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Chair

Mr. Leon Benoit

Standing Committee on Natural Resources

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•(0845)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good morning, everyone.

We are here, of course, to continue our study on the cross-country benefits of the oil and gas sector of the Canadian economy.

Before we get to the witnesses today, I would like to remind committee members that on Thursday we will have a business meeting in the last part of the meeting. I encourage you to come prepared to deal with issues regarding future business, including a report for this study and the summary for the rare earths study.

We had agreed to do a summary. We should have a discussion on that and where the committee will go after that. I know we have some other issues before the committee, like the minister appearing on the estimates, and we can discuss that as well.

We are here today to continue our study. We will go to the witnesses who are all with us by video conference today.

From the Northern Rockies Regional Municipality in Fort Nelson, British Columbia, we have Mayor Bill Streeper. Welcome to you, sir.

From the Yukon Chamber of Commerce in Whitehorse, Yukon, we have Mr. Peter Turner, president. Welcome to you, sir.

From the Energy Services BC, we have President Dave Turchanski. Welcome to you, sir.

We will have with us, soon I'm sure, by video conference, from the First Nations Summit in Vancouver, British Columbia, Grand Chief Edward John, political executive member. We will welcome him when he arrives on the set.

I want to acknowledge to all the witnesses that it's early there. We know that. That's just the kind of hard-working people we are. We start early in the morning, even though it is 8:45 a.m. here.

Anyway, thank you very much for joining us this early. I know that getting to the studio and everything is an inconvenience. We thank you very much for being here.

Let's go ahead with our presentations in the order listed on the agenda, in the order you've been introduced.

We will start with Mayor Bill Streeper from the Northern Rockies Regional Municipality. Go ahead, please sir, with your presentation. You have up to seven minutes.

Mr. Bill Streeper (Mayor, Northern Rockies Regional Municipality): Good morning. Thank you very much for allowing me to make this presentation to a group like this. In our minds, this is very important.

The industry of oil and gas exploration and development has been very important to our region. Our community is completely reliant on oil and gas as we have no other industry here since the closure of the forest industry. Oil and gas is an industry that creates a lot of large and small businesses.

I have been involved in oil and gas for over 45 years, from the northeastern part of British Columbia to the high Arctic. In the business of oil and gas a lot of the work is done by suppliers and service sector people. The service sector means the people who support and supply workforces, equipment, and services to the oil and gas industry. This is mostly created by small independent business people in various communities. This is one of the backbones of the oil and gas industry. The employment created by this type of industry is major employment and very reliable and a very strong part of northern communities.

I was in the service sector. I employed 84 people. I contributed \$8.4 million a year in wages to a community of 5,000 people. All my employees were local. This is something that businesses that support the community also rely on: that these wages and incomes come into the communities. Training and development come right from when members of the workforce leave school or higher education and enters the field. This is the backbone of the income in communities. All communities involved in oil and gas exploration totally rely on this source of business. It creates the employment in the town; that's why people live here. It creates taxation for the town, and it is the most reliable source of services to the oil and gas industry, which are multinational corporations.

We are the people who know the community and support it. Without this type of service, the oil and gas industry would not have a major effect on employment and services in western Canada. Oil and gas is very alive, very well, and oil and gas have to be encouraged to be in communities, support communities, and support the workforce. We are the main taxpayer in this community and in many communities around me. The oil and gas industry is very alive and well respected here. If it wasn't for the activity of the oil and gas companies, many communities, especially in the north, would have very restricted income to support our citizens and our communities. We are very much in favour of the oil and gas industry, the things they do, the employment they create, and the jobs they supply to our communities.

Thank you.

●(0850)

The Chair: Thank you very much for your presentation, Mr. Streeper.

We go next to Whitehorse, Yukon. From the Yukon Chamber of Commerce, we have Mr. Peter Turner, president. Go ahead, please, Mr. Turner, for up to seven minutes.

Mr. Peter Turner (President, Yukon Chamber of Commerce): Good morning.

Thank you for the opportunity to address the House of Commons Standing Committee on Natural Resources.

My name is Peter Turner, and I am the president or executive director of the Yukon Chamber of Commerce. The chamber is an umbrella organization that represents the four Yukon community chambers of commerce and Yukon's business sector.

I would like to provide a brief overview of the energy sector in the Yukon. I will focus on sections A and B outlined in the cross-Canada benefits summary, as our oil and gas industry is in its relative infancy.

Since its inception at the end of 19th century, resource extraction in the Yukon has been focused in the mining sector. Unlike Alaska and the Northwest Territories, the Yukon does not have a long history of activity in the oil and gas sector. Gas extraction has been limited to an approximately 25-year history of production from the Kotaneelee Field in the southeastern Yukon, very limited exploration in other basins, and recent exploration in the north central part of Yukon in the Eagle Plain Basin.

Natural gas extraction in the Kotaneelee using traditional non-hydraulic fracturing extraction methods has declined significantly over the past decade, and current output is nominal. Many Yukoners are not even aware that there is any active natural gas extraction taking place in the territory.

Recent exploration in north central Yukon at Eagle Plains, located adjacent to the Dempster Highway, which runs from Dawson City to Inuvik in the Northwest Territories, has included a limited two-year program of test drilling that has not involved any hydraulic fracturing.

I note the emphasis on the use of hydraulic fracturing practices in exploration and/or production as this is currently a hotly debated topic in Yukon, which is being examined by a special committee of the Yukon legislature. I will describe that further in this presentation.

Given our lack of developed natural gas and the major distances from any natural gas sources, Yukoners and our business sector rely on diesel fuel, electricity, propane, and wood-burning stoves for heating. Unlike citizens of Ontario, Alberta, or other provinces, we do not have a population or business sector that has a long tradition of using and relying on natural gas.

Diesel oil is also used by the Yukon Energy Corporation to supplement hydroelectric generation, especially during the winter peak energy-consumption periods. Recent work by the Yukon Energy Corporation served to link the northern and southern Yukon

electrical grids and to expand a small hydroelectric project. Our current electricity system peaks at 144 megawatts total capacity.

We are challenged by this as a number of communities still rely on diesel-generated power for their energy or backup power systems, and the Yukon electrical grid is a stranded grid, which means it is not connected to the south or north. Discussion on potential interties has been only broadly explored and is yet to be properly studied.

We are also challenged by—

●(0855)

The Chair: Excuse me, please, Mr. Turner. Apparently we're having an interpretation issue here.

On a point of order, Ms. Moore.

[*Translation*]

Ms. Christine Moore (Abitibi—Témiscamingue, NDP): The interpreter just indicated that she isn't able to make out what's being said and has stopped interpreting. The translation is no longer available.

Some hon. member: What's the matter?

Ms. Christine Moore: There's too much interference. She can't make out what's being said, so she can't translate.

[*English*]

The Chair: Thank you, Ms. Moore.

I do apologize for the interruption, Mr. Turner, but we work in both official languages so we have to have interpretation. If you could continue, we'll see how it works. Go ahead, please, sir.

Mr. Peter Turner: Super. Thank you very much.

We are also challenged by the fact that in the last several years, electrical demand in the Yukon has reached our maximum combined hydroelectric and diesel generating capacity, which limits the ability of the territory to provide new power for incremental industrial development. Options for development of new hydro projects are limited to only major hydroelectric projects, which are likely to be uneconomical without an intertie to outside markets.

In addition, Yukon Energy Corporation's diesel generators have reached the end of their operational life, so the corporation has plans to initially replace several of these diesel generators with LNG-fueled generators.

There is a project proposed to transport LNG from southern sources, and this is one of the most economical potential energy options on the table. Other energy options within reasonable distance of current infrastructure have been rejected by various groups, leaving the corporation with few alternatives to implementing the LNG option. Cost analysis and electrical generation demand modelling have also led to this decision. In addition, many of the anticipated mining projects slated for development in the Yukon in the foreseeable future have identified LNG as their preferred energy source.

A highly vocal minority of the Yukon population is opposing hydraulic fracturing and this could serve to influence Yukon's legislative committee reviewing the situation to apply a moratorium on fracking in the Yukon. Protests have already resulted in the Yukon placing a five-year moratorium on any oil and gas exploration in the Whitehorse Basin, and if an outright ban on hydraulic fracturing is implemented it could have operational impacts on potential future developments in all the Yukon's oil and gas basins and in particular the Kotaneelee and Eagle Plains areas.

Yukon first nations have also indicated their opposition to hydraulic fracturing. The community of Watson Lake in southern Yukon is currently converting their community diesel electric generator to a mix of fuel oil and natural gas unit and, as previously noted, every proposed mining development located at a distance from the existing grid as well as some of the operating lines are proposing to use LNG as their preferred energy source.

As the Yukon is a remote community located at the end of a 1,500 kilometre supply chain over which all our groceries and other consumables are transported up the Alaska Highway, we are disproportionately relying on diesel fuel trucks to provide us with the necessary goods and materials to live. Therefore, on a per capita basis, Yukon has an above average carbon footprint and any increase in oil prices has an early and significant impact on our business community and every Yukoner.

Beneficiaries of the energy industry in the Yukon are primarily first nations, who have received approximately \$30 million in royalties from the Kotaneelee gas fields over the course of their operation, and, Yukon businesses supporting oil and gas exploration in areas like Eagle Plains with all manner of supplies from helicopter charters to groceries to logistical support.

However, Yukon businesses are constrained by both scale and lack of significant investment or private sector commitment that could result in a more robust oil and gas sector. The relative proximity of the mature Alberta oil and gas industry and related supply infrastructure in many regards is a disincentive for investment in Yukon exploration and development and also acts as a competitive disadvantage for Yukon businesses reliant on expensive energy.

By default, the Yukon Chamber of Commerce represents oil and gas businesses in the Yukon. There is no oil and gas industry association here in the Yukon and the Yukon Chamber of Mines is not prepared to also represent the oil and gas industry.

Currently, the decline of the oil and gas sector would have only a nominal effect on employment and the standard of living in the Yukon, at least in terms of direct employment, procurement, and service opportunities, as the energy sector is relatively inactive and immature.

