



Bill S-245 An Act to declare the Trans Mountain Pipeline Project and related works to be for the general advantage of Canada

Submission to the Standing Senate Committee on Transport
and Communications

May 8, 2018

The Canadian Chamber of Commerce appreciates the opportunity to offer its perspectives on the general advantage to Canada of the Trans Mountain Pipeline Expansion Project.

The Canadian Chamber of Commerce is Canada's most broadly-based business association. Through our network of more than 450 chambers of commerce and boards of trade, representing more than 200,000 businesses of all sizes and in all sectors of the economy and in all regions, the Canadian Chamber helps shape public policy and decision-making to the benefit of businesses, communities and families across Canada.

The Trans Mountain Pipeline Expansion Project is for the general advantage of Canada

According to the Conference Board of Canada, over the first twenty years of operation the Trans Mountain Pipeline Expansion Project will generate approximately \$47 billion in taxes and royalties for governments. An additional \$23.2 million in municipal property taxes will be collected each year by the province of British Columbia. In Alberta, the government will collect about \$3.4 million annually. For 20 years, the project would bring an average of almost \$1 billion in economic activity and nearly 34,000 jobs annually.¹

Hundreds of millions of dollars of this economic activity would benefit the 51 First Nations in Alberta and British Columbia through whose lands the pipeline passes and who have signed mutual benefits agreements with Kinder Morgan.² If this project dies, so do the long-term benefits of training, procurement and servicing contracts, community services and infrastructure.

¹ Who Benefits? A Summary of the Economic Impacts That Result from the Trans Mountain Expansion, Conference Board of Canada, January 6, 2016

² First Nations support pipelines including Trans Mountain – a fact you rarely see or hear, Joseph Quesnel, Senior Fellow, Fraser Institute & Kenneth P. Green, Senior Director, Centre for Natural Resource Studies, Fraser Institute, Edmonton Journal, April 10, 2018

Also at stake are the broader benefits of the 157 conditions Kinder Morgan agreed to when the Trans Mountain Pipeline Expansion Project was approved by the federal government. One of these benefits is a \$150 million investment in increased resources for the Western Canada Marine Response Corporation (WCMRC).

Expansion of the Trans Mountain Pipeline will increase tanker traffic on Canada's west coast by an average of only one tanker per day. Kinder Morgan's investment in the WCMRC would add more than 125 new employees, 40 new vessels and six new spill response bases along the shipping route. The proposed bases include a 24/7 on-water base in Vancouver's Burrard Inlet and a new base on the Fraser River.

The entire region would benefit from:

- Reduced times for initiating a response to a maximum of two hours for Vancouver Harbour and six hours for the remainder of the southern shipping lane; and
- A regime that is able to deliver 20,000 tonnes of capacity within 36 hours from dedicated resources staged along the shipping route in the Salish Sea. This represents a response capacity that is double - and a delivery time that is half - the existing planning standards.³

If the Trans Mountain Expansion project dies, so do these enhancements to marine clean-up responses.

The cancellation of the Trans Mountain Expansion Project would further reduce the amount of investment in Canada

Just as important to Canada as the immediate economic and environmental protection benefits of this project is the message we send to the world if we cannot get the project built. The Trans Mountain Pipeline Expansion was approved following a multi-year, rigorous and scientifically-sound review process that included consultations with thousands of individuals (including Indigenous communities). It would be a terrible message to investors, at home

³ Michael Lowry, Western Canada Marine Response Corporation, Tanker and Pipeline Safety Awareness Session on the Hill, April 24, 2018.

and abroad, and poses a real economic threat to our country at a time when investment in Canada is dropping.

It would also perpetuate Canada's dependence upon the United States as our sole oil and gas customer and to which we sell our resources at a discounted price.

