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EVIDENCE

Tuesday, February 15, 2011

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Chair

Mr. Rodney Weston

Standing Committee on Fisheries and Oceans

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•(1105)

[English]

The Vice-Chair (Hon. Lawrence MacAulay (Cardigan, Lib.)):
I call the meeting to order.

I want to welcome our guests: Michael Peacock, exploration manager with Esso; Anita Perry, vice-president of government and public relations with BP; and also Jean-Sébastien Rioux.

Welcome. What we do is first have ten-minute presentations to the committee. Each of you, I understand, Mr. Peacock and Ms. Perry, is giving a ten-minute presentation. Then we will have questions from the committee.

Ms. Perry, are you ready to proceed?

Go ahead.

Ms. Anita Perry (Vice-President, Government and Public Affairs, BP Canada Inc.): Mr. Chairman, committee members, my name is Anita Perry, and I'm vice-president of government and public affairs for BP Canada. I'm here today to speak about our relationship with ArcticNet.

ArcticNet is a network of centres of excellence of Canada. It brings together scientists and managers in the natural, human health, and social sciences fields with their partners from Inuit organizations, northern communities, federal and provincial agencies, and the private sector to study the impacts of climate change in the coastal Canadian Arctic. The Canadian Coast Guard ship *Amundsen* is a scientific research platform used by ArcticNet.

The network of centres of excellence fosters multi-disciplinary, multi-sectoral partnerships between academia, industry, government, and not-for-profit organizations. The partnerships that this initiative cultivates result in ideas that are transformed into economic and social benefits for all Canadians.

BP Exploration Operating Company Limited, or BP, acquired the rights to explore three offshore exploration licenses, EL 449, 451, and 453, in the Canadian Beaufort Sea from the federal government in June 2008. Following a successful seismic program in 2009, BP conducted a scientific field data collection program in open collaboration with ArcticNet during the summer of 2010.

Aligned with the strategic goals of both ArcticNet and the network of centres of excellence, BP executed a collaboration agreement in April 2010 with ArcticNet and Université Laval, which included the following scope of research activities: retrieval and redeployment of eight subsurface oceanographic moorings deployed in 2009 by ArcticNet to collect metocean and ice data; biological sampling at

eight biophysical stations to determine baseline contaminant levels and biological productivity; deployment and retrieval of 12 bottom-anchored hydrophones used to detect and track vocalizations of whale species of concern; deployment of a remotely-operated vehicle for a visual survey of the ocean floor; deployment and retrieval of a moored metocean surface buoy for the duration of the 2010 field program; ice thickness and roughness surveys, using the helicopter-mounted electromagnetic induction system; deployment of ice drift satellite beacons on large multi-year ice flows; collection of 42 piston core samples to determine physical soil characteristics; and ocean-bottom mapping.

BP's financial contribution toward these ArcticNet-led sampling activities in 2010 included both cash contributions of over \$9 million in the form of research activities, scientific equipment, data analysis, vessel costs, salaries, grants to ArcticNet graduate students and research staff, and in-kind contributions of over \$5.5 million in the form of direct and indirect costs of joint research projects, salaries, and transportation. BP also supported the participation of two Inuvik-based high school students in the 2010 ArcticNet Schools on Board program, which took place on board the CCGS *Amundsen* from August 2-12.

BP's 2010 program support provided an opportunity for ArcticNet to increase the temporal and spatial coverage of sea ice, geological, and environmental data collected in the Beaufort Sea-Mackenzie Shelf-Amundsen Gulf region as part of their continuous multi-disciplinary research programs carried out in the area over the last decade. The 2010 research collaboration directly benefited the research work conducted by 21 ArcticNet students and post-doctoral researchers.

The research collaboration between BP and ArcticNet has been very positive. It enables the sharing of assets and expertise; data resulting from the collaboration is transparent and publicly available; and data resulting from the collaboration is available to ArcticNet researchers, BP, the National Energy Board, and other regulatory and government agencies, Inuvialuit organizations, and co-management committees and other research initiatives, such as the Beaufort Regional Environmental Assessment, or BREA.

To further clarify our collaborative agreement with ArcticNet, at no time was there an agreement between BP and the Canadian Coast Guard to lease the CCGS *Amundsen*. BP's agreement was with the Université Laval, which acts as the secretariat for the ArcticNet research program.

BP has been transparent about our collaboration with ArcticNet, providing newsletter updates on our external website and through community consultation activities with the six Inuvialuit Settlement Region communities.

The collection of the field data informs and educates industry, researchers, government, regulators, and the public as to the sensitivities and challenges of any potential future industrial activity in the area. BP is pleased that we have been able to contribute to advancing the scientific understanding of the physical and biological environment of the Beaufort Sea in this way.

I trust that I have outlined and demonstrated the positive benefits of our academic collaboration and have addressed the concerns of the committee with respect to the committee's motion of November 25.

I would implore members of this committee to support the great scientific work that ArcticNet does.

Thank you.

• (1110)

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Ms. Perry.

Mr. Peacock.

Mr. Michael Peacock (Exploration Manager, Imperial Oil Limited): Mr. Chairman and distinguished members of the committee, my name is Michael Peacock, and I am a geologist by training. I hold the position or title of Canadian exploration manager for Imperial Oil. I am a registered professional geoscientist with APEGGA. APEGGA is the Association of Petroleum Engineers, Geologists and Geophysicists of Alberta.

My colleagues and I are here today in response to the motion from Mr. Blais adopted on November 25, 2010. The motion asked for details about the lease of the Canadian Coast Guard ship *Amundsen*. The lease was supposedly for petroleum exploration activities in the Beaufort Sea.

Unfortunately, the mistaken understanding that Imperial Oil or Esso and BP leased the *Amundsen* to explore for petroleum stemmed from incorrect media or news reports. While this record has since been corrected, I hope that our testimony today will result in a better appreciation for the significant benefits of scientific cooperation and collaboration between industry, academia, government, and all of society.

For background similar to what Anita shared with you, Imperial Oil picked up EL 446. EL stands for Exploration Licence 446, also termed Ajurak. It was awarded to Imperial and Exxon Mobile Canada in July 2007 for a work program commitment bid of \$585 million. Each company was assigned a 50% working interest in the block.

The Ajurak licence is located approximately 180 kilometres offshore from the town of Tuktoyaktuk. The exploration licence is valid for nine years. When you consider the duration of an exploration licence, it takes at least three to four years to plan and prepare just the regulatory application required to be submitted to the

regulatory agency. In this case, the regulatory agency is the National Energy Board, the NEB.

This is a long and thorough process, and it includes the submission of an EIA or environmental impact assessment. A scientific program began in 2008 to collect the necessary data for this submission. This was for the planning of the first exploration, which specifically included the following: one, metocean and geotechnical data to complete and verify the engineering design required for any exploration well; two, development of safe and environmentally responsible drilling operations and support practices; and three, provision of the necessary environmental data to support the environmental impact assessment for the potential drilling of any well.

The requirement to submit an environmental impact assessment is the reason that on May 6, 2009, Imperial Oil executed a service order with the Université Laval in Quebec City to collaborate with ArcticNet in their 2009 research program.

The scope of the work is described in the service order as follows. I will quote the service order:

This service order covers the Imperial Oil share of a research collaboration to understand the environmental and biophysical aspects of the Beaufort Sea in the vicinity of the Ajurak exploration license No. 446. The research collaboration involves a number of scientific disciplines, including sediment, air and water quality, marine birds and marine mammals. It covers fish, plankton, benthic organisms, and geo-technical properties of the seabed. It is also used for hazard identification and for metocean design criteria and to understand the ice conditions of this particular part of the Beaufort Sea. The principal platform will be the Canadian Coast Guard ship *Amundsen*. The scope of the collaboration includes mobilization to the Beaufort Sea in early July via Point Barrow and the conduct of investigations through to October of the same year. Demobilization costs via the Northwest Passage were not included within the scope of work. Results of this work will be used for the design of the Ajurak exploration well and the preparing of the environmental input assessment required for the drilling operation.

• (1115)

As stated previously, the purpose of the research was to better understand the ecology, the geology, and the ocean environment of the Arctic. Imperial is proud of its contribution to advancing the scientific understanding of the physical and biological environment of the Beaufort Sea through the ArcticNet research collaboration. All of the research is shared with the Canadian public, and it is shared at the annual ArcticNet science meetings, through their publication, and through other public forums.