As a business community, we would like to see a significant increase in the growth of oil and gas exploration in the Yukon. We would like to see the eventual lifting of the current ban on exploration in the Whitehorse Trough, and if investment attraction into the region to conduct oil and gas exploration was successful and resources were identified, its close proximity to Whitehorse and several potential mine projects could provide a new and economical source of energy.

With the Yukon oil and gas industry in its infancy, it has loads of impact on the economic development and employment in the first nations communities currently. However, in areas such as Eagle Plains where exploration is under way, the Chief Isaac Development Corporation of the Tr'ondëk Hwëch'in First Nation and other first nations corporations have benefited from the employment service and procurement opportunities. As mentioned before, Yukon first nations have also been the recipients of \$30 million plus or minus of royalties generated by the Kotaneelee field over the last 25 years or so.

This concludes my presentation. I'd be happy to answer or try to answer any questions you may have.

• (0900)

The Chair: Thank you, Mr. Turner, for your presentation. It's very much appreciated.

We go now by video conference to Fort St. John, British Columbia, and we have from Energy Services BC, Dave Turchanski, president.

Go ahead please, Mr. Turchanski, with your presentation up to seven minutes.

Mr. Dave Turchanski (President, Energy Services BC): Good morning, and thank you for allowing Energy Services BC to be a part of the study of the cross-Canada benefits of developing the oil and gas industry of the energy sector.

My name is Dave Turchanski, president of Energy Services BC. Energy Services BC is fuelling the future of B.C.'s energy industry here in the north. For a little bit about Energy Services BC, we're the voice of the B.C. oil and gas service sector. We've got a 40-year history here. We're a member-based, non-profit association, and over 200 B.C. service companies are ESBC members here in the northern part of the province. We've got about 140 active members here as we speak today.

Our mission is to advocate for our members: we market the capacity of the B.C. service sector, we promote our members to explorers and producers, we're the service sector resource for E and Ps in British Columbia, and we facilitate capacity development and provide networking opportunities. Our structure must be incorporated in the province of British Columbia, we must maintain an office and/or operations centre here in B.C., and our vehicles must be registered and insured in the province of British Columbia. Our membership structure and operations in B.C. must have the corporation registered provincially to operate in British Columbia, must pay B.C. taxes, must maintain an office or operations centre in British Columbia, and must maintain a B.C. resident manager and personnel.

Energy Services BC is multi-region. We used to be the Northern Society of Oilfield Contractors years ago here. We rebranded ourselves and now we are representing the province of British Columbia. We have increased the participation of the B.C. service sector with Alberta-based explorers and producers, build relationships with E and Ps, and increased the benefits of the oil and gas industry for all British Columbians.

The challenges for the B.C. service sector are limited marketing resources, understanding explorers and producers procurement processes, relationship-building with the explorers and producers, not always the supplier of choice by Alberta-based explorers and producers. The challenges for E and Ps are limited information about the B.C. service sector, cost of the B.C. service sector, and gaps in service needs that are requirements in this part of the province.

Activities to date with Energy Services BC include Calgary-based explorer and producer visits. Energy Services BC is in constant contact with Alberta-based explorers and producers to address issues brought forward by the local service sector. The key issues identified were the quality and quantity of tendered bids, identifying potential suppliers, service sector companies' safety concerns, and increasing opportunities with aboriginals and first nations in this part of the province.

Activities to date have included communication to community and Energy Services BC members via our website, industry-related events announcements sent to all ESBC members, periodic news-flashes, a member database, and participation in energy expos. We have hosted energy expos in Fort Nelson, Dawson Creek, Fort St. John, and in the past we've also had expos in Calgary, Alberta.

Ongoing activities within Energy Services BC are identifying the B.C. service sector companies, promoting the B.C. service sector to the explorers and producers, identifying explorers and producers that operate in British Columbia, determining the explorers and producers' procurement processes, building relationships with explorers and producers, offering marketing resources for service sector companies through website advertising, and helping service sector companies with labour and training issues.

Our goals are to strengthen our role as the voice of the B.C. service sector and supply companies, to promote the growth and development of the service and supply companies, and to increase the utilization of B.C. service and supply companies.

For further information, you can contact Dave Turchanski, Energy Services BC.

I appreciate the opportunity to address the House of Commons here this morning.

Thank you.

• (0905)

The Chair: Thank you, Mr. Turchanski.

We will go ahead now and start our first round of questioning. If Grand Chief John arrives in the studio, or when he arrives, we'll go to him after we finish with the individual who's questioning at that time.

We'll start the seven-minute round with Mr. Zimmer.

Mr. Bob Zimmer (Prince George—Peace River, CPC): Yes, thanks for having me back.

Good morning, David and Bill. It's good to see you here in Ottawa. Too bad you couldn't make it all the way over, but I know you're busy.

Bill, I'll start with you. I just want to ask a simple question. Do you have the number of dollars in royalties that the LNG sector contributes to the B.C. tax base and to the people of B.C.?

Mr. Bill Streeper: The amount of royalties to date that have been paid average around \$90 million, and that is just the royalty paid to the government. That does not include what we call secondary taxes paid in fuel, income taxes, or land use. That is strictly the royalty amount.

• (0910)

Mr. Bob Zimmer: Do you have those quantified as well, Bill? All those others?

Mr. Bill Streeper: Yes, we do.

Mr. Bob Zimmer: What's the number there?

Mr. Bill Streeper: That has been quantified.

Mr. Bob Zimmer: Do you have a number?

Mr. Bill Streeper: For the secondary amount? No, I don't have a number for the secondary amount, I'm sorry.

Mr. Bob Zimmer: I would guess that would be a lot larger than the \$90-million figure.

Mr. Bill Streeper: It's a lot larger than the royalty rate. Correct.

Mr. Bob Zimmer: Thanks, Bill. I have one more question for you.

What are the tangible hard asset benefits or infrastructure benefits that Fort Nelson or Northern Rockies have seen as a result of natural gas in the riding? I've been up there lots. We know there are still lots of needs: infrastructure, roads, and that kind of thing, but you guys have done a good job. What has already been done as a result of LNG and oil in Northern Rockies?

Mr. Bill Streeper: We're in the final completion stages of a recreation centre. When done, the value of the recreation centre will be in excess of \$80 million. This is the complete backbone of our community. Our rec centre does everything but give birth. Actually our rec centre is used for all community events, including funerals. We have yet to have a maternity ward put in there, but the rest of the life of a northerner, especially in this community, is entirely in our rec centre.

Our oil and gas industry has contributed extensively to a lot of our rural aspects such as road use, road development, and advancement of roads to the point of being paved. Most of it is to service the oil and gas industry.

Our water system in Fort Nelson is largely supported by the oil and gas industry, as they purchase water in large amounts for use in their camps. This is strictly potable water that is purchased from the community, and with the amount paid by the oil industry, the community was able to increase the service and quality of water supplied, and it isn't completely done by taxation. It's done through contributions by the oil companies as they pay for the water they use.

All industrial development in Fort Nelson basically relies on the oil and gas industry. We have created industrial subdivisions that are the backbone of our taxation. This taxation offsets the amount paid by private individuals, so the oil companies are contributing quite extensively to our tax base. It has allowed the community to advance quite extensively, especially in the communications aspect, where we now have cell service in the northeast corner of B.C. that extends to the Northwest Territories and the Alberta border. These stations were all installed because of the oil and gas industry, and many citizens rely on all these services that are put in because every service that the oil and gas industry establishes also has a component in there for private use.

Mr. Bob Zimmer: Thanks, Bill. We could probably spend an hour talking about the benefits, but thanks for that. I know it's a good story, what Fort Nelson has done with the water, making it something that's environmentally friendly but also user-friendly as well.

Dave, I see Art snuck away, but it's good to have you here in Ottawa. It's too bad you couldn't make the trip either but, nevertheless, thanks for appearing this morning.

I know quite a bit about Energy Services BC from you and Art. Your story is a good one. I remember you were working at the plant and now you have your own company that has done fairly well.

Part of the Energy Services BC story is wanting to have benefits kept in B.C. and making sure that they're realized in B.C. It actually says in your paper that your mandate is to increase the benefits of the oil and gas industry for all British Columbians.

Why?

Mr. Dave Turchanski: Well, the Alberta border is not very far away from us, of course, and it's in direct competition with us. We have a number of resources in the province of British Columbia, and with the exporters' and producers' head offices being in Alberta, a lot of the ground inspectors who do work here in the north don't realize the resources here that are available in the province of British Columbia. There are resources that we don't have available that have to come in from the outside, which I totally understand, and I don't have a problem with that. But, at the same time, having said that, we have a number of resources here, whether it's in Dawson Creek, Fort St. John, or Fort Nelson, where these could be utilized. A lot of times today we're seeing these resources are not being used with other companies coming into the area.

So it has always been an issue or concern with us as far as mandating ourselves. We're looking out for the best interests of all the people in the service sector here in the province of British Columbia. Going forward, especially where we are today, being situated in probably one of the best places in North America as far as

LNG is concerned, we will watch out and do the best we can do for the people here in the province of British Columbia.

• (0915)

Mr. Bob Zimmer: Yes, and I think to make folks understand the cross-Canadian perspective that's here, we see a lot of companies coming through our neck of the woods that use services, that use hospitals, that use a whole bunch of other things, but yet they're not taxed in B.C. and therefore we can't capture any of that money once it goes back across the border. I think it was important to state what you had said too, that we are not opposed to competition or especially to services that aren't offered in B.C. at all, but I think what you're saying is we just want to make sure that there is a benefit for B.C. and that it is captured on our side.

Just from your own company—

The Chair: Your time is up, Mr. Zimmer. Thank you very much for your questioning.

Ms. Duncan, go ahead, you have up to seven minutes.

Ms. Linda Duncan (Edmonton—Strathcona, NDP): Thank you very much.

Thank you very much, gentlemen. We look forward to the chief appearing and to his testimony.