Direct investment in Canada dropped by 26 per cent in 2017 to \$33.8 billion. Overall, capital flows dropped for a second year and are down by more than half since 2015. According to Statistics Canada, net foreign purchases of Canadian businesses turned negative for the first time in a decade.⁴ If, after receiving formal approval, the Trans Mountain project does not get built, investors will rightly ask why they should invest in Canada, or trust in the reliability of our regulatory system. They won't like the answer and take their money elsewhere.

The oil and gas sector drives innovation

While oil and gas are the foundation of our economy and our energy supply today, we are in the process of transitioning to a cleaner, greener future less reliant on fossil fuels. Getting there will take time, money and innovation. The Conference Board of Canada estimates that the transition to a lower carbon economy will require between \$1.5 and \$3.4 trillion in clean energy infrastructure.⁵

The oil and gas sector is committed to innovation and is contributing to the fight against climate change. An example is the Canadian Oil Sands Innovation Alliance. Its member companies develop and share the best, most innovative ideas and approaches to improving the sector's environmental performance. To date, the member companies that make up the Alliance have shared close to one thousand technologies and innovations that cost almost \$1.5 billion to develop.⁶

There is innovation in the technology that surrounds oil and gas production as well. Pipelines aren't built the way they were 20 years ago. Contractors work with proponents to minimize the environmental impacts of pipeline projects. Skilled equipment operators separate the different layers of soil so it can be

⁴ Financial Post, March 1, 2018

⁵ <http://www.conferenceboard.ca/e-library/abstract.aspx?did=9021&AspxAutoDetectCookieSupport=1>

⁶ <https://www.cosia.ca/>

replaced during reclamation of the right-of-way after construction is complete. Contractors use trenchless methods under water crossings and other sensitive areas to minimize the overall disturbance.⁷

Canada's oil and gas sector is critical to our economic health, our prosperity, and our ability to secure a cleaner, greener future

Some believe we should apologize for our oil and gas inheritance. The opposite is true. Oil and gas production is something Canadians do better – and to higher standards – than anyone else in the world. The sector is innovative and high tech, and it has the potential to supply the energy needed to allow millions now living in poverty to enjoy higher living standards. Canadian producers have the potential to displace oil and gas from unstable or despotic regimes, and to substitute cleaner energy for coal-fired generation facilities that cause air pollution and are a major contributor to global warming. This should be a source of pride for every Canadian, and getting Canadian resources to global markets responsibly should be the goal of every politician who purports to be serving his or her constituents.

The oil and gas sector supports tens of thousands of well-paying jobs, both directly and indirectly, drives innovation and helps to finance our schools, infrastructure and health care system. Without the revenues and taxes the sector creates, Canada and the standard of living we enjoy would be very different.

We need only consider how the impact the collapse of commodity prices has affected us. The federal government's 2017 fall economic update described its "profound effect on the Canadian economy," noting that in the last couple of years the decline in oil prices has cost our economy over \$112 billion, or approximately \$6,200 for every working person in Canada.⁸

Canadian legislators need to do whatever can be done to support our oil and gas sector. They need to encourage investment and to ensure that everyone knows that when it comes to oil and gas, Canada is one of the world's safest, most environmentally responsible sectors in the world.

⁷ Tyler Madigan, Vice-President & Managing Director, SA Energy Group, Tanker and Pipeline Safety Awareness Session on the Hill, April 24, 2018

⁸ <http://www.cbc.ca/news/business/oilpatch-ottawa-budget-morneau-1.4029620>

Why can't we build anything anymore?

Canadians have always been great builders. The Canadian Pacific Railway united the country with thousands of kilometres of track across forest, mountains and prairies. With the St. Lawrence Seaway, we built the longest deep-draft navigation system in the world. Together, these projects became the arteries for trade and commerce in North America.

Today, we take these engineering marvels for granted, forgetting that at the time they were controversial and required tough decisions.

Today, we are a nation of builders that can't get anything built.

The debate over the Trans Mountain Expansion project raises questions about how we govern ourselves as a country, how those outside of our borders perceive us, and the impact that has on our prosperity. This project is in the national interest. Failure to get it built would be to the detriment of us all.