I ask the members of the committee to consider this: we conducted pure physical, scientific research in the Arctic to better understand the environment; the knowledge we obtained is peer-reviewed, and it is publicly available; we engaged in an undertaking to gain a better understanding of the Arctic environment, in the hope that one day a permit to drill is submitted and the environmental data that forms the basis of the submission is then publicly available for everyone to study and to verify.

Joint research is valuable and beneficial to all Canadians. Imperial agrees with a comment made by the fisheries minister, Gail Shea:

We all benefit from the science that happens, and in this case, what was happening was an examination of the environment to better understand impacts associated with industrial activities.

We hope that this presentation and the exchange we are about to engage in will address the concerns of the committee.

Thank you, Mr. Chairman and honourable members.

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Peacock.

Our first questioner will be Ms. Murray.

Ms. Joyce Murray (Vancouver Quadra, Lib.): Thank you, Mr. Chair.

I want to thank the witnesses for coming to help us understand this project. We appreciate hearing about the collaboration and cooperation amongst government, academia, and industry. It's important that we share information. Also, scientific understanding is a hugely important goal, especially when it concerns the ecologically fragile Arctic and some of the possible resource exploitation in that area.

The witnesses may be aware that I represent the Liberal Party of Canada, which has made it clear that we're against further leases and further exploration in the Arctic until such time as a full and thorough understanding of the risks has been acquired.

I want to start off with a question to understand something that was in the letter from BP Canada that was received by the committee. It was mentioned that there was a successful seismic program in 2009. I'm interested to hear whether the seismic program took into account the potential disruption of habitat conditions. The witnesses are probably aware of the recent court ruling with the Suzuki case, that it's not just the geophysical boundaries of habitat for endangered species or species of concern, but it's actually the conditions, such as noise and pollution, as well.

Could you tell me, from BP, whether the seismic program took into account noise and other impacts on critical habitat?

The Vice-Chair (Hon. Lawrence MacAulay): Thank you, Ms. Murray.

Ms. Perry.

Ms. Anita Perry: During the seismic program, what we mean by successful is that it was executed; we were able to get some seismic. That's what we mean.

We had a very safe program. While collecting geoscience and doing the seismic, we also had Inuit spotters on board to watch for whales, to see whether there were any whales in the area in which we were operating. But we also were testing some acoustic equipment to hear and listen for whales or species in the area. We conducted that all at the same time.

I don't have that report with me today, but that report is public. It has been filed with the stakeholder, which is the six Inuvialuit communities.

• (1120)

Ms. Joyce Murray: My understanding is that if whales were spotted visually, then the seismic activity would be shut down—

Ms. Perry: While they're there, yes.

Ms. Joyce Murray: —but there wasn't a way of identifying whether that seismic activity could be impacting the habitat, the

habits, the health of species of concern that may not have been spotted by sight.

Ms. Anita Perry: I'm not really sure.

Mike, you have been more involved than I have.

Mr. Michael Peacock: Maybe I can help you with some of the background so you have a context.

Ms. Joyce Murray: With respect, it sounds as though the answer is no, and I have some other questions and a short amount of time.

I appreciate that the witnesses are saying they didn't directly commission the *Amundsen* from the coast guard. Had the representative of the coast guard been here today for this set of questions, that would have been helpful, but I think this is relevant in either case.

The coast guard is badly stretched in terms of its ability to respond to spills. With regard to the activity that takes place during the course of this research, was there any due diligence done by the companies involved in terms of potential responses to spills should there be an accident or a dumping of barrels of diesel overboard by accident or an unforeseen incident with the boat or with any of the equipment that this expedition carried?

The Vice-Chair (Hon. Lawrence MacAulay): Mr. Peacock.

Mr. Michael Peacock: Thank you.

When we acquire seismic—and we acquire marine seismic globally—we use our global experience to help us with these seismic problems. One of the things we do is to have a boat sail, and behind this boat we have eight streamers, and they collect the seismic data. In other areas of the world, these streamers are filled with gels because there are no issues with ice. In the Arctic environment, we use a different type of streamer. It's much more complex, but we use it to mitigate the environmental risk of Arctic operations. We use what we call solid phase streamers, so that if a piece of ice the size of the jug here hits that streamer, and if that streamer is damaged, the only thing that is left is the inert biodegradable plastic that's used.

Ms. Joyce Murray: Thank you. I was thinking more about spill response, but I appreciate the caution that was being taken.

A concern I also have with the use of the *Amundsen* for pre-drilling purposes is that the Office of the Auditor General and the Commissioner of Environment and Sustainable Development has made it very clear that this government is not at this point able to ensure Canadians that it can prevent or respond to spills. So there are no consistent or systematic assessments and no formal processes to assure that risks are being assessed. Knowledge of risks in Canada regarding ship-source oil spills is neither complete nor up to date. Emergency plans essentially don't exist. The coast guard doesn't have the systems necessary to ensure that its training and exercise programs can be delivered...and the list goes on.

So there are huge gaps. Was there any concern or consideration that if one of the coast guard's limited assets, this boat, part of its capacity to do what it's responsible for doing, was taken that this would actually further weaken the coast guard's ability to do its job?

•(1125)

Ms. Anita Perry: Again, ArcticNet contracted the *Amundsen*. When we do a program, such as the seismic program we did, through our procurement supply chain management organization—to address your concern first about spill mitigation or whatever—we have our own processes to assess what we would do if a barrel of diesel spilled or even if some waste from the ship spilled or anything like that. So when ArcticNet tells us who they've contracted, we do our assessment.

As far as taking the coast guard away from its duties goes, ArcticNet contracted the *Amundsen* and it was up in the area. So I don't know if I can respond to that.

Ms. Joyce Murray: Do I have time, Mr. Chair?

The Vice-Chair (Hon. Lawrence MacAulay): You have one minute and 20 seconds.

Ms. Joyce Murray: The increase in our knowledge about that area and its ecology is very important. Could you tell me how the data and the information that these expeditions have been securing is made public? Is it on a website? Anybody can have access to that information...? It has been collaboratively secured through cooperation with government and academia. Is it fully and openly available for the public's use?

Mr. Michael Peacock: Yes, it is. It's shared with ArcticNet and it's shared with all the members of the ArcticNet consortium. We've also shared it with local communities. We've shared it at conferences. We will continue to share it with any federal agency that requires it.

Ms. Joyce Murray: Is there a website where it's posted so that anyone can have access to that full set of information?

Mr. Michael Peacock: Yes.

Ms. Anita Perry: I don't have the web address with me, but I can get it to you.

Mr. Michael Peacock: Yes.

Ms. Anita Perry: I suspect that when Mr. Fortier is on next, he will have that web address with him.

Ms. Joyce Murray: Thank you.

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much.

Monsieur Blais.

[*Translation*]

Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ): Thank you very much, Mr. Chairman.

Good morning, madam and gentlemen. I appreciate the fact that you're here. At one point I was afraid you might not be that interested in appearing before us, in view of the letter that Mr. Peacock and Ms. Perry sent to the chair. I would have found it unfortunate not to see each other face to face, not to debate but rather to obtain more information.

I only want to point out to you that the purpose of the motion I have submitted is to inquire and then obviously to take a position. I have no interest in imputing motives in any way, and that's not my style.

Having said that, I would say that your reputation unfortunately precedes you—and here I'm talking about the reputation of oil companies in general. As a result of the incidents in the Gulf of Mexico not so long ago, you will readily understand that, without necessarily putting you in the prisoner's dock, we have a lot of questions about your interests, motivation and way of doing things. We wonder whether economic interests take precedence over everything else.

In fact, the introduction of this motion is somewhat tainted. It's important to know what is actually going on and, at the same time, to verify all that with the people concerned by enabling them to appear before us to give us their version of things. Sometimes there's one version, but the idea behind that is to seek the truth as much as possible.

Ultimately, I know this can be a matter of interpretation. However, first of all—and I would like to have a relatively clear answer from you; I hope my question will be clear as well—I want to understand your motivation and your interest in cooperating.

I have no problem with ArcticNet. My idea is to verify your degree of motivation and interest in providing money so that we can eventually have scientific data on what is going on in the Canadian north.

Depending on the kind of answer I get, some questions may follow on the same topic. If not, I have others.

•(1130)

[*English*]

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Blais.

Mr. Peacock.