Mr. Turner, it's nice to have you at least on the screen. It would be nice to meet you. I had the privilege of being the first assistant deputy of natural resources in Yukon in the early 1990s and so I'm well aware of the deep concern for the protection of the environment. While there is of course interest in developing the resources of the Yukon, there is a strong tourism and outfitter sector, and they, of course, want to make sure that the environment... I understand there used to be direct flights from Germany to Yukon because they have such strong interest in the beauty of the Yukon. I'm also deeply aware of the fact that when decisions are made by the Government of Yukon, first nations rights and interests are first and foremost because of all the first nations final agreements.

You mentioned there is a vocal minority expressing concern about the fracking. That seems to be at odds with what I'm told, that, in fact, a resolution was passed by the inter-tribal watershed that includes a large number of first nations, and that they are, in particular, opposed to fracking in Eagle Plains. I wonder if you could elaborate on what you'd said, that there was a vocal minority.

Mr. Peter Turner: I'll try. As I mentioned, we are by default the people discussing oil and gas. It's not my field of expertise.

It's my understanding that the Tr'ondëk Hwëch'in, who are the people whose traditional territory is within the area around Eagle Plains, are challenged in that they are trying to weigh the potential economic benefits of employment opportunities, were there to be a successful oil and gas exploration arena functioning out there, with their concerns for the environment. I think that's a balance that's actually being weighed by all Yukoners.

I think the jury is certainly out in terms of the potential risks versus benefits of hydraulic fracturing. That's, in fact, why the Yukon government currently has an all-party committee looking at that issue, and I believe they're due to come up with a recommendation to the Yukon government within the coming months.

Ms. Linda Duncan: Precisely. It's my understanding that there was such considerable concern that, to their credit, the Yukon government actually formed a select committee on risks associated with fracking. To their credit, they are pursuing that.

Clearly, there is some considerable concern. I know, of course, first nations are looking for development opportunities, but they also want to make sure that one first nations benefit doesn't harm the interests of the other. I wish them well with that review. We can probably learn a lot from that here in Ottawa.

I'm wondering if, in the course of that review, the Yukon legislators have been able to access the work being done by the scientific review that the federal government has commissioned.

• (0920)

The Chair: Just a minute, Mr. Turner.

Ms. Duncan, you do know that we're studying the cross-country benefits of the oil and gas sector here. If you want to ask questions on environmental issues, at least connect them somehow to the economic benefits or the cross-country benefits, just so we're on topic.

Ms. Linda Duncan: I think I'm pretty clearly on topic. Our witness has been very clear in raising that as one concern. The committee is trying to review potential impacts of fracking in the course of reviewing potential benefits from oil and gas exploration. As I understand it, conventional resources are gone, so they're having to seek exploration of unconventional resources—

The Chair: All I'm asking is that you make the connection so that we're on topic.

Ms. Linda Duncan: I just made the connection.

The Chair: Go ahead, but please stay on topic.

Yes, Ms. Crockatt.

Ms. Joan Crockatt (Calgary Centre, CPC): Thank you very much. I just think it's worth reconnecting here to make sure we are all in sync, because I don't want the witnesses to have an incorrect idea about the study. It is about the benefits that you're being asked to testify.

Thank you.

The Chair: Yes, and the reason the study is about the benefits is because the environmental impacts and that kind of thing are talked about all the time. That's why this study is actually before this committee right now.

Go ahead, please, Ms. Duncan, with your questioning. You still have roughly two and a half minutes left.

Ms. Linda Duncan: I will continue directing questions.

Mr. Turner, thank you very much. I'm sorry for the interruption. I appreciated that you raised this issue, and that is why I'm looking forward to giving you the opportunity to elaborate on it. You clearly

said that there is interest in developing the economy of the Yukon, but that there are concerns, and the legislature of the Yukon is trying to examine those. That's part of pursuing unconventional oil and gas. I'm well aware of those issues, being an Albertan.

My understanding is that among the issues raised is the concern about potential impacts on groundwater. The federal government has in the past invested a considerable amount of money examining water issues, including groundwater.

Are you aware of investment by the federal government, and would that be helpful to pursuing the unconventional resources? Would intensification of that investment by the federal government help to move that debate along?

The Chair: Ms. Duncan, you have about a minute and a half left, and we are stopping the clock, but again, if you want to ask a question on that environmental issue, make sure you connect it to what the study is about, which is the benefits across this country of the oil and gas sector, the benefits to the Canadian economy of the oil and gas sector.

Just find a way to connect your questions to that. We have to stay on topic, or we end up with meetings that are of very little benefit.

On a point of order, Ms. Charlton.

Ms. Chris Charlton (Hamilton Mountain, NDP): On a point of order, thank you, Chair. I appreciate what you're saying, and we're certainly participating in these hearings in good faith, but it seems to me that if we want to talk about the benefits of the oil and gas sector, we have an obligation to talk about how we develop those resources in a sustainable way. That's how we maximize the benefit. So Ms. Duncan's questions about sustainable development in the north are absolutely germane to maximizing benefits.

I would hope that you would give her some leeway, especially since it piggybacks on testimony we have already heard from one of our witnesses.

The Chair: Ms. Charlton, you made a connection there. If Ms. Duncan would make that same connection, it would make it a lot easier for me, as chair, to allow her to go ahead. Great, you've made the connection.

Ms. Duncan, please make the connection when you're asking your questions so that we are—

Ms. Linda Duncan: I'd like to speak to the point of order, Mr. Chair.

The Chair: To the point of order, Ms. Duncan.

Ms. Linda Duncan: I am simply following up on the testimony by Mr. Turner, which is very fair testimony, and I congratulate him on that. He's given us a very fair overview of the kinds of issues and constraints they're facing in the Yukon, which is not unusual to any place else in Canada.

The Chair: Okay, you're into debate now.

Ms. Linda Duncan: I'm not into debate; I'm speaking to the point of order. The point of order is that the question is "benefit who?" Mr. Turner has testified that a number of first nations and others have raised concerns about the implications for them of pursuing unconventional oil and gas. I'm simply giving him the opportunity to find out if he thinks there is anything federally that could help that dialogue in assessing and resolving the issues of the benefits from pursuing unconventional oil and gas.

The Chair: If the connection is made to the topic of our study, that can be accommodated. If there's no connection made, I'll have to cut you off, and we will go on to a question that does pertain to the study.

If a witness in either part or all of their testimony isn't on topic, it doesn't give the questioners a right to stray from the topic of our study—and again, I've explained what the topic is.

Anyway, let's not get into a long discussion on this. We have stopped the clock. Let's go ahead with the witness, and just make that connection.

• (0925)

Ms. Linda Duncan: I would like to give Mr. Turner an opportunity to answer my question.

Mr. Turner?

The Chair: Please Mr. Turner, in answering it, connect it with the cross-country benefits of the oil and gas sector for the Canadian economy.

Voices: Oh, oh!

The Chair: Thank you.

Mr. Peter Turner: Well, as I mentioned, the all-party committee that's looking into the process of hydraulic fracturing has done fairly wide consulting across the Yukon and also within the industry in Alberta and British Columbia. I am sure that they would welcome every input of information that would allow them to make the best possible recommendation for all the citizens of the Yukon.

Ms. Linda Duncan: Thank you very much.

The Chair: You still have a minute, Ms. Duncan, if you like.

Ms. Linda Duncan: I'll pass.

The Chair: Maybe someone else would like to take it?

Okay. Mr. Regan has indicated that he wants to question Grand Chief John. We will hold off until Chief John arrives, if he arrives.

In the meantime, we'll go to the next questioner, please.

Mr. Leef, you have up to five minutes.

Mr. Ryan Leef (Yukon, CPC): Thank you, Mr. Chair.

Thanks to all of our witnesses. All of you on the west coast got up very early in the morning to be here, so we appreciate that.

My question will be for Mr. Turner in the Yukon.

Mr. Turner, I'm curious to hear if the Yukon chamber has undertaken any studies to assess the number of Yukoners who might be outside of our territory, in the proverbial south. Of course, we call everything outside of the Yukon "the south". I'm just wondering if

the chamber has an indication in numbers of Yukoners who are currently employed in the oil and gas industry in the south and who come and go from our territory on a regular basis to find work.

Mr. Peter Turner: I wouldn't have any hard numbers for you, Mr. Leef, but anecdotally, particularly if you look amongst the younger demographics—i.e., high school graduates and folks in their twenties—we see a lot of back-and-forth transfers, particularly down to Alberta to go and work in the oil patch. That's contributory to our economy up here as well, because some people have families up here and they're going to work down there.

Mr. Ryan Leef: Right, and sometimes there's both a blessing and a curse to that.

As you indicated, we would get indirect benefits or induced benefits from Yukoners who find employment in the oil and gas sector in southern parts of Canada and then bring those benefits back to the territory. The challenge, I guess, as it were, would be that we also see some of those skills.... Skills Yukon is a great example. We have tremendous talent. People develop these skills in the Yukon, in the north, and then they go down to the south. The one thing we heard on committee was that one of the real benefits of the oil and gas sector was that it was doing skills development and those skills are highly transferable to other careers and other jobs outside of the oil and gas sector. The employees are able to transfer their talents to a plethora of other fields, so that's a tremendous benefit.

The challenge for us, then, would be that we see these young people who develop those skills moving away and deploying those skills in other parts of Canada, but then we're not able to transfer them into other fields in the Yukon. Are there any assessments in the Yukon.... I guess maybe the ultimate question would be, how would we maximize those benefits? Or what would that mean to us if those skills were able to come home in a developed oil and gas sector in the Yukon?

Mr. Peter Turner: I think that would be a really exciting opportunity. Particularly, I think there would be a disproportionately positive impact on our first nations populations, because I've encountered a reluctance on the part of many first nations... [Technical Difficulty—Editor]

• (0930)

The Chair: I'm sorry, Mr. Turner. You've cut out again. This is a bit frustrating for you, too, I'm sure.

Go ahead and continue your answer. There are about 30 seconds that we didn't hear.

