies.

Challenges

NOVA

A challenge to be addressed as part of the corporate initiatives is to encourage Native students to continue into higher education in order to prepare them to compete in industry and business. As the economy provides less job openings, competition for the available positions increases. NOVA initiated a Summer Education Program in 1986 in which the company sponsors 2 Native university students to visit Alberta schools with high aboriginal student populations to present role models, assist in career planning and promote the 'stay in school' message. Since 1986, 6500 Native high school students have participated in the program.

The changing economy also creates a need for diversification. NOVA can support Native business development by promoting avenues for diversification to provide more goods and services to industry. A broader base of

available incomes is a realistic way to survive the economic fluctuations.

Reclamation Program

One challenge for the Reclamation Program is management of Native and non-Native contracts in agreement with the corporate policy of Native development. Non-Native contractors often have difficulty accepting this policy. The concern arises when work is awarded to Native contractors exclusively. Qualified non-Native contractors meeting other considerations such as proximity to the work-site, competitive prices and available equipment, are not invited to bid if a qualified Native contractor is available.

A second challenge is diversifying Native contractor skills without developing a dependency on NOVA for work. We must be sure to develop abilities that can be marketed to other potential employers. Advising contractors on how to expand their business is difficult to do without leaving the impression that NOVA will provide enough work in the future to make the investment worthwhile. We have an interest in improving our qualified contractor base, but the commitment to developing Native business reaches beyond the needs of NOVA to other companies.

The third challenge applies to all our reclamation contractors, Native and non-Native. To improve the efficiency of our reclamation program, we need to head towards 'minimal supervision' of our contractors. The volume of work created in constructing and operating a pipeline system the size of NOVA's, requires carrying out many activities concurrently. While new reclamation is being implemented, previous work must be evaluated, monitored and any necessary remedial action undertaken. If contractors can continue working without constant supervision, it allows NOVA staff the opportunity to address these other activities in the area.

Conclusion

NOVA has a strong commitment to participate in and encourage the development of Native communities and businesses. This policy is reflected in the objectives and direction of company programs. In order to successfully carry out the Reclamation Program and complete the significant volume of work created by NOVA's gas transmission system expansion within the expected timeframe, it is vital to build and maintain a solid base of qualified and reliable contractors. By directing attention to the development of genuinely interested Native contractors, this base has been expanded and strengthened.

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18th ANNUAL MEETING

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LANDSCAPE CHANGE :

OPPORTUNITIES AND NEW APPROACHES

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TABLE OF CONTENTS