Mr. Michael Peacock: Thank you, Mr. Blais. When you explain yourself like that, wanting more information, I think that's wonderful. I'm perfectly willing to share as much information as we have the time to share today, understanding the limitations on the time we have together.

Why are we willing to cooperate in the Arctic? Obviously we were awarded these exploration licences, which were granted by INAC. INAC is the federal agency responsible for administering these leases and putting these leases out for tender. These leases come out for tender and the companies bid on these blocks. We were awarded one in 2007; BP was awarded another one, in 2008.

We then have this narrow window of opportunity to collect the data we need to further our exploration activities. The collection of baseline environmental data is a requirement for submissions we have to make if we decide to apply to drill a well.

There's very limited scientific data available on the Beaufort right now. We use collaborations, not just in Canada, we use them globally. We use them in other parts of Canada as well, as a way of maximizing the amount of data available and maximizing the efforts of all concerned.

One of the things we particularly liked about the collaboration with ArcticNet was the ability to leverage the scientific expertise of ArcticNet with our own expertise. I think that relationship went very well, and I'm sure Monsieur Fortier can give more examples of that. It was a very positive relationship.

It's nothing unusual. We do collaborations—for example, we do collaborations with DFO, we do collaborations in eastern Canada and Alberta. For me, it's more of a normal way of increasing the amount of knowledge we can all gain, and it's within the public's interest. It's a critical way of maximizing the amount of information we have.

As I mentioned before, this scientific data then becomes public. If a company acquired the data, in what we call a proprietary manner—for example, if we funded all the data—then obviously we wouldn't be as keen to share that data with everybody. Collaborating takes away that proprietary overlay that's sometimes put on data and makes it publicly available.

The Vice-Chair (Hon. Lawrence MacAulay): One minute, Mr. Blais.

[Translation]

Mr. Raynald Blais: Will your interest or ultimate objective, in addition to exploring for resources, be to exploit them?

[English]

Mr. Michael Peacock: The licence awarded to us is called an exploration licence, and we have the licence for nine years.

There is significant risk in the work we do. We never really know until we've done our technical analysis whether there is something there that we might want to drill. We're always faced with the issue that we might do all this work—Anita mentioned the seismic program that BP undertook for their block, and we did a similar program in 2008—and after we've acquired that data we might not see anything on the data that gives us encouragement, at all. We can't answer that question yet because we're doing the analysis of that data.

There's always uncertainty, Monsieur Blais, and there's certainly an uncertainty that we may never do anything on the block.

• (1135)

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Peacock.

Mr. Donnelly.

Mr. Fin Donnelly (New Westminster—Coquitlam, NDP): Thank you, Mr. Chair.

Welcome to our guests, and thank you for coming.

I'm the New Democratic critic for fisheries and oceans.

You've provided some information. You've basically stated that at this point you're collecting data in terms of how it relates to oil exploration. I think that's a fair summary. I have only five minutes, so I'm going to get to what I think the heart of the matter is, some might say the elephant in the room.

I'm hoping you can address the issue that I think is on Canadians' minds regarding the federal government providing a subsidy for big

oil to essentially be out collecting data for oil exploration under the guise of climate change research. I believe the program is focused on looking at the Arctic and looking at the impacts of a changing climate in the Arctic, where climate change is happening quite quickly. So you're accessing a vessel that was, I believe, for those purposes, and you can correct me if I'm not representing that accurately.

How do you respond then to the perception people may have that the oil companies are working with the federal government or using Canadian subsidies as well as the *Amundsen* and some of the research facilities to essentially explore for oil?

The Vice-Chair (Hon. Lawrence MacAulay): Thank you, Mr. Donnelly.

Mr. Peacock.

Mr. Michael Peacock: Mr. Donnelly, again I would just repeat that we didn't contract the Canadian Coast Guard ship *Amundsen*. We are in collaboration with ArcticNet. We have a five-year agreement with ArcticNet. I believe part of the mission for ArcticNet is to collect scientific data, and it's not just focused on climate change. We really had nothing to do with the *Amundsen*, and we focused our efforts on increasing the scientific knowledge and database for the Beaufort Sea.

Ms. Anita Perry: I would add that BP's contract is with ArcticNet as well. It's not with the federal government. We do not get a subsidy from the federal government.

Mr. Fin Donnelly: I understand your response, but I'm just curious as to how you would respond to the issue of the perception the public may have. That was more the line of my question. Do you not see any irony here that there seems to be a collaboration or a working relationship, whether it's the government or whether it's a university program in the Arctic? I think people are seeing big oil exploring and using taxpayer subsidies in the form of a vessel to carry out that mission.

So it's more about the issue of the perception people have. You could look at the BP spill off the gulf coast, which was referenced earlier. That has become part of our way of looking at oil exploration now, and it will be, I would submit, for years or perhaps decades to come. So perception plays a huge role in what government does, what business does, what universities and all these collaborating partnerships do. That's more where I was going.

Mr. Michael Peacock: I think your question is a good one, Mr. Donnelly. I would respond by saying that unfortunately those perceptions may be out there, but we would come back to the fact that we were in collaboration with ArcticNet, and our objective was to increase the scientific knowledge and the environmental knowledge of the Beaufort Sea.

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much.

Mr. Kamp.

Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC): Thank you, Mr. Chair.

Thank you, lady and gentlemen, for coming and for helping us to understand this issue a little bit better.

To both of the companies represented here, can you tell me when your relationship with ArcticNet started?

• (1140)

Ms. Anita Perry: Our first collaboration, I believe, was in 2009.

So we did, in 2009, set a program and then execute a program in summer of 2010. We have an ongoing relationship, though at this point in time we don't have a defined program for 2011. We're just in talks, seeing if there's other data that we need to collect.

Mr. Michael Peacock: We signed our service order with ArcticNet on May 6, 2009. That's when we completed our first program. We signed a five-year collaboration agreement with ArcticNet.

Mr. Randy Kamp: I think you said that you received the exploration licence in 2007. I think that was maybe for both of you...?

Ms. Anita Perry: It was 2008 for us.

Mr. Randy Kamp: So it was 2008 for BP.

So if ArcticNet didn't exist, or if it existed but the coast guard ship wasn't available to it and it did other things, how would you proceed with what you needed to do in order to move this exploration licence forward?

Or have you had any other experience in the Beaufort where you used other platforms besides Canadian Coast Guard ships? Have you used other vessels or other agencies to do the scientific research that's required?

Mr. Michael Peacock: We would have looked—potentially looked—for alternative vessels to help us conduct those operations. As part of some of the data collection that we'd already done...we use a lot of aerial surveys, and we've worked with the DFO on aerial surveys, for example, and collaborated in that regard for some of our mammal watch surveys.

Mr. Randy Kamp: You did things like mapping of the ocean floor and so on. Would all of that be required as part of the environmental impact statement that you are going to have to provide if you ever get to the place where you're going to submit an application to drill?

Mr. Michael Peacock: Some of the data would have been required. The data that we collected wouldn't have been as exhaustive and as comprehensive as we've been able to acquire. Again, that's the great thing about a collaboration like this. It allows you to maximize the amount of information and data that we can collect.

Again, I'll come back to the fact that this data then is publicly available. It helps all the scientific community. It helps all the agencies. It's not data that Imperial Oil or BP is going to keep buried away in a basement filing cabinet. It allows us to share the data and acquire more data.

Mr. Randy Kamp: Are there any other comments?

Ms. Anita Perry: I would just say that we would do the same. I mean, you do both sides. There's environmental data you collect before you ever get to the point of making an application to explore.

Mr. Randy Kamp: Are there other oil companies that are part of ArcticNet?

Ms. Anita Perry: I'm not sure who else is in, but I believe Chevron had a lease acquisition last summer. Right now, for us, it's us and Imperial.

Mr. Randy Kamp: When the work is going on, on the *Amundsen*, for example, for this scientific research that you're engaged in with ArcticNet, just help me understand: who's on this ship? Is it Imperial Oil or BP scientists alone? Are there many explorations going on at the same time on the same platform with other scientists, other ArcticNet consortium scientists?

Mr. Michael Peacock: That's an excellent question. The boat is predominantly staffed by ArcticNet staff. We certainly had some of our scientists on board. I would say that we had between two and five scientists on board during some of the phases of the program.

Ms. Anita Perry: In our case, we had a few students from Inuvik in the "Schools on Board" program.