Mr. Peter Turner: What I was saying was that, in my impression, if there were an active oil and gas sector here in the Yukon providing opportunities for employment, I believe that the first nations populations would benefit disproportionately from it, in that, from my previous life in working with first nations, I know that many in those communities are reluctant to leave their communities or to leave the Yukon to look for employment. I think that if we had a local oil and gas industry it would do tremendous things to literally and figuratively enrich first nations communities in terms of employment opportunities and being able to work close to their homes and their families and communities.

Mr. Ryan Leef: We've seen through the extraction resource sector in the Yukon—as you mentioned in your presentation, that's been the focus of the Yukon—the growth of things like the Centre for Northern Innovation in Mining at Yukon College and the mine training simulators, for an enhanced level of training that's highly mobile, to address some of those needs to get it outside of Whitehorse even, and into the communities.

Skills Yukon is a great example of development of our talent, with first nations employment and training opportunities and education in those communities. We've seen companies like Quantum Machine Works do exceptionally well.

Would you anticipate that we would realize those same benefits from oil and gas as we have with the extractive sector?

Mr. Peter Turner: Absolutely. I think that would be a tremendous additional leg, essentially, for our economy, which right now is basically balanced between tourism and hardrock mining. If we had another leg that contributed to the economy, that would make us a more diversified environment and economy and provide all sorts of opportunities, from education to training to employment.

The Chair: Thank you, Mr. Leef.

Our next three questioners are Mr. Zimmer; in the NDP spot, Ms. Charlton or Ms. Duncan; and then Ms. Crockatt.

Mr. Regan, if at any time you want to come in with your seven-minute round, just let me know. We'll see if the grand chief does arrive.

Go ahead, please, Mr. Zimmer, for up to five minutes.

Mr. Bob Zimmer: I'll say a special thanks for the generosity of this committee, which wants to give me some more time. I appreciate that.

I know, Art, you're there, but I wouldn't mind your answering just one little question for me. It's real simple: how many employees do you have, and how big are Gas Link and FloRite in terms of your operations?

That is just to Art and Dave.

Mr. Dave Turchanski: As far as employees are concerned, Bob, I'm running at about 125 to 150 employees right now up in this area. We're doing facility construction, pressure sites, plant sites, multi-well pads, modular construction.

Mr. Art Jarvis (Executive Director, Energy Services BC): My company has 10 employees in the winter. This cycles, because in the summer, of course, there is still less activity. We certainly are focused directly on natural gas, because that's the only thing we do with our equipment. Sometimes in the summer we're down to two employees.

Mr. Bob Zimmer: Okay.

Bill, what do you have for employees currently? I guess you have a few holdings, but what do you have as your larger footprint in terms of your companies?

Mr. Bill Streeper: Right now for direct employees we're running approximately 26. These are year-round employees.

I'd like to step back a minute, Bob. Earlier you asked me a question about royalties, and I think I told you \$90 million. That should be \$90 billion: I was off a few dollars. When you're talking about oil exploration, we are looking at quite a few dollars here.

Basically we have a town here of 6,800 people. If I look at that and the employment here, our employment in this town is 100% oil- and gas-related. If you're not working in the oil and gas industry, you're working in an industry that supports the oil and gas people in terms of services, retail, and groceries. Right now our money is 100% oil and gas.

● (0935)

Mr. Bob Zimmer: Thanks, Bill.

I spoke with Greg Ebel, the CEO of Spectra Energy, and this is a figure that is used by a lot of the big proponents. In terms of supply, some people think this is a little “blurb” of five or ten years, but he's saying 200 years of supplies of natural gas. And that's of the plays in B.C. that we know about; there are more plays being found as we speak.

Dave and then Bill, I'd like you both to speak—as concisely as possible, because I have only about two minutes left—about the larger benefit to the development of LNG, because one other thing that I think the opposition fails to notice when they protest projects is that these are at risk. They're not a given yet. But the potential benefit to B.C. and Canada is absolutely massive.

Dave, go ahead, please, and then Bill.

Mr. Dave Turchanski: I think a big part of it, as far as Petronas and Progress is concerned, Bob...and I know just on the outskirts of the Spectra stuff.

But in terms of the proven reserves there and whatnot, with Petronas, Progress, Spectra, and stuff going forward to fill these lines to B.C. at the date...they're looking at long-term goals of 40 years, 50 years, and, like you say, 200 years. The potential here is unbelievable in terms of what there is here in this part of the province.

Mr. Bob Zimmer: Thanks.

Over to you, Bill.

Mr. Bill Streeper: The figure of 200 years is the figure we're using that we've been involved in, but I'd also like to stress this 200-year figure did not exist 10 years ago. The advancement of drilling technology, especially the use of fracking, has opened up mass amounts.

If we have as much technology change in the next 10 years as we had in the last 10 years, we are basically back to the infancy stage on gas production and gas drilling. As the technology changes, we are looking at a far greater scope than this 200 years.

Mr. Bob Zimmer: Thank you.

Do I still have time, Chair?

The Chair: You have 15 seconds.

Mr. Bob Zimmer: I just want to thank you again for appearing. I think, again, it's for relevance. I think the rest of the country doesn't quite understand some of the procedures.

You heard the fracking question before and a lot of the myths surrounding that particular method of finding gas and oil now. Thanks for clarifying some of that, and thanks again for appearing at committee today.

The Chair: Thank you, Mr. Zimmer.

We go now to Ms. Charlton for up to five minutes. Go ahead, please.

Ms. Chris Charlton: Thank you very much, Chair.

Thank you to the witnesses. I know you're three hours behind us in terms of time zones, and I think the fact that you were prepared to appear before our committee at quarter to six your time is commendable and remarkable, and I thank you for being so energetic in your responses today.

As you probably know, this isn't the first time our committee has looked at natural resource development in Canada, and so we've had the privilege of hearing from other northerners about some of the barriers that prevent economic development in the northern regions.

I wonder, Mr. Turner and Mr. Streeper, whether you could talk to us a little bit about infrastructure investments that are necessary and that would be helpful in terms of economic development in your regions. I don't want to limit the conversation, but I would like you to include things like housing, transportation, the full gambit of infrastructure needs your region needs to have met in order to be able to maximize the benefits, which this committee is supposed to study.

Thank you.

Mr. Bill Streeper: We have basically a road we call the SYD Road that runs to the east and to the north of Fort Nelson. This road was 100% built by the oil and gas industry. This road is presently used for recreational hunting by local citizens. It's used by first nations people to access their trapping territories and also for their hunting ability. This road has also been utilized by forest industries when they were operating here for the extraction of logs. And it is a complete, 100%, oil and gas paid road. They collect no money or have no support from any other industry, nor do they want any support for the use of this road. As long as it is public use it is completely available.

We also have another road that goes north and ties us into the communities of the southern Northwest Territories. This road was largely done by the oil and gas industry, and it is through the oil and gas industry that the possibility of a new bridge built on a river to accommodate larger loads of the oil and gas industry has already been in the process by the B.C. department of highways.

The road has been completely paved. We have a first nations settlement of Fort Liard just across the border that relies 100% on Fort Nelson for the support of that community. Again, that has been put in by the oil and gas industry.

• (0940)

Ms. Chris Charlton: Can I just follow up? So you're suggesting in your community there is no infrastructure deficit. Am I hearing that right?

Mr. Bill Streeper: With participation with the government, we have no infrastructure deficit. It is all being supported by the oil and gas industry. It is through the LNG projects going on that we are

receiving money from the provincial government to aid in the development of our community.

If it wasn't for the development of the gas industry and infrastructure, we would not have received this money from the provincial government, and it is \$200 million over 20 years.

Ms. Chris Charlton: Thank you.

Mr. Turner, it's the same question to you about whether infrastructure needs are a barrier to economic development in your region.

Mr. Peter Turner: We believe infrastructure deficits are a barrier to our development. I touched on the issue of hydroelectric power; for a long time we were the beneficiaries of surplus hydroelectric power generating capacity. Because some of that was originally built to supply mines that have subsequently shut down, right now we are at a stage where our growth has increased at approximately 3% a year to the point where we're consuming about 103% of the hydroelectric generating capacity that we have here in the territory, so we have to supplement that with diesel fired generators.

In that respect, if we were to have an indigenous oil and gas industry here, instead of having to ship oil 2,000 kilometres up here, it could be a source of both employment and also, quite frankly, a source of energy with a lower carbon footprint than we currently have in that we would not have to transport everything 2,000 kilometres to burn it up here. That's one potential opportunity.

And that ties in to the issue of transportation. We're at the end of a 1,500 to 2,000 kilometre supply chain for everything that we use up here. We have no rail connection, basically everything comes up the Alaska Highway by truck, so increased fuel costs obviously translate into increased costs for Yukoners for everything we consume.

So we see an opportunity for multiple benefits in being able to locally source energy that's trucked in today. That of course would also provide local employment. Another way to look at this is, perhaps oil and gas are also a bridging technology for us because we have traditionally been reliant upon hydroelectric generation. The problem here is that if we turn the shovel on the first new hydroelectric project, we're probably 10 or 15 years away from being able to light up a light bulb in here. So there's a gap in finding an electrical generation solution between now and when that next hydroelectric power plant comes online.

Ms. Chris Charlton: Thank you very much.

I think the testimony from British Columbia and Yukon highlights the differences in financing capacity between the territories and the provinces, and that may well make a big difference in the different outcomes in infrastructure.

The Chair: Thank you, Ms. Charlton.

We go now to Ms. Crockatt for up to five minutes.

Ms. Joan Crockatt: Thank you very much.

Thank you again to our witnesses for getting up early to be there. Those of us from the west realize just how early that feels.

I want to focus on you, Mr. Streeper, because I think this brings home the story for many people: what has happened in your communities with the advent of oil and gas. I wonder if you could give us a snapshot of the standard of living pre- oil and gas to now. How has the oil and gas industry positively affected the average person who lives in that area, and their lifestyle?

● (0945)

Mr. Bill Streeper: The average person involved in the oil and gas industry in northeastern B.C. quite commonly has an income in excess of \$100,000 a year.