But I think what's important to understand as well is that the whole time the *Amundsen* is out there, BP would not necessarily be using the *Amundsen* the whole time, right? We ask for a phase and certain things we want; I don't want to oversimplify, but we do kind of put our order in, and there's a certain time and date when they collect our data. ArcticNet may be doing research for others as well. We have a certain phase and a certain geography that they're going to pass through that would have our data that we want.

• (1145)

Mr. Randy Kamp: So you tell ArcticNet and its consortium of scientists what data you'd like to collect, and those scientists develop the plan, I assume in consultation with your scientists. Is that right?

Ms. Anita Perry: Yes, absolutely.

Mr. Randy Kamp: So there may be other projects going on during the one voyage, not just those for BP or Imperial Oil.

Ms. Anita Perry: That's true.

Mr. Randy Kamp: I think you mentioned the "Schools on Board" program a couple of times. Could you just tell us a bit more about that and how you think that benefits the northern communities?

Ms. Anita Perry: These are high school—grade 12—or first-year university students, and they get to go and experience science and environmental study. The benefit there is that hopefully, either on their own or through their peers and friends and communities, they will encourage others to enter the field of science.

Mr. Randy Kamp: Well, that's good.

In both letters it was clear that you have these exploration licences with the possibility in the future that there might actually be some drilling for oil. I assume, as companies, you see the value to Canada and the world of environmentally responsible oil production, so you may want to comment on that.

Can you walk us through what the process would be from the day you get this exploration licence until the point where you would perhaps in the future produce oil?

Mr. Michael Peacock: First off, we have a nine-year licence term. We typically will shoot three-dimensional seismic surveys first. We have to then collect all our environmental data, as we mentioned. We have to submit an environmental impact assessment report with any drilling application.

Then once all that data is collected, we include with it a review of the way we would plan a hypothetical exploration well. It would include an environmental impact assessment. It would also include a social benefits application. Once all that data is collected, it would be submitted to the National Energy Board for approval. That's the process we follow.

Mr. Randy Kamp: So far you haven't drilled anything, so is this for an exploratory well or a production well?

Mr. Michael Peacock: This is for an exploration well. Again, I'll come back to the uncertainty we have to start with, because we may never get into the position of drilling an exploration well.

Ms. Anita Perry: I would just add one point to that. We did our seismic collection two summers ago, and a team working full-time continues to evaluate just that data. That's how much work goes into making a decision on the geophysical side of things as to whether there's something there to drill for.

The other caution I would put out is that you are saying oil, but we don't make a determination yet as to whether it's gas or oil. It's hydrocarbons we're looking at now.

Mr. Randy Kamp: Okay.

As a company, though, you go through this regulatory process. So at the end of the day you may or may not drill for oil, I assume. What's your understanding about what would be required of you in terms of oil spill mitigation as part of your plan to drill for oil?

Mr. Michael Peacock: I think most people here will be aware that the National Energy Board has convened a public review of Arctic drilling requirements, which is ongoing. We certainly need to understand what the National Energy Board is going to require, and until that review is concluded I really can't offer any comments on that.

• (1150)

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Kamp.

We're going to try to do a three-minute round for each party. It would be helpful if the questions were not three minutes long, because we'd like our witnesses to be able to respond.

Mr. Cuzner.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Thanks.

I appreciate the witnesses appearing today. It's been enlightening so far.

Could you share with us a little bit about the fiscal arrangement around it? When you enter into an agreement with ArcticNet, do you enter into it on a per-trip basis, on a project basis, or on annual basis? What kind of agreement is that? Is that negotiated? Does ArcticNet have a call for expressions of interest or proposals? Could you give me a little bit around the genesis of the project and the associated fees?

Ms. Anita Perry: Early in the days we would have identified ArcticNet as somebody capable of doing the work we needed. So we would just work through and get a proper agreement with ArcticNet, with the scope of work, properly put through our procurement supply chain division at BP. You would work it out to what works—what they can deliver for what we need. So it's very much a contract, and yes, a dollar figure of built-up cost.

Mr. Rodger Cuzner: It's a negotiated fee, though, with ArcticNet.

Ms. Anita Perry: Negotiated as opposed to...?

Mr. Rodger Cuzner: As opposed to ArcticNet coming and saying they're going to be in the area for this period of time, and they're going to offer to anybody, for half a million dollars.... Is that what it is? Is it the block of work that's necessary, and then you negotiate the fee?

Ms. Anita Perry: It's the block of work that's necessary. It's what we need.

Mr. Rodger Cuzner: Could you give us an indication of what the range would be in terms of what you have spent in that area in the last number of years?

Ms. Anita Perry: In regard to our last year's project, in 2010 it was a \$9-million contract for research activities. And then there was an additional \$5.5 million, which covers our staff time and those kinds of things. But the contract is \$9 million.

Mr. Michael Peacock: And then from Imperial Oil it was a similar figure. It was \$11 million for 2009. And our in-staff costs were about \$5.5 million also.

The Vice-Chair (Hon. Lawrence MacAulay): Mr. Cuzner, you're out of time.

Mr. Blais.

[Translation]

Mr. Raynald Blais: Thank you, Mr. Chairman. I thought there wasn't much more time, so I'm going to speak quickly as well.

First of all, I'm going to ask a brief question. Without the *Amundsen*, the costs to both your companies for the same scientific data would have been higher, would it not?

[English]

Ms. Anita Perry: I don't know. I really don't know.

Mr. Michael Peacock: In fact I agree with what Anita said, but I would say one other thing. Without the collaboration we wouldn't have got as much data as we have now.

[Translation]

Mr. Raynald Blais: How does it work with Fisheries and Oceans Canada? Does the department have to give you an authorization to do exploratory work? Furthermore, does it subsequently have to grant you some kind of authorization for exploitation work? With regard to exploratory work, do you have to get the approval of the Department of Fisheries and Oceans in one way or another? I suppose that's the case, but I want to know how that works.

•(1155)

[English]

Mr. Michael Peacock: As soon as we picked up these licences, we were in discussions with the DFO. We have the CEAA. We have the Canadian Environmental Assessment Act requirements. And on top of that, we have the EIA requirement, the environmental impact assessment requirement, as part of any regulatory submission we're going to have to do to the NEB.

This is my understanding of the process. If we were to submit an EIA to the NEB as part of a hypothetical exploration well application, the NEB would then consult with the DFO on certain fisheries and oceans aspects of that environmental impact assessment.

[Translation]

Mr. Raynald Blais: I only have a few seconds left, but I would like to point out that this is the nub of the potential problem, if there is a problem. By reason of the fact that you need Fisheries and Oceans Canada's authorization and that the department may eventually lease its boat, since that falls under the same budget, there's a kind of proximity.

I would like to know your response on that subject.

[English]

Mr. Michael Peacock: Again, Monsieur Blais, I would come back to the fact that our relationship was with ArcticNet. It was the collaboration with ArcticNet on this program.

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Blais.

[Translation]

Mr. Raynald Blais: There's your saviour.

[English]

The Vice-Chair (Hon. Lawrence MacAulay): Mr. Donnelly.

Mr. Fin Donnelly: I'd like to continue on with the idea of a hypothetical situation or scenario.

My colleague Mr. Kamp mentioned environmentally responsible drilling. If I were to fast-forward into the future and paint a picture of drilling for oil in the Arctic, and there was an oil spill, how would this data you're collecting help in terms of dealing with that oil spill?

Mr. Michael Peacock: Much of the data is what we call metocean data. We need to understand the currents, which way the ocean is moving. It's about ice thickness. We need to understand the thickness of the ice. That marine data is very important for us.

We also need to understand the baseline levels in the Beaufort Sea. I wouldn't say we don't have any data on that, but we have limited data on baseline levels.

Mr. Fin Donnelly: Is it possible that any of the data you're collecting could draw you to the conclusion that the Arctic is not the place to drill for oil because the ecosystem, for instance, is too sensitive and it may not be able to recuperate from an oil spill?

Mr. Michael Peacock: Mr. Donnelly, again, I'm going to defer trying to answer that question until we've got the results from the National Energy Board's Arctic drilling requirements review. I think that will shed a lot of light on those requirements.

Mr. Fin Donnelly: I appreciate that. Again, it was in the realm of the hypothetical, so I'd appreciate you keeping it in mind.