I'm going to a personal aspect on this. I am the father of three children and the grandfather of seven. Before the advent of LNG, our family lived in four different cities; none of our children lived in this community because there was no 12-month employment. With the advent of LNG and the exploration for LNG, all seven grandchildren are now located in Fort Nelson.

This type of work and this type of employment has shown there is a future for young people to advance in employment and in business. It has made communities like Fort Nelson more whole when the younger people are not leaving to seek employment in other communities; they are employed here. It has aided schools, it has aided in development of the town, but the biggest thing about all this I have to stress is family life.

Family life has excelled. We have fresh water, we have a large community centre for recreation, we have large outdoor recreation facilities, we have all kinds of ball diamonds and soccer fields for families. When grandma's happy, grandpa's happy.

Ms. Joan Crockatt: Can you tell us, do you have oil and gas pipelines right now—I think we know the answer—going through the Northern Rockies Regional Municipality? If so, how many?

Mr. Bill Streeper: I can't count that.

We have, through the Northern Rockies, we cover 10% of the province of British Columbia. We are a regional municipality, the very first in British Columbia. We have thousands of miles of pipelines. My residence is located no more than approximately four kilometres from a major 36-inch pipeline. I'm also the resident who lives closest to the Spectra plant in Fort Nelson. I'd like to go on record as also saying that the only thing I've noticed from the Spectra plant is that I have no hair. Other than that...I see the plant every day out my front window.

We are well aware here of pipelines. We have a producing well that is approximately five kilometres from the main town of Fort Nelson. It is something everyone in the community is fairly familiar with.

Ms. Joan Crockatt: Do you consider that to be a benefit to you to have those pipelines? Are they a safety hazard or a benefit? When you see them how do you feel about them?

Mr. Bill Streeper: I could go on all day about the benefits of pipelines.

For one, every pipeline that exists is taxed. The Northern Rockies Regional Municipality gains from this taxation and so does the provincial government.

A pipeline, other than the maintenance people going to it, doesn't ask for anything back for the taxes they pay. They're in the ground, we receive a cheque every month for these pipelines, and right now a lot of that money coming in is paying for the support of our municipality. It pays for the support of our recreation and our education.

In the history of the pipeline and the gas—

Ms. Joan Crockatt: I just have one quick question.

Can you just talk briefly about the three first nations agreements that you have there and what the benefits are that they've received from oil and gas?

● (0950)

The Chair: A very brief answer please, Mr. Streeper.

Mr. Bill Streeper: Again, the benefits of it are equalization payments, payments made for the use of the land on this, and a lot of the money goes directly to the first nations for their benefit, which they use on their local reserves.

Ms. Joan Crockatt: Thank you so much for your answers.

The Chair: Thank you, Ms. Crockatt.

We go now to Ms. Moore, followed by Mr. Trost.

Go ahead please, Ms. Moore.

[*Translation*]

Ms. Christine Moore: Thank you, Mr. Chair.

My questions are for Mr. Turner.

I went to a mining conference in Vancouver. The Yukon had a kiosk there, and I had the chance to speak to several people. I realized what tremendous potential the Yukon has as far as mining projects are concerned.

What can we do to ensure that both the oil and gas sectors benefit from development, so that development in one sector doesn't come at the expense of development in the other? The fact is they often share the same labour pool. If both sectors experience a boom at the same time, it will be tough to find workers to get projects started.

What can we do, then, to prevent the two sectors from hindering one another?

[*English*]

Mr. Peter Turner: It's an interesting question.

Because we only have a population of 37,000 people here in the Yukon we have to recognize that for industries that require specialized expertise we will have to be turning, in addition to our own population which is very limited, to hiring people from the outside.

We already see that in the mining sector up here. We have a number of people who are in fly-in/fly-out situations coming from Alberta or British Columbia which obviously is to the benefit of those two provinces, but at the same time there is a very active effort made by mines here to employ locally. There are a number of partnerships between the mines and the first nations development corps to look for business opportunities, for employment as well as investment and engagement.

I think you certainly hit on a challenging point. Were there an oil and gas industry up here, certainly they too would be competing for a finite pool of employees.

On the other hand I should say that, as Mr. Leef alluded to, a school was recently established with Yukon College to train people in terms of mining expertise. That's to the tremendous benefit of the Yukon population, particularly the first nations population. I could see a similar sort of approach being used to create workers for an oil and gas industry were that opportunity to come along.

[Translation]

Ms. Christine Moore: What action plan would need to be put in place to enable you to take full advantage of that resource development? Socially speaking, what measures would help you meet the demands?

[English]

Mr. Peter Turner: I think we would have to go back to look at the criteria and approach that were used to establish the mining centre here at the Yukon College. I think this is probably a model that would provide us with a guideline; however, I'm not familiar enough with the actual approach that was used to establish that mine training facility at Yukon College to be able to speak in a terribly informed way about it.

[Translation]

Ms. Christine Moore: Development in one sector generates a lot of jobs, which in turn generates jobs in the service industry. More nurses, doctors, daycare workers, teachers and so forth are needed. With that in mind, how do you plan to recruit the human resources you need to ensure integrated, not disorderly, development? How are you going to find professionals to fill all those spinoff jobs?

[English]

Mr. Peter Turner: I think that's certainly part of the challenge: how do we create healthy growth in any community? I think the benefit we do have is that more and more people who are in a professional capacity—doctors, lawyers, and teachers—are beginning to recognize that, particularly, the Yukon in the north is a very attractive place to live and far more like it is living in, let's say, Canmore than it is living at the North Pole. I think that we have a benefit there, quite frankly, in terms of the growing awareness of what a terrific quality of life you can have up here. I think we would rely, certainly partially, on trying to get that word out. People come where there's employment, and if you have the added bonus of a wonderful place to live and a high quality of living, I'm fairly confident that we can attract the support infrastructure that we need in terms of people and expertise.

• (0955)

The Chair: *Merci*, Ms. Moore.

Go ahead, please, Mr. Trost, for five minutes.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair.

My first question is for Mr. Streeper and I guess our other guests from northern B.C. can answer this, as well.

Mr. Streeper, you had talked about the royalties that are generated for the Province of British Columbia by the natural gas sector, and it

was a little unclear regarding LNG, natural gas, the time lengths, and so on. Do you have any idea what percentage of those royalties is spent in the northern B.C. area, in the area that is essentially the producing area of natural gas and oil in British Columbia? And what percentage of those royalties is spent in other parts of British Columbia? I guess I'm trying to get a grasp on how the tax and royalty benefits are spread throughout your province.

Mr. Bill Streeper: The benefit of that is paid to the government, which does go into general revenue. The revenue is not necessarily paid back according to where it comes from. The resource of the natural gas and oil in British Columbia, of course, is owned by the citizens of the province. We do collect money back from the province for this, but it's the age-old controversy of taxation. We always claim we don't collect enough back, but a lot of the southern part of the province has great ability. We do get money back. This money also goes to pay for health and education. And there's the aspect too that being that we're a northern community a lot of the people with intensive health problems have to go south. We're going into hospitals and we're going into clinics that are being funded by the provincial government with a lot of money that comes out of the gas industry.

Like I said, our community and all the communities in the northeast are getting direct grants back from the provincial government. Fort St. John, of course, is the biggest—

Mr. Brad Trost: Mr. Streeper.

I guess the point I was trying to make is that other areas of the province benefit enormously from your area. You get, we'll even say, twice as much on a per capita basis, but it would be more or less distributed by population. Those would maybe be a couple factors for the north. Would that be roughly correct?

Mr. Bill Streeper: Yes, that would be correct.

Mr. Brad Trost: Okay.

Do some blue sky in here for me, again to both of our witnesses from northern B.C. With expanding technologies in the oil and gas sector, your region continues to have greater and greater potential every time it's looked at. What is necessary to unlock that potential? How can those benefits be unlocked? What needs to be done to realize the benefits, not just your region but for all of British Columbia and in effect all of Canada?

The Chair: Could we start with Mr. Turchanski this time?

Go ahead, please, sir.

Mr. Dave Turchanski: I appreciate the question. As far as benefits that are realized up here in the north country, we know what we need and what's required with the shale gas plates that we are sitting on up here today. A lot of people live south of the mountains here in the province of British Columbia. I don't think they realize the opportunities that are available up here as well as across Canada. To attract those people here, I think, would probably be a big gambit not only for the province but for all of Canada.

• (1000)

The Chair: Mr. Streeper.

Mr. Bill Streeper: Going by that, one thing about the oil industry that we do need here in B.C.—and it is being looked at—is, of course, the access to markets. Hopefully in the near future we will see access to markets. I know that the federal government is working a lot on it. Going by the amount of gas here, we do have a surplus and we're patiently awaiting the advent of the development of LNG, which would be a very big benefit for the province of British Columbia and especially for the northeastern corner of the province.

Mr. Brad Trost: Mr. Chair, as I end my time, could I ask for the analysts, if it would be possible, to look up and give us an explanation of the royalty numbers for natural gas in British Columbia? I understand what Mr. Streeper said, but royalties can be divided and organized in various different ways: particular time periods, LNG, non-LNG. If the analysts could get back to us on that, I think it would be helpful to get some context to Mr. Streeper's remarks.

The Chair: Yes, they have noted that and they will get that information.

Thank you, Mr. Trost.

We go now to Ms. Duncan for up to five minutes.

Go ahead, please.

Ms. Linda Duncan: Thanks.

Mr. Turner, I have a question for you and then I would like Mr. Streeper to tie in.

Mr. Turner, you mentioned the challenge in Yukon for the supply of electricity and that Yukon would like to get off diesel, to your credit, and switch over to other sources, natural gas certainly being a good, cleaner option.

Well, I have two questions, Mr. Turner. One is, for the proposals for the unconventional gas development in Yukon, are those projects being costed based on an export price for the gas or are they being costed on providing at least a portion of that gas for use in Yukon, including for providing electricity?

Mr. Peter Turner: First of all I'd like to be clear that at the moment I'm not aware of any projects that are being planned using unconventional extraction methods, i.e., fracking. Any extraction that's gone on to date has been using conventional approaches. As I said, I'm not aware of any proposal being put forward by any of the exploration people to do fracked natural gas within the Yukon. I want to make that clear.

Second, as far as the pricing is concerned, I think it's probably too early in our development of natural gas resources up here to imagine

necessarily how prices would be based on world market or our local consumption. Certainly there'll be tremendous benefit to Yukoners to being able to source natural gas locally, particularly if we're converting some of our diesel electric backup generators to natural gas. I'd certainly much rather be burning natural gas that's extracted here in the Yukon by companies employing Yukoners and being transported perhaps 100 or 200 kilometres than transporting liquid natural gas 1,500 to 2,000 kilometres from Alberta or British Columbia to the benefit of those provinces and to the detriment of the greenhouse gases associated with 2,000 kilometres worth of transportation up to the Yukon.

Ms. Linda Duncan: Mr. Turner, have the chamber of commerce and others been also pursuing opportunities for demand-side management or investment in renewable power, including geothermal? Would that free up more of the electricity supply for resource development?

Mr. Peter Turner: The Yukon chamber actually hosted a series of about a dozen workshops beginning in October of last year looking at a broad variety of potential sources of electrical generation, including wind, geothermal, biomass, in addition to hydro and more conventional sources. The challenge we found is that our geothermal sources are somewhat limited and quite frankly, distant from our existing power grid.

We also have to factor in the costs associated with bringing any electricity generated from where the windmill is, or where the geothermal source is, to the power grid. That can be hundreds of kilometres of transmission wires, which of course has to be folded into the cost of the project. It's also, in the example of wind power, not on demand.

Quite frankly, about 100% of our hydro capacity today is being tasked to supporting environment, our electrical demand here in the Yukon. The oil and gas or the diesel generators that we currently have, that we're proposing to swap out with natural gas fuel generators, would be currently used only for backup if we have a hydro failure, or to address peak demand periods like when it gets down to minus 40 degrees here, and people are firing up their baseboard heaters.

• (1005)

Ms. Linda Duncan: I have a question to Mr. Streeper connected to that. I understand that there are some discussions about the possibility of tankering gas. I presume it would be compressed natural gas from your area up to Yukon.

Would that involve the necessity of some kind of compressed natural gas facility in your community and then a decompressing for use in Yukon? Can you tell us who might cost that? Is anybody actually pursuing that?

Mr. Bill Streeper: Yes, there is. Just for clarification, it's not compressed natural gas. It's liquefied natural gas to be liquefied in the community and transported by road to Yukon. The use of liquefied natural gas compared to compressed natural gas is way more efficient and more economical to transport.

We have had people in the community looking at the aspects of doing a two-stage liquefied gas process. One is a smaller facility for use in transportation vehicles, from cars, pickups, up to the large trucks, and another facility to liquefy it to be used and transported to Yukon and Northwest Territories. We had interest from the big diamond mines in the Northwest Territories about obtaining LNG for primary use in electrical and secondary use in some of their equipment. This process is ongoing—

The Chair: Thank you, time is up.

Mr. Calkins, for up to five minutes.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thanks, Chair, and I'd like to thank our witnesses today.

Just to let you know who I am, I'm a central Alberta member of Parliament. I've been on the natural resources committee for quite some time. I had the pleasure of travelling to Yukon for the first time in 2012 with my family. It was our summer vacation. We drove the Alaska Highway. I pulled my holiday trailer and at various locations along the highway replaced tires as needed on that holiday trailer.

Sad to say that the worst part of the highway was actually in Alberta between Mayerthorpe and Grand Prairie, simply due to the materials that were used in the construction of the highway. I certainly have fond memories of driving through Fort St. John and Fort Nelson as well. I'll start my questions there.

As an Alberta MP, I want to preface by saying that a little while ago Alberta was in a very excellent economic position due to the royalties it received from natural gas exploration and development. In the past few years we've seen natural gas prices—because there's a glut of natural gas in the marketplace in North America—discounted within North America. I think it's a quarter, basically, of what it's selling for in the Asian markets and so on. We've seen Alberta have some budget-balancing issues as a result of that, but still Alberta remains a “have” province.

Mr. Streeper and Mr. Turchanski, do you know which four provinces in Canada currently are considered “have” provinces when it comes to equalization calculations?

The Chair: Who wants to start on that?

Mr. Streeper, go ahead.

Mr. Bill Streeper: Well, I could name two of them right off the bat, and those are Alberta and British Columbia.

And then there are Saskatchewan and Manitoba.

Mr. Blaine Calkins: I'll name the other two, which are Saskatchewan and Newfoundland and Labrador.

And the common theme among these four provinces would be what?

•(1010)

Mr. Bill Streeper: Well, between British Columbia and Alberta, it is energy.

Mr. Blaine Calkins: Absolutely, and that's the point I'm trying to make. It's the same for Saskatchewan as well. Mr. Trost is here. He's a Saskatchewan MP. Newfoundland and Labrador is now a “have” province as well, according to that. There are a lot of folks around this table whose political views might be different from mine. Some

of them even have difficulty filling up seven minutes with positive questions about the oil and gas industry, but eventually they come around and are able to do that.

I want to ask you what the significant benefit would be to furthering gas exploration insofar as being able to provide liquefied natural gas to the Asian marketplace goes and what that would do. I know I have lots of constituents in my community who have actually worked in northern B.C. to help with that natural gas exploration. Have there been any studies done for northern British Columbia about what the future might hold should LNG shipping off the west coast become a reality?

Mr. Bill Streeper: We have, as a municipality, already done a study regarding taking the population from 6,800 up to 15,000. We have done engineering on water supply, sewer supply, roads, access, power to be supplied, and the complete subdivision developments in terms of proper zoning. We have also looked at infrastructure for industrial subdivisions to supply land for the service sector people in the oil and gas industry. We are preparing ourselves right now for the whole LNG industry if—or rather when—it goes ahead. We will also gain in taxation benefits from all of the plants and the pipelines involved in this.

Mr. Blaine Calkins: That's fantastic.

Mr. Turner, I'll turn to you for a moment. You talked about the moratorium on gas exploration. The moratorium is actually on hydraulic fracturing, is that correct?

Mr. Peter Turner: No, it's actually on any oil and gas exploration within the Whitehorse Trough, which is a geographical region that extends to the southeast of the city of Whitehorse. That's a five-year moratorium.

As was alluded to earlier, a portion of the population is pressing for an absolute moratorium on hydraulic fracking across the Yukon.

Mr. Blaine Calkins: Okay, that's obviously not based on anything scientific, because we've had massive amounts of hydraulic fracturing. I've worked on the rigs in Alberta. In deep wells, it's not an issue. Saline water down deep doesn't even come close to mixing with surface water. It's unfortunate that it's done that.

Can you tell this committee, as a result of this moratorium and the inability now of Yukoners to use their own local energy resources, what subsidies are needed in order to provide a reasonable cost of energy to Yukoners at this particular point in time?

Mr. Peter Turner: Well, I can't speak to the actual dollars associated with it. But obviously every diesel generator that generates electricity here in the Yukon is getting its oil sourced from, I believe, your province as a matter of fact—

Mr. Blaine Calkins: You're welcome.

Mr. Peter Turner: —so we're delighted to be creating a source of employment and revenue for your province. We're a little more disconcerted that we have to truck it 2,000 kilometres to get it here, both of which would be arguments for trying to have an indigenous production capability.

We'd be even more desirous of that in terms of natural gas, because we see that as being a cleaner source of electrical generation up here, and we already have some proven reserves of natural gas here in the Yukon, which currently I believe are being piped down to Fort Nelson, in that direction.

The Chair: Thank you.

Thank you, Mr. Calkins.

Mr. Blaine Calkins: Thank you, witnesses.

The Chair: Mr. Leef.

Mr. Ryan Leef: Mr. Turner, in 2012 the Prime Minister of Canada signed a historical resource revenue-sharing agreement with the Government of Yukon. Can you talk about how that might be realized or what sort of benefits the Yukon would realize with a developed LNG and oil and gas sector with the resource revenue-sharing agreement that was signed, particularly when you consider that \$890 million of the \$1.3 billion territorial budget comes directly from federal transfers right now?

• (1015)

Mr. Peter Turner: Exactly.

In broad strokes there would be an additional stream of revenue coming from a resource industry to the peoples of the Yukon including, in particular, the first nations. You've hit on a very salient point for the Yukon, which is that more than half of our territorial budget is coming from transfer payments. Thank you very much again, Alberta and B.C. We in the chamber would like to actually be standing on our own two feet. We believe it would be healthier for the economy if more of our revenues were being self-generated in terms of employment and opportunity.

Mr. Ryan Leef: You touched on the first nations benefits. Currently there are several first nations that have signed impact benefit agreements in different extractive sectors. Could you touch on any anticipated IBAs and how that growth has been positive for first nations, and where they might go with enhanced oil and gas or energy sector development?

Mr. Peter Turner: I do know that several first nations are looking into striking partnerships in the transportation of liquid natural gas to generating facilities being planned or anticipated here in the Yukon, both in terms of the Yukon electrical generators here in Whitehorse and future mining sites that will be powered by liquid natural gas generation.

I should note that already there are liquid natural gas trucks transporting liquid natural gas all the way through the Yukon up to Inuvik which has just converted over to a natural gas powered electrical generation facility. So we already have a significant amount of LNG being transported through the territory all the way up to Inuvik. We would anticipate further transportation opportunities for first nations trucking companies and all the peripheral employment, were there to be further use of natural gas generation facilities both for electrical power here in the territory on the grid, and for the mining sites.