Does that mean there is not a possible scenario where the data would show there are some places on the planet that are okay to drill if we use environmentally responsible drilling methods and some places where data would show it is not an okay place?

Are you saying it's too soon to tell, for instance, for the Arctic, that it may not be an appropriate place to drill?

Mr. Michael Peacock: Again, I'm sorry to be repetitive, but I think we have to wait until we've got the conclusions of the Arctic drilling requirement review that the National Energy Board is sponsoring.

Mr. Fin Donnelly: My final question is how long do you anticipate it taking before you can make that conclusion?

Mr. Michael Peacock: I don't control the duration of NEB's process. I would say it's going to be another year before that review concludes.

•(1200)

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Donnelly.

Mr. Calkins.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Mr. Chair.

I appreciate the witnesses being here today. As the only Alberta member of Parliament on the fisheries and oceans committee, I spend a lot of time talking about fisheries, and not that much time talking about oceans. But I certainly can appreciate the complexities when dealing with oil and gas or the energy sector in regard to how it operates within Canada.

I'm going to ask a couple of questions. You have engaged in scientific undertakings for the purpose of gathering information for making an assessment of whether or not the activity is worth pursuing in the future, notwithstanding that you're shooting in the dark not knowing what the NEB's requirements will be. Given those uncertainties, could you provide this committee with any idea of how many more research projects there might be, and the times of the year, in order for you to have enough information to adequately address environmental impact assessments and satisfy the Department of Fisheries and Oceans?

Secondly, when it comes to collaboration, how have your companies engaged the local communities, in particular the rural and isolated communities? How are they being invited to participate in any of these processes, and what is their acceptance of your exploration activities to date?

The Vice-Chair (Hon. Lawrence MacAulay): Mr. Peacock, there are a number of questions.

Mr. Michael Peacock: And very interesting questions.

I mentioned earlier that we have nine years to work an exploration licence, and nine years to us all seems a long time, but we have to collect—

A voice: There are only five left.

Mr. Michael Peacock: Exactly.

We have to collect the data, so we're in a situation, for example, now where Mr. Donnelly is asking us what we are going to do, and I've said we can't really do anything until we understand the results of the National Energy Board's drilling review. So we're trying to collect some of this data and move things forward in parallel, not knowing what some of those requirements are going to be. And that's a risk, an uncertainty that we take, and we take on the financial obligations associated with that.

Are we going to collect additional data? We hope to continue the collaboration with ArcticNet, with Monsieur Fortier's programs.

Will we need to acquire additional data as a result of the National Energy Board's review? Again, I can't answer that. We'll have to see what the results show.

Ms. Anita Perry: I would agree. It's the same. We will continue to collect environmental data.

On the other piece, about engaging the communities, how we engage the communities, before doing our ArcticNet program we would have consulted with the communities first and had information meetings with the communities, the six Inuvialuit communities in the area. And then after the program we went and debriefed with them. And they were most interested to know if we saw whales. Where did we see the whales? What else did we observe? They were very, very interested in finding out what we learned.

So we do it before and after, at least once a year, if not more often, to all six of the communities, and we work with the Inuvialuit Regional Corporation and with the game council. So there's a continuous sharing of information back with the communities.

Mr. Michael Peacock: We do similar things as well. For example, we put 20 local Inuvialuit through the technical college so that they can start and qualify for some of these on-board observation roles we have, and we employed Inuvialuit locals as our marine mammal observers on our seismic vessels.

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Calkins.

I want to thank the witnesses for appearing and for their responses.

The meeting will adjourn for five minutes.

Thank you very much.

• _____ (Pause) _____

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• (1210)

The Vice-Chair (Hon. Lawrence MacAulay): Mr. Fortier, first all, welcome. We're very pleased to have you here representing ArcticNet, and you're also a professor of biology at the University of Laval.

I understand you have a powerpoint presentation. How long will the presentation be—maybe five minutes?

Prof. Louis Fortier (Professor, Department of Biology, Université Laval): It will be five minutes, maybe.

The Vice-Chair (Hon. Lawrence MacAulay): And then you have something to say after that?

Prof. Louis Fortier: No. The essence of my message will be on the powerpoint.

• (1215)

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much.

Proceed.

Prof. Louis Fortier: Thank you very much, Mr. Chair and honourable members, *chers membres du comité*.

I think you're going to hear over the week, over those sessions, a lot of information about the partnerships between ArcticNet and the oil industry in the Beaufort Sea. You're going to hear what we're not doing, which is drilling for oil, for example. We wish we could do it, but we don't have the capacity to do it on the *Amundsen*. You're going to hear a lot of things.

I think images are worth thousands of words, so I would like to take the committee with me, with us, into the Arctic, during those partnerships, with this powerpoint presentation to actually show you what we are doing during those partnerships with the oil industry in the Beaufort Sea rather than what we're not doing.

The representative from the industry explained quite clearly what ArcticNet is. These are unique partnerships among universities, industry, government, and not-for-profit organizations that will connect research excellence with industrial know-how and strategic investment in Canada.

One of those networks is ArcticNet. It's the only one we have in Canada to study the consequences of climate change as well as modernization and industrialization in the Arctic.

Our general mandate is very clear: we have to connect to supply the scientific information needed by all stakeholders, including industry, the Inuit people, the Inuit government, departments of the federal government, and the private sector. And this is what we are actually doing.

ArcticNet is managed—

The Vice-Chair (Hon. Lawrence MacAulay): Monsieur Blais.

[Translation]

Mr. Raynald Blais: Pardon me, Mr. Fortier. I appreciate the presentation, but I note that it's in English only.

Prof. Louis Fortier: Unfortunately, Mr. Blais, I didn't have the time to write it in French.

Mr. Raynald Blais: This is quite curious. You represent Laval University in Quebec City, a Quebec university, and you submit a document to us in English only and tell me you didn't have the time to translate it into French.

Prof. Louis Fortier: In fact, I have it in French, but I didn't have the time to assemble it.

Mr. Blais, if you wish, I could give you the presentation in French, with the slides in English.

Mr. Raynald Blais: The interpretation is working well. That's not the problem, Mr. Fortier.

However, in accordance with the way the committee usually operates, every document that is presented to us must be in English and in French. Unless I'm mistaken, if the document is in English only, for one reason or another, we are asked to give our permission for it to be presented as such.

Sometimes I give permission when it's a matter of charts. I can understand that the charts present figures and that they're not necessarily indicated in French. I can show some openness. However, as you'll readily understand, when an entire document is presented in English only, I have to ask the chair to stop the projection.

[English]

The Vice-Chair (Hon. Lawrence MacAulay): If there isn't unanimous consent of the committee, and it's not in both languages, we can have it translated and sent to you. But that's not good enough?

[Translation]

Mr. Raynald Blais: No.

Prof. Louis Fortier: That's not a problem, Mr. Chairman.

[English]

The Vice-Chair (Hon. Lawrence MacAulay): Mr. Calkins.

Mr. Blaine Calkins: Mr. Chair, I believe the witness should be afforded the opportunity, because he is here at the expense of the taxpayer, to at least provide his statement. He should be able to use his own laptop and so on to go ahead and make his presentation. It's unfortunate that we won't be able to follow along.

The question I have is whether the witness was provided with any instruction prior to his attendance here about the rationale or the need for things to be in both official languages?

The Vice-Chair (Hon. Lawrence MacAulay): The answer, I understand, is yes.

Prof. Louis Fortier: Yes.

[Translation]

As regards the document I submitted to the committee, you have the French and English versions of it, Mr. Chairman.

[English]

The Vice-Chair (Hon. Lawrence MacAulay): So does the committee agree that he proceed with his presentation?

[Translation]

Mr. Raynald Blais: For the presentation, yes.

[English]

The Vice-Chair (Hon. Lawrence MacAulay): But no slides.

A voice: Okay.

The Vice-Chair (Hon. Lawrence MacAulay): Proceed.

[Translation]

Prof. Louis Fortier: Mr. Chairman, honourable committee members, I apologize for this mistake.

The information I wanted to give you essentially concerns the structure of ArcticNet. ArcticNet is the leader of the system and,

through a steering committee, ensures that the system's scientific activities are ethical and in the interests of Canada.

• (1220)

[English]

The main infrastructure that we use for research is the Canadian Coast Guard icebreaker *Amundsen*. We patrol the entire region of the maritime Arctic from Hudson Bay to Baffin Bay, the Northwest Passage, the Canadian archipelago, and the Beaufort Sea, which is the only avenue—or opening, if you like—that we have in Canada on the Arctic Ocean.

Starting in 2009, we developed collaborations with the oil and gas industry in the Beaufort Sea, where, as it has been explained earlier today, INAC, Indian and Northern Affairs Canada, awarded exploration licences to different companies, starting in 2007.

Now, this region has been studied extensively by ArcticNet and other programs since 2002, and we do have a unique expertise at ArcticNet on the ecosystem of the geology and geophysics of the area, the sea-ice regime.

[Translation]

Consistent with our research mandate at ArcticNet, we have put our expertise at the service of Canada and Canadians to assess the risks of exploratory drilling in this region and also the potential environmental risks of exploratory drilling.

As the industry representatives explained this morning, we are examining a number of aspects: the sea-ice regime, oceanic climate data, traffic conditions and so on. We are examining the entire food chain, from plankton to whales, including fish as well as animals that live on the ocean bottom, which we call benthos. All this information is available in mission reports that explain what has been done.

[English]

We also make the data available on ArcticNet's sponsored website, which is called the "Polar Data Catalogue", and which is slowly starting to be the largest repository for data about the Arctic in the world. This data—or at least the information about who has the data and what kind of data is available—can be accessed on the Polar Data Catalogue at this time.

So in essence the message I wanted to give to the committee is that partnership.... In Canada, there is often a criticism made in the field of research and development that the private sector does not participate enough in research and development in Canada, that it's the main problem we have in research and development.

Here we have an example of a perfect match of interests and a perfect partnership between academia and the private sector. This partnership is to the benefit of Canadians. With this data, which is available to all stakeholders, the NEB will be able to make the best decision possible, a decision founded on the best data available, as to whether or not we should proceed with an exploration well in the Beaufort Sea.

I will repeat that the *Amundsen* is not drilling for oil in the Beaufort Sea. Even if we wanted to drill for oil, we wouldn't be able to. The best we can do is to core in the soft sediments to a depth of about eight metres. To reach oil or gas deposits, you have to drill several hundreds or even thousands of metres in solid rock. It's something we cannot do. Only a platform or a large drilling ship can do that.

The oil and gas industry, as they explained this morning, does not charter the *Amundsen*. They pay their fair share of the operations, pro-rated to the number of days that we actually work in the exploration concessions.

• (1225)

[Translation]

The oil companies also pay a portion of equipment recapitalization, that is the depreciation of the ship's equipment, as well as their share of investment, which is taken out of taxpayers' money for the mobilization of the ship. This way of doing things permits a return on investment that will be reinvested in the recapitalization of the *Amundsen's* equipment and in the development of new research projects conducted by ArcticNet on Inuit health, education and culture.

All these factors considered by ArcticNet's steering committee and also by the independent steering committee of the *Amundsen*, when we decided to form a partnership with the industry in the Beaufort Sea. The impact on research and the Inuit communities is already starting to be felt. I believe this is really a remarkable example of the kind of relationship that can be established between the private sector and the universities in the research field.

Thank you, Mr. Chairman.

[English]

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Fortier.

Prof. Louis Fortier: I had so many beautiful images that I could have shown the committee. It could have been a break during your luncheon. Sorry about that.

The Vice-Chair (Hon. Lawrence MacAulay): Mr. Calkins.

Mr. Blaine Calkins: If there is no language in English or French on these, I believe the witness would be perfectly within his right to show us those images.

The Vice-Chair (Hon. Lawrence MacAulay): Thank you, Mr. Calkins; you're making it very simple. It's at the wish of the committee.

I think it's the wish of the committee that.... Do we want to pursue this further, or do we want to go to the questions?

Go to the questions. Okay.

Thank you, Mr. Fortier. I'm sorry.

Ms. Murray.

Ms. Joyce Murray: Thank you, Mr. Chair.

Mr. Fortier, thank you for coming to give us an overview of ArcticNet and the amassing of data. I support the idea of academics and the business community and government working together to be

more effective in a common objective. So I want to congratulate you on this initiative.

My understanding is that these activities are happening within the Beaufort Sea LOMA. Is that correct?

Prof. Louis Fortier: Yes, it is part of the Beaufort Sea large management area for the oceans, but it is not articulated. We have precise regions where we want to work, but it's inside that region.

Ms. Joyce Murray: Yes.

That region is one of five regions that was identified as being a sensitive habitat, with potential for conflict between industrial activity and the need to protect the ecology. So the Government of Canada identified five areas where the legislation and strategy was to take those areas and have integrated management planning occur. Is that correct?

Prof. Louis Fortier: Yes.

Ms. Joyce Murray: I'm from British Columbia, so I've seen how effective integrated management planning is. For example, on the central coast of British Columbia over the course of a few years, agreement was reached that enabled the industrial activity to take place with the full support of the first nations, the environmental groups, etc.

My hope was that this planning process that integrates the interests of industry with first nations, Inuit, the environment, and community would take place before an industrial activity starts to occur.

My understanding is the Beaufort Sea integrated management plan is the process of starting to explore how this Beaufort Sea area should be zoned for various activities. Could you tell me whether that Beaufort Sea integrated management plan is part of the seismic activities undertaken under ArcticNet and is within the purview of that plan?

• (1230)

Prof. Louis Fortier: First of all, I'd like to make a correction. There seems to have been some misunderstanding during the first session this morning.

We do not carry out seismic work from the *Amundsen*. We are not equipped to do that. Again, you need a large ship, a ship that is called a boomer, a large ship that can actually send very strong acoustic signals to the bottom of the ocean to reveal the structure. We cannot do that with the *Amundsen*.

This integrated management approach to the development of a region or the protection of a region is exactly what we're trying to do within the framework of ArcticNet and those partnerships with the industry.

As you certainly know, the key for the development of those management approaches is scientific knowledge. We have to know what is there. What are the resources? What is the biomass? What are the animal populations? What are the resources that are used by the community there, and how are they used? We have to know this before we can actually develop a plan like that for the sustainable development of a region or protection of a region. With ArcticNet, this is exactly what we're doing.

Since 2002—

Ms. Joyce Murray: Excuse me, with respect, I'd like to ask some other questions, because the time is limited. Thank you for clarifying.

I was shocked, frankly, when this current government issued leases to explore an area that was already identified as one of the large ocean management areas. Seismic activity is considered by many researchers to have negative impacts on the feeding and the calving behaviours, and we know that there are some species of concern in that area.

This was a Conservative government initiative that completely disrespected the integrated management planning approach that DFO was fully involved with and put on the table. The seismic activity, you're saying, occurred before this ArcticNet *Amundsen* partnership. Is that correct?

Clearly, nobody was making sure to prevent the possible negative impacts on listed species when those companies went forward to do their seismic work. To me, that's shocking.

Under ArcticNet, who assures that the activities of the *Amundsen* are respectful of potential impacts on the environment? Who sets the standard for that? Or is it up to every partner to set their own standard for respecting the potential impact on the species and potential spills?

Prof. Louis Fortier: All the work that is carried out from the *Amundsen* by ArcticNet or other programs must obtain licences from different organizations, one of them being DFO, for the collection of plankton, for the study of fish, or for different aspects. We also need to have permission and licensing from the Inuit organizations who are responsible for the governance of the region. In this case, for the Beaufort Sea, it's the Inuvialuit settlement. Those licences and permits are obtained every year by ArcticNet. We go into the communities, we explain what we're going to be doing, and we obtain permission. If we don't obtain permission, we don't do it.

Ms. Joyce Murray: Just to go back to what you said about ArcticNet being a kind of integrated plan approach, the Beaufort Sea integrated marine plan is a formal structure, with well thought out criteria and a work plan. Is ArcticNet duplicating that? Is it within the structure? Are you a component of this integrated marine plan, or are you adopting a similar approach but you're not part of that approach?

• (1235)

Prof. Louis Fortier: We're not part of the official approach, if you wish. We're in parallel and we use a different mechanism. We are developing what are called integrated regional impact studies of different regions, one of which is the Beaufort Sea region.

Ms. Joyce Murray: Thank you.

I asked about data availability to the public from the work that's being done through this partnership. I was told that, yes, it's posted on a website for any member of the public to access. What I heard from you is that the data is available and there is a website that can direct stakeholders to what organization has the data. That's a very different level of transparency and availability of data. Could you clarify whether it's stakeholders or is it the public, and which stakeholders?