Mr. Ryan Leef: I think for the record it would be important to note that the Government of Canada has teamed with the Government of the Yukon and regional municipalities to invest directly in biomass energy generation. As a great example, Haines

Junction received half a million dollars from the federal government to explore biomass potential there. Forest inventory and geothermal wind in Kluane First Nation.... Pellet boilers are a great example. We're getting pellets from Fort St. John to help heat the correctional facilities. Of course the \$71 million in the Mayo B hydroelectric facility is right from the Government of Canada. Those have all been great and they're helping very small regional exploration of energy development. But on a much bigger scale in terms of the energy consumption that you highlighted, in terms of hydroelectric capacity and the realities of how much influence wind energy biomass can actually have considering the development needs we have....

Could you touch on some of the agreements or necessary conditions that the Government of the Yukon has in terms of development with first nations corporations when they engage in contracting of particular infrastructure projects? What is the Government of the Yukon obligated to do in terms of working with Yukon first nations corporations?

Ms. Linda Duncan: This is all very interesting, but what does what the Government of the Yukon is doing have to do with this federal parliamentary committee?

The Chair: Mr. Leef has connected his questions with the economic benefits of the oil and gas sector, which is what this study is about.

Ms. Linda Duncan: At the territorial level....

The Chair: It doesn't matter what level.

Go ahead please, Mr. Leef.

Mr. Ryan Leef: Mr. Turner, I think, was going to answer that.

Mr. Peter Turner: I'm afraid I'm not particularly conversant with those relationships between the first nations development corps and the Yukon government. I would say, though, that as we talk about renewable resource energy projects.... The big one announced by the Yukon government that we're hopeful for is a large-scale new hydroelectric plant facility. In order for it to be justifiable and economically rational, it is going to require interties to the southern electrical grid, which we do not currently have. That would be an area where the federal government could be working in conjunction with both the first nations and the Yukon territorial government. I think there's a major opportunity there to create a long-term renewable solution for the Yukon's energy production. That would clearly involve the first nations upon whose territory this would likely happen.

• (1020)

The Chair: Thank you.

Thank you, Mr. Leef.

We have on our list, Ms. Charlton. Go ahead, please, for up to five minutes.

Ms. Chris Charlton: Thank you very much, Mr. Chair.

Chair, I'd like to ask first.... I had a number of questions for Grand Chief Edward John.

Can you just tell us if there's a possibility of asking him to appear at the next committee meeting?

The Chair: No, we have three witnesses. We have an hour, maybe slightly more. The grand chief had agreed to appear today. We can't accommodate it.

Ms. Chris Charlton: Could we perhaps ask the clerk to see if the grand chief could send us a written submission, if that's doable?

The Chair: We could certainly do that, yes.

Ms. Chris Charlton: Thank you.

Thank you, again, to our witnesses.

My first set of questions was about infrastructure and the lack of infrastructure in parts of the north, and I think Mr. Calkins just did a great job of demonstrating the need for improved infrastructure. He talked about that tire-eating highway from Alberta to the Yukon. I assume that's the same highway that trucks would use to get liquid natural gas up to the Yukon, which might be a concern to all of you along the way.

Mr. Blaine Calkins: Point of order, Mr. Chair.

I just want to clarify for the record that I had C rated tires on my holiday trailer which were fine for—

The Chair: That is not a point of order. That is a point of debate, and not even much debate there.

Voices: Oh, oh!

Mr. Blaine Calkins: Now that I have D and E rated tires, I'm sure it won't be an issue in the future.

Ms. Chris Charlton: Regardless, Mr. Calkins, I thank you for buttressing my earlier point.

To Mr. Turner, I want to take the conversation in a little bit of a different direction. I think one of the things that we've heard a lot about is the opportunity for job creation through resource development in the north.

Part of that is there's also been a lot of discussion about inequality of access to training and education for students and workers in the north, both training and retraining.

I wonder if you'd like to comment on that for a moment?

Mr. Peter Turner: Sure, I will say that we have an extraordinarily good resource in our Yukon College facility up here, which not only has a campus here in Whitehorse, but has satellite campuses in virtually every community across the Yukon. Once you get outside of Whitehorse, the demographic mix is very much towards a higher representation of first nations students. So I would say that the community has benefited disproportionately from the presence of the Yukon College.

A number of the satellite campuses of Yukon College are participating in programs today to train and prepare their students in those communities for employment in the mining sector, and also in the construction sector and other areas that would be of peripheral support to a mining, or a future oil and gas industry.

In that respect, I think we're very fortunate in having that, and part of that is because of some funding that was received from the federal government—which I believe totalled somewhere in the region of \$5 million to set up facilities for training, specifically for the mining industry. That's a tremendous asset for the territory as a whole, and

of tremendous benefit in terms of opportunities for employment for the mining sector.

So I can see that extrapolating to address the oil and gas industry.

Ms. Chris Charlton: Thank you. There are some really innovative programs in the north.

I think one of the concerns is that we have to make sure that the training doesn't only happen with respect to the mining sector; that we also train and educate people for the whole plethora of jobs that you need to support communities, right? Whether that's in health care, education...that education happens in a really broad-based kind of way.

If the resource extraction sector booms as you're predicting or hoping, I think most people would suggest that there may be a skills shortage that goes along with that. At least in the short term. Have you done any extrapolation of whether you think such a skills shortage will happen, what the magnitude is, and specifically, in what areas are you anticipating such a shortage?

• (1025)

Mr. Peter Turner: Well I think you've touched on the fact that we need to focus on the support fields that surround any sort of growth in the economy. Certainly, health care would be one. The construction-related industries and transportation industries as well, and capabilities such as having skilled truckers, the equipment operators, people who can bang nails, and people who can look after health care needs.

However, I should say that Yukon College actually already has a number of programs and degrees in place, specifically addressing those sorts of areas. So the mine training that I spoke about was an incremental and new edition to the college curriculum, and augmented existing programs that were more focused on things like health care, social services, as well as journeyman skills.

Ms. Chris Charlton: Thank you.

I think one of the challenges we've seen across the country is that oftentimes employers are... I don't know if "forced" is the right word; I suspect that actually it's not. But they're resorting to foreign-trained workers because they can't immediately fill skill shortages, and I think in part that's because you can't train somebody overnight. To get a fully qualified apprentice, you're talking about years, not weeks or months. That takes a bit of planning, which is why I was asking about whether you had done any kind of forecasting to know whether you could locally train and then hire the skilled trades from within.

When you're commenting on that, I'd also like your comment on first nations communities in the north, because, as we know, unemployment rates are much, much higher in first nations communities than they are across the rest of the population. There is a huge opportunity there, I would suggest, to work with first nations for that kind of skills upgrading.

I know that I don't have very much time left, so I'll turn the rest of the time over to you.

Mr. Peter Turner: Well, I completely agree with you that there is a huge opportunity, particularly for first nations communities, and I think that's one of the areas where the Yukon has done quite well in terms of partnering and working to develop that base of the employment centre.

With regard to the foreign worker issue that you've raised, I know that's a subject of some discussion in southern Canada, with different viewpoints. In the Yukon, we have very much a seasonal workforce in a lot of our areas. We actually welcome and see a benefit from people coming in from foreign countries, who bring with them some of the skill sets that we need up here, particularly on a seasonal basis. We see that as an augmentation to our workforce. In fact, our third-largest minority population here are Filipinos. They have come through all sorts of programs and are a vibrant portion of our Yukon community.

Getting back to the first nations opportunity, I would say that there's tremendous opportunity there and, I would say, disproportionate benefits to come from training and development that would take them towards employment, particularly in a local industry.

The Chair: Thank you.

We have Mr. Regan.

Are you ready? You have a five-minute spot and your seven-minute spot, so you can take the time you'd like, Mr. Regan, for up to 12 minutes.

Hon. Geoff Regan (Halifax West, Lib.): Mr. Chair, I have a couple of questions for Chief John, who is not here, obviously.

I wonder if I could submit those after the meeting in writing to the clerk so that they could be passed on to Chief John, who we're asking to make a submission. Hopefully in his submission he'll address those. Does that sound okay?

• (1030)

The Chair: Sure.

Hon. Geoff Regan: Let me start, then, with Mr. Turchanski.

One of the things you mentioned in your comments and in the deck that you kindly gave us was that the B.C. service sector is not always the supplier of choice for Alberta-based explorers and producers. Do you have a view on the reason for that? Do they prefer to deal with the industry in Alberta for some particular reason? That's the first question.

Mr. Dave Turchanski: There are a couple of things behind that. I think basically what it boils down to is not knowing what the resources are that are up here and available to assist on any projects going forward. Probably the biggest thing in the gas industry that we find up here today is that it's the people who you know as far as engineering firms and contacts in the cities go. As well, there's always been a slander when it comes to working in British Columbia; it's always "bring cash".

That said, we see a lot of that stuff. It's cheaper to do business in Alberta. Even if they have to transport it up here, they can do it and they can get away with it, because of course they don't have to pay that 7% sales tax. Alberta doesn't have to pay it.

There are a couple of main factors there, one being who you know, as well as having resources available.

Hon. Geoff Regan: We've heard some comment in previous meetings that some of the larger producers prefer to deal with large suppliers. Do you have any experience or knowledge of that?

Mr. Dave Turchanski: Yes, they do. Of course, when they're working and dealing with volumes, there are larger suppliers and people who look after that. That said, at the same time, when there are the resources available here and suppliers... I can see pipe suppliers... The resources that we don't have available here in the province of British Columbia, of course, are the rigs, the completion crews, and the fracking crews, and that probably makes up 75% of the pie, but for the rest, the 25% that we do have here, we have those resources available here, so we do, we can, and we will work with producers given the opportunity.

Hon. Geoff Regan: One of the other things we've heard in previous meetings was about the temporary foreign workers program and about temporary foreign workers being used to fill jobs that perhaps Canadian workers could be doing.

What has your experience been in that regard? Have you heard that as an issue? Do you have any suggestions on what the federal government could do to improve the situation?

Mr. Dave Turchanski: Well, I'm wearing both hardhats here as far as Energy Services BC is concerned and my own business here in Fort St. John. Temporary foreign workers have been brought up. Where we're seeing more and more of it are in the areas of the retail outlets: the Tim Hortons, the A & Ws, the food chains, and stuff like that. From our end of it, as far as the gas industry is concerned, we're not seeing a whole bunch of that as of yet.