Prof. Louis Fortier: The website that we have at this time is called a meta-data site where we have a description of all the data sets that are available. Next year we are going to put the real data. At this time, we have a description of the data sets that have been collected and are available. It's called the Polar Data Catalogue and it's managed in collaboration with the universities, DFO, and different other organizations. It's national and also international at this time.

Ms. Joyce Murray: So it's a description of what kind of data there is that will one day be possibly available. Is it beyond the stakeholders who are partners in ArcticNet, or is there already a commitment to make those data sets available to the general public?

Prof. Louis Fortier: Yes. The data that will be loaded in the Polar Data Catalogue will be available to anyone who wants to access it.

Ms. Joyce Murray: For free, or is there payment?

Prof. Louis Fortier: For free. There's no charge whatsoever.

But you have to understand that at this time all the physical data is ready to be loaded on the site, but for much of the biological data, it takes a lot of time to get the information, to sort the samples, and to get the numbers together.

Ms. Joyce Murray: Thank you. I congratulate you for that commitment to transparency, Mr. Fortier.

Prof. Louis Fortier: Thank you.

The Vice-Chair (Hon. Lawrence MacAulay): Monsieur Blais.

[Translation]

Mr. Raynald Blais: Thank you very much, Mr. Chairman.

Mr. Fortier, first I'm going to let you give committee members your assessment of Jean-Philippe Robillard's article because it's that journalist's article that in a way started it all off, that created this public perception. I'm going to let you comment on the question.

Prof. Louis Fortier: Thank you, Mr. Blais.

That perception is explained in the document I submitted to you. For us, this was a communications disaster because Mr. Robillard's article contains an enormous number of falsehoods and exaggerated and controversial points. It was devastating for us, particularly for the image the *Amundsen* enjoys and our work with the Canadian public. It somewhat comes back to the question that the Honourable Mr. Donnelly asked about the problem of perception in this matter.

This was a lesson for us. In fact, we have learned to be suspicious. To that point, we had been very well treated by the media, but suddenly, because we were associated with the oil industry, we lost our reputation. That was very tough and very frustrating, particularly for me.

I could talk to you at length about the approach Mr. Robillard used. I was very disappointed. It's extremely important for the public to be made aware of these complex and delicate issues, for the public to understand why we are associating with the industry to study the potential impacts and risks of exploratory drilling in the Beaufort Sea.

Our purpose isn't to help the industry secure a licence from the National Energy Board. Our purpose is to provide data to all stakeholders so that the decision is made on the best possible scientific basis. We aren't working for the industry; we are in partnership with the industry. We are also not drilling in the Beaufort Sea.

Mr. Raynald Blais: Now let's look at the merits.

ArcticNet is a consortium of enterprises funded by governments, in a way. Obviously, your collaboration with Esso or BP means that it will cost you less to do the work you have to do. That's what I understand in fact.

I also understand that Esso, like BP, will eventually use that collaboration to gather their own data, which are important for the future.

Am I accurately describing the situation?

•(1240)

Prof. Louis Fortier: Quite accurately. I would perhaps correct you on a few points.

Under our mandate and those of all the networks of centres of excellence, we must very clearly try to associate with the private sector in order to develop a strategic research sector for Canada. Consequently, there is nothing blameworthy about our association with the private sector. For example, since the very start of ArcticNet, we have had extensive collaborations with Manitoba Hydro, Manitoba's hydro supplier, and that never raised a problem because there was no perception problem.

In the case of the oil industry, this isn't really costing us any less. It's enabling us to do more work, to secure more data on the region. It's very interesting for us because we can get additional data for our large-scale studies, both in time and in space. It also enables us to recapitalize the *Amundsen's* equipment and to develop new research projects in the Arctic.

Mr. Raynald Blais: Once again, in actual fact, how much does it cost ArcticNet to lease the *Amundsen*?

Prof. Louis Fortier: Every year, ArcticNet pays \$2.7 million—it was \$2.2 million until recently, but our budget has just been renewed—to operate the *Amundsen*. This enables us to be at sea. At first, it allowed us 84 days of sea time, which represents two rotations. The rotations are counted as periods of six weeks, or 42 days. At first, we were able to get 84 days, but that fell to 42 days with the rise in oil prices.

Mr. Raynald Blais: All right. How much of the \$2.7 million that it costs to lease the *Amundsen* comes from the industry?

Prof. Louis Fortier: Zero. It's what we pay for our program, year in and year out. The industry provides additional funding that enables us to extend the program. The \$2.7 million paid by ArcticNet thus corresponds to a completely independent amount. Whether or not we have collaborations and partnerships with the industry, we will pay \$2.7 million to charter the *Amundsen* next year.

Mr. Raynald Blais: I don't know whether I was unclear or whether you didn't understand my question. It costs that amount to lease the *Amundsen*. That's fine. But there's also a financial

partnership agreement with BP and Esso. So we conclude that additional money is paid.

Prof. Louis Fortier: Yes, the partnership agreement with the oil companies includes the entire scientific program, including the charter of the *Amundsen*. This enables us to conduct a bigger research program in the Beaufort Sea, which includes the exploration concessions.

Mr. Raynald Blais: I have a little document here that states that the financial contribution of the oil companies was in the order of \$11 million in 2009, and that included an additional amount above and beyond the cost of the operations.

Prof. Louis Fortier: Yes.

Mr. Raynald Blais: You're of course going to say yes because, in a way, it comes from us. Half of that additional amount of \$2.4 million in 2009 was reinvested partly for recapitalization purposes and the other half was allocated to the scientific program.

I really want to understand the figures. In total, it costs a certain amount to lease the *Amundsen* and to do the work. One portion, \$11 million in 2009... So that's for one year?

Prof. Louis Fortier: Yes.

Mr. Raynald Blais: And the agreement has been renewed for five years.

Prof. Louis Fortier: The agreement is for five years, but not for the same amount of work, that is to say that it's only a continuity in order to recover the moorings that are put in place every year in order to have a temporary change in the ecosystem.

Mr. Raynald Blais: And if you didn't have that partnership—
[English]

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Blais.

Mr. Donnelly.

Mr. Fin Donnelly: Thank you, Mr. Chair.

I want to welcome you to the committee as well. Thank you for coming and providing the information up front, in advance. Hopefully we can get a copy of your presentation sent to us so that we can take a look at it.

But continuing in that same line of questioning concerning the funding, could you explain just what your annual operating budget is and where that funding comes from—what percentage is from government, what percentage is from corporate or other donations or fees? Could you explain that?

•(1245)

Prof. Louis Fortier: Yes. For ArcticNet overall, our annual budget from federal sources, from the NCE program, in 2009 and 2010, which are the years when we had partnerships with the oil industry, was \$6.4 million.

We do leverage about triple that amount every year. I would say that in 2009 and 2010 one-third of the overall budget of about \$20 million came from the partnerships with the oil and gas. I say one-third, and you're going to say it is \$11 million and you have a budget of \$20 million.

In fact, in 2009, if we dissect all the numbers, we delivered a value of about \$5 million or \$6 million for research services for the partnerships with the oil and gas, including the charter of the ship.

Then there was a margin, as Mr. Blais said, on top of that, which is the fair share that the industry has to pay for the depreciation of the equipment but also for the investment by the taxpayer money that went into the ship to prepare and mobilize her for research. This money is then under the supervision of the board of the *Amundsen* and the board of ArcticNet. It was decided in 2009, for example, to use about half of it, that is, \$1.2 million, to recapitalize the equipment of the *Amundsen*, and another one point something million dollars for the development of new research programs as part of ArcticNet. The call for proposal was all about Inuit health and education.

Mr. Fin Donnelly: Do you have other partnerships with the non-profit or non-government world?

Prof. Louis Fortier: With the non-profit organizations, no. We have several collaboration partnerships with international programs. For example, in 2009 one of the projects that was included in the schedule of the *Amundsen* was a project called Malina, which has been funded 100% by France. It is a France-Canada-United States collaboration that used the *Amundsen* under the aegis or the coordination of ArcticNet. That's one example.

Another example was the geotrace program, which was a leftover, if you will, a sequel of the International Polar Year in 2009.

Mr. Fin Donnelly: If you had to summarize in 30 seconds what your main research question is, what would you say is the main research question you're trying to answer with the ArcticNet program?

Prof. Louis Fortier: There are so many of them, but the main research question for ArcticNet is we have divided the maritime Arctic of Canada into four regions, and for each of these regions we're trying to project what the situation is going to be in 5, 10, 25 years and to assess the strategies that we need to develop and the decisions that need to be taken to minimize the impacts of climate change and modernization on each of these regions and to maximize the benefits of climate change or modernization in each of these regions. That's the main goal of ArcticNet.

Mr. Fin Donnelly: It may be too soon to tell, but could you give us an update as to where we stand now with the data collected? Do you have any results that you could share in terms of that research question of where we're at?

Prof. Louis Fortier: Do you mean, Mr. Donnelly, for the Beaufort Sea and the exploration wells?

Mr. Fin Donnelly: No, the broader picture.

Prof. Louis Fortier: The broader picture is very easy. The Arctic world is changing dramatically, much faster than predicted by most models, for example those used by the IPCC to predict the future climate.

Also, the transformation of the Inuit world, independent of climate change, is extremely brutal, I would say. The health of the Inuit people is terrible. They have life expectations that are ten years shorter than we have. The economic situation is drastic. So we're addressing all those issues.

What we have discovered, and the Inuit are perfectly in agreement with us, is that the way for them to adapt to the modernization of their world is through education, then education, and then education again. So that's essentially where we are.

• (1250)

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Donnelly.

Mr. Weston.

[Translation]

Mr. John Weston (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC): Thank you, Mr. Chairman.

Mr. Fortier, I'm a big supporter of Quebec City and its suburbs, as well as Laval University.

You know that this is probably the first time in a generation that the Canadian government has really been a champion of research and sovereignty in the Arctic. A lot of Canadians are very proud of this moment.

[English]

Our Prime Minister has visited the Arctic on many occasions. He discussed sovereignty, defence, research, respect for the environment, and economic development, all of those things working together.

In attempting to assist constituents who are trying to take steps in the Arctic, I've seen a myriad of different agencies, issues, and circumstances to deal with. There are many organizations or groups involved: Department of National Defence, Indian Affairs, Fisheries, the Prime Minister's Office, the Inuit, and others. So with that level of complexity, it seems to be, as you put it, *un exemplaire*. It's an exemplary thing that we have collaboration going on so that Canadians can truly explore the Arctic, protect the Arctic, and ensure that our grandchildren are beneficiaries of all the great things the Arctic has to offer.

Other countries do this. Asians collaborate notoriously, private and public sectors. I think we've heard from my colleagues on the other side some of the skepticism that some people have about business being involved with government, especially in sensitive environmental areas.

So with that background, I wonder if you could name three advantages from collaborating, from bringing the public and private sectors together, that could not be achieved in the absence of such collaboration.

Prof. Louis Fortier: For the Arctic?

Mr. John Weston: Yes.

Prof. Louis Fortier: We have the decisions of the National Energy Board to drill or not to drill, which will be based on the best scientific data possible.

The other advantage for Canadians is that we have learned a lot from this partnership with the economic world. Our group, ArcticNet, has learned a lot from our industrial partners in this region of the Beaufort Sea. New technologies have been brought to the partnership. There has been an influx of expertise about geophysics. It has strengthened our knowledge of this region tremendously, this tripartite collaboration. There are of course the universities, the industry itself, and the departments of the federal government. For example, in this case, all the aspects of geophysics that we studied in the Beaufort Sea with the industry have been done in collaboration with Natural Resources Canada, with the Geological Survey of Canada.

Another benefit is that by doing this in an integrated way that involves the private sector and academia and the other stakeholders, such as the Inuit, we can all talk about the same thing, and we can make sure that the local people, in this case the Inuit communities, get some benefits out of the potential development of this region.

So I think this this meshing of all the scientific interests from academia, from the departments, from the Inuit, from the private sector allows us to do something different in Canada, through ArcticNet. Several other countries are looking at what we're doing and the way we're doing it and they are paying attention. It has brought Canada to the leading pack of countries that are studying the changing Arctic.

•(1255)

[Translation]

Mr. John Weston: You mentioned that there was an international collaboration with France. Are there any others?

Prof. Louis Fortier: Yes, absolutely. For example, the *Amundsen* and ArcticNet provided an enormous amount of support for the Canadian program during the International Polar Year, from 2007 to 2008.

In particular, two programs were carried out by ArcticNet researchers. One was the Circumpolar Flaw Lead System Study. Nearly 120 foreign participants from some 15 countries contributed to the project, which is a huge affirmation of Canada's sovereignty over its Arctic territories due to the fact that foreigners come here and see that we are taking care of our Arctic territories. The other international program is the longitudinal study on the health of Inuit cohorts. That's an international program in collaboration with Denmark, in particular.

Mr. John Weston: That's marvellous.

Prof. Louis Fortier: Those are some of the many examples.

Mr. John Weston: Mr. Chairman, I'm going to share my speaking time with my colleague.

[English]

The Vice-Chair (Hon. Lawrence MacAulay): You have four minutes.

Mr. Sopuck.

Mr. Robert Sopuck (Dauphin—Swan River—Marquette, CPC): Thank you.

I'm a little surprised at the anti-oil-industry tone that I'm hearing from members opposite, especially given how important the industry is to our country and how it's brought so many communities out of poverty.

In a previous life I did some work in the Mackenzie Valley, biological research, back in the early days of the Mackenzie Valley pipeline, an environmental study, and did spend some time in those communities. It's been a long time since I've been there, but I don't think much has changed in Inuvik from even the seventies until now.

I'm really interested in the socio-economic research that you've done. You talked about it a few times. In your dealings with the communities, do you see a desire by them for increased economic development that both a hydrocarbon exploration industry and a hydrocarbon extraction industry would bring? How do the communities feel about that?

Prof. Louis Fortier: That's an excellent question.

The response of the communities varies from one end of the Canadian Arctic to the other. In the Inuvialuit region the people are extremely interested in sustainable economic development and reaping some of the benefits of that for their communities. They're very open to development.

If you go to the eastern Arctic, there is more of a balance between their eagerness to preserve their traditional way of life, but also to improve their economic situation.

Mr. Robert Sopuck: Do they see that the potential exists for them to both increase their levels of education, as you discussed, increase the levels of economic development and at the same time participate in an environmentally sound economic development and participate to the extent that they want in their traditional way of life? Is their vision for what they want, based on your work, that they want the best of both worlds?

Prof. Louis Fortier: They do actually want the best of both worlds. We think we can achieve a true exchange of knowledge, both Inuit expertise and southern scientific knowledge. Actually, it is the vision of ArcticNet. It's a Canadian Arctic where, through the exchange of that knowledge, the coordination of the understanding of the environment and what's coming in terms of climate change and modernization, the well-being of Inuit people and northerners in general will be better than what it could have been if we hadn't done that.

Mr. Robert Sopuck: Do you foresee the day when students who participated on the ship last year will eventually be graduate students at Laval, perhaps, and then end up being researchers themselves on the *Amundsen*?

Prof. Louis Fortier: It's been one of the driving objectives of ArcticNet since the start to improve access for Inuit to post-secondary schooling. We soon realized that to achieve that we needed actually to revamp the K-to-12 schooling system.

Now, through those excess revenues that we have with the oil and gas partnerships in the Beaufort Sea, two of the 12 programs that I mentioned are exactly on that, that is, how to rebuild the education program not only for post-secondary, but for the entire education program. This is conducted in close collaboration, of course, with Inuit governances in the Arctic.

•(1300)

Mr. Robert Sopuck: Thank you.

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much, Mr. Sopuck.

I want to thank you, and I would like to ask you one question. You indicated you invested or spent \$2.7 million. Is that for the *Amundsen*? Where do you get that money?

Prof. Louis Fortier: This is from the NCE grant that we receive. I'm not supposed to tell you what the new grant that we have starting

in 2011 is, because the official announcement has not been made by the government. But let's say that we—

The Vice-Chair (Hon. Lawrence MacAulay): Be careful or you won't get it.

Prof. Louis Fortier: We had \$6.4 million in the first seven-year cycle, and out of that \$6.4 million we used \$2.2 million every year to charter the *Amundsen* to support ArcticNet's research program.

The Vice-Chair (Hon. Lawrence MacAulay): Thank you very much for appearing, Mr. Fortier.

The meeting is adjourned.

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