As far as skilled workers are concerned across the province of British Columbia, or across Canada, given the opportunity, I know there are a lot of people out there who are on EI, and stuff like that, who are pretty capable of coming back to work and working in these positions.

Premier Christy Clark has mentioned that if LNG goes through here, the economic benefit, the spinoff...we're going to need 75,000 people for these jobs. We're definitely going to have to be outsourcing somewhere to bring those people in.

Hon. Geoff Regan: Mr. Chair, Mayor Streeper or Mr. Turner had a comment on that question about temporary foreign workers. I'd like to hear from them.

The Chair: Go ahead, Mr. Streeper.

Mr. Bill Streeper: We do have a small number of temporary foreign workers here. Again, to what Dave was just saying, most of them are in the retail service sector end of it. Some of them have started to progress into the oil and gas sector, but at this point it's very minimal.

The Chair: Mr. Turner, do you have a response to that?

Mr. Peter Turner: Yes. Our experience would be similar to what was characterized by these two gentlemen. Currently, those people are primarily represented in the service and hospitality sectors.

What's promising is these are new Canadians. These are people whose children, potentially, will be tremendous contributors to our economy and to the growth of the north. We already see, as I mentioned, the aforementioned Filipino community up here as being a real powerhouse in terms of contributing to the social good and health of our community, and we welcome them. We think there's enough opportunity up here that they can become part of that great mosaic that is the north—and it's Canada.

The Chair: Mr. Regan, your five-minute slot is done.

But I do want you to ask the questions that you would ask Chief John rather than writing them to the clerk, so at least that's done similar to other questioners, and then the committee can decide how to treat that in any report that we might do.

Hon. Geoff Regan: Okay.

Ms. Chris Charlton: On a point of order, sir.

The Chair: A point of order, Ms. Charlton.

Ms. Chris Charlton: Thanks.

As I indicated when I started my intervention, I also had questions for Grand Chief Edward John. You didn't indicate at that time I'd need to get them on the record, so I wonder whether in fairness to all three parties if we could all submit questions to the clerk.

• (1035)

The Chair: But that's what I was saying, I don't think we want to start submitting questions and getting written answers in that fashion, unless the committee decides to do it that way. That's why I was suggesting Mr. Regan should ask those questions, and then the committee can determine how we're going to handle a response. It doesn't necessarily mean that the response will be treated. That's up to the committee to decide. We certainly can discuss that on Thursday.

Hon. Geoff Regan: Mr. Chair, I only had two questions that I would have liked to submit in writing to him, and we're talking here about a case where a witness was unable to appear, right?

The Chair: Yes.

Hon. Geoff Regan: We're not talking about doing this in every other case with our other witnesses, certainly. I wonder if we could limit it, just say in this particular case where there's a witness who hasn't appeared that we could submit two questions.

If, for instance, Ms. Charlton wanted to do that, and wasn't aware of that possibility, and now I'm getting an opportunity that she's not, that doesn't seem reasonable or fair.

The Chair: Here's the difficulty. There are lots of other witnesses who were invited, who would have liked to have appeared and just couldn't make the arrangements. So how is that different? In this case, in fact, Grand Chief John had agreed to appear and just isn't there for some reason. So I can't see how the committee, unless everyone agrees, can venture in that direction.

Hon. Geoff Regan: I guess the difference, Mr. Chair, is that where you have a witness scheduled to appear, you prepare questions

for that witness. When they're not scheduled to appear, you don't prepare questions for them.

The Chair: I understand that.

Hon. Geoff Regan: I have my seven minutes now, do I? I can finish with the questions.

The Chair: Yes, we stopped the clock. You have seven minutes.

Go ahead, Mr. Regan.

Hon. Geoff Regan: First of all, I wanted to ask Mayor Streeper if he feels there are ways the oil and gas sector could provide greater benefits for local communities and small-business owners in the Northern Rockies and other jurisdictions.

Mr. Bill Streeper: The main thing there is that there would be more involvement in local employment if their personnel were located in the communities rather than having the fly-in/fly-out situation. There also would be if they came to a community and were part of the community rather than operating out of an office 1,000 miles away. They would actually have an office and personnel here in the communities.

Hon. Geoff Regan: I have some questions for Chief John, and we'll see if this works out.

The first thing is that the committee recently heard from the chief of the Athabasca Chipewyan First Nation, Chief Allan Adam, who spoke about the benefits of the oil and gas sector and the desire to maximize benefits. We heard from him that there is a great deal of frustration, however, when it comes to working out impact benefit agreements on traditional territories. He said, in his experience, that industry makes the process very complicated and lobbies federal government officials very heavily.

I guess I'd like him to comment on his experience with the process. That would be the first question.

Second, I understand that he participated in the first nations LNG summit last year. I'd like to know from him what challenges the summit identified with respect to the impact of energy development on first nations communities and what recommendations he'd like to see the committee make to the government.

Third—I'd like to hear comments from other witnesses on this as well, and perhaps if they have comments on the other questions that I raised, that would be fine. I'd like a short comment in relation to the proposed Northern Gateway pipeline proposal in terms of both benefits and risks that he or they see involved with the process that has been followed so far.

The Chair: Thank you, Mr. Regan.

The clerk has noted those questions.

Would any of you like to respond to the last question on the Northern Gateway pipeline?

Mr. Streeper, go ahead, please.

Mr. Bill Streeper: In Canada as a whole and the western part of Canada and the “have” provinces, we have a commodity, a product, that needs a market. I think when we start to look at our markets, we should be as diversified in our markets as we can be. We've already seen what happens when we have one customer rather than diversified customers. I think the Northern Gateway pipeline will give us access to other markets and will ensure the future of our energy and the future of our citizens through being diverse about getting income especially from offshore, which is new capital for Canada.

The Chair: Is there anyone else on the importance of the Northern Gateway pipeline?

Mr. Turchanski, go ahead, please.

• (1040)

Mr. Dave Turchanski: It's definitely an economic benefit that's going to be realized, as Bill was saying, not only for the provinces but for the whole of Canada as well. Of course, with the oil pipelines out there today, everything has been painted with a black brush. The safety that goes into these pipelines, with the line break valves and the whole scenario in regard to putting these things in the ground, is way ahead of what it was 30 or 40 years ago. If we don't start looking at this now and putting this infrastructure in place, I think we're going to lose out in the future going forward.

The Chair: Okay.

Thank you, Mr. Regan.

We go now to Mr. Leef.

We have about five minutes left in the committee. If Ms. Block has a question then, Mr. Leef, maybe you can keep your comments a little short, and we'll go to Ms. Block after that.

Go ahead.

Mr. Ryan Leef: Thank you, Mr. Chair.

Mr. Turner, we had some discussion today about the Alaska Highway and some of the perils of it. What didn't get articulated was that the development of the Alaska Highway during the war was for a supply route and an actual pipeline route. We also have the North Canol Road and the South Canol Road that were originally developed for pipelines. There's an interesting history in the territory that I don't think is expressed all that well.

We've talked about some of the challenges in terms of the development: human resources, financial capacity, infrastructure capacity. In your opinion, is the Yukon up for the challenge? It's a nice problem to have, but do you think the Yukon is up to facing this challenge?

Mr. Peter Turner: Yes, I absolutely do. I think our population is anxious and eager to look for new opportunities for employment, and we have a lot of expertise here and a lot of untapped resources that I think our population is excited to draw upon.

Mr. Ryan Leef: Thank you.

Thank you all for your testimony.

I'll turn my time over to Ms. Block.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair.

Thank you all for joining us today.

We are coming to the end of this study, and it's been very informative. Of course, we've heard from witnesses from sea to sea—especially communities, municipalities, community leaders—talking of their desire to maximize the benefit of developing the natural resources in their areas, but maximizing that benefit while also being environmentally responsible. We not only hear that from our first nations communities, but also from municipalities across the country that have been able to provide us with some testimony.

We've also heard from you, Mr. Streeper, the need to diversify our markets so that we can realize the full potential value of our resources in the interests of all Canadians. I think that's really why in 2012 our government introduced the responsible resource development plan, which saw us looking at four main areas to ensure that there was timeliness and predictability when contemplating a new project in the development of our resources. It also looked at reducing duplication. We've also identified the need to strengthen environmental protections, and engage with aboriginal communities.

Could you briefly comment on the responsible resource development plan, if you are aware of it? Have you seen any benefits of that plan's coming into place in terms of resource development in your areas?

The Chair: That's directed to any of you. Would anyone like to tackle that?

Mr. Bill Streeper: I'll jump in there.

The Chair: Mr. Streeper, go ahead.

Mr. Bill Streeper: As far as the plans are concerned, in a lot of cases when you're talking environment the energy industry is a leader in environment. The energy industry has created many technological advancements that have aided the environment in all other aspects, besides the oil and gas industry. I personally have seen a lot of changes in my life in the oil patch, and right now I would go forward on the record saying that the oil companies have become one of the highest environmental industries in Canada. Changes are made daily on environmental aspects. Anyone who has been involved within the oil industry can say that what we see being done now in the exploration and development is not what was seen 20 or 25 years ago.

I think they are being responsible in what they're doing.

• (1045)

The Chair: Mr. Turner, go ahead with a short response, please.

Mr. Peter Turner: Absolutely.

We have the experience of 100 years' worth of mining to look at for both the good and the bad in terms of environmental impact. I think we are in the happy position of being at the infancy of the oil and gas industry here in the Yukon. We are able to look to other provinces from a regulatory standpoint to identify and potentially follow best practices. I am hopeful that the all-party committee on fracking will be factoring that element into its considerations as it comes to its recommendations later this year.

The Chair: Thank you very much.

Thank you, Mr. Leef and Ms. Block.

I want to thank all of you again, gentlemen, for being here so early this morning and for your input into the study. It will be helpful indeed, and will find its way into our report, I'm sure.

Again, thank you to Mr. Turner, Mr. Streeper, and Mr. Turchanski for being here with us by video conference today.

The meeting is adjourned.

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