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Chair

Mr. James Maloney

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• (1530)

[English]

The Chair (Mr. James Maloney (Etobicoke—Lakeshore, Lib.)): We're going to get things under way here.

There are a couple of things at the outset. We have an extended session today. We're going to be sitting until 6:30. We have three witnesses in the first hour and two in the second. Because of all of the cancellations we've had due to votes in the last series of Wednesdays, I asked our clerk to see if he could line up as many witnesses as he possibly could for today, which he was able to do on Thursday and Friday, which I thank him for. The notice that went out Friday didn't include all of the witnesses, so it's not just some of you who didn't know the names of all the witnesses until earlier today or late Friday; it was everybody. I'm grateful to everybody for co-operating.

Our first three witnesses are Steve Reynish from Suncor, Jordan Brennan from Unifor, and Chris Boivin from Sustainable Development Technology Canada.

I would like to thank all three of you for taking the time to be here today.

I would particularly like to thank you, Mr. Reynish, as this is the third time you've been kind enough to make yourself available to attend, which in itself is extraordinary, but in light of recent events in Fort McMurray, it's even more so. Thank you, sir, for doing that.

I'm going to open the floor to our three witnesses who will have up to 10 minutes each to make a presentation, and then we will follow that by opening the floor to questions. We should be finished the first segment around 5:30. We can suspend the meeting for a few moments. I suspect we can take care of some administrative business then, and then we can get on with the second set of witnesses.

Without any further ado, I will turn it over to our witnesses.

Mr. Reynish, since you have waited the longest, sir, I will let you start.

Mr. Steve Reynish (Executive Vice-President, Strategy and Corporate Development, Suncor Energy Inc.): Thank you, Mr. Chair, and good afternoon, everyone.

I appreciate the opportunity to appear before you today. I have deposited the full text of my statement with the committee clerk. I will try to shorten my remarks to allow more time for questions and further discussion.

My name is Steve Reynish, and I am the executive vice-president for strategy and corporate development with Suncor Energy, Canada's leading integrated energy company, employing over 10,000 Canadians from coast to coast.

The scheduled topic for today is the future of Canada's oil and gas, mining, and nuclear sectors, and how we, in the oil and gas sector, are adjusting to this new, lower-for-longer price environment, or as we sometimes refer to it in Calgary, "even lower for even longer".

First, however, I would like to make some very brief remarks on the fires in northern Alberta and the impacts on the community and the industry. The safety and well-being of people remain the number one priority. Working together, government, industry, and local first nations have safely evacuated thousands of residents and workers. Oil sands companies have world-class safety procedures, experience, and expertise in managing these types of situations and in planning and executing safe shutdown and restart of their operations. Safety and the environment will continue to be our first priority as operations restart, and I am pleased to say some of that is under way now.

The impacts of the fire on Fort McMurray are significant, as you know. Thousands of residents have been displaced. While work is under way to begin the process of rebuilding the community of Fort McMurray—where my family and I lived for three years—it will take some time for the safe re-entry of citizens. In contrast, essentially none of the industrial locations have been physically impacted, to date, and much of the industry is now in the process of restarting operations.

It is important to remember that the industry is here for the long term. These are 50- to maybe 100-year assets, and they are being protected. The communities, the industry, and its people are resilient, and that resilience will allow the industry to return to full production and provide Canada and North America with the energy they need. In the weeks and months to come, industry will continue to work with governments, communities, first nations, and others to restore a thriving community in Fort McMurray.

I think the response to the fire brought out the very best qualities in Canadians. Their generosity in supporting those affected has been and continues to be tremendous. In the days, weeks, and months ahead, the residents of Fort McMurray will need our help and support. Based on the response so far, I know they will get it.

Finally, I know I speak for my colleagues when I say how very proud we are of the determination, spirit, and commitment that our employees and contractors have shown throughout this difficult period.

Now, let's turn to the big picture.

The oil and gas industry is vital to Canada's economy. It creates jobs, generates taxes, and provides for our energy needs. The magnitude and duration of low oil prices are having a significant impact on producers, suppliers, partners, and the wider economy. These effects are being reflected in impacts to real people, their families, and their businesses. It will take years to fully recover. We have all seen the very real effects of the downturn on the Canadian economy, and the knock-on effects of lower revenues to governments. At Suncor, our strategy continues to focus on being a low-cost, low-carbon oil sands producer.

There are two parts to this economic story: the immediate term and the medium-to-longer term.

The immediate term is about survival for the industry, and it is not one the industry will be coming out of soon. I believe we need to see global crude inventories significantly decrease over an extended period of time before oil prices recover.

• (1535)

At Suncor, our integrated business model, our strong focus on capital discipline, and a healthy balance sheet have positioned us to weather this difficult phase. To be frank, we believe that we are in a better position than many others, and we continue to maintain a relatively healthy balance sheet.

In the medium-to-longer term, the challenge will be growth. As I think everyone appreciates, growth equals job creation. Prior to the recent fire event, many producers had cut growth investment to zero.

At Suncor, however, we have maintained our commitment to advance two significant projects: the new Fort Hills mine in Alberta and the Hebron production facility off the coast of Newfoundland. In addition, we increased our ownership in the Syncrude oil sands operations earlier this year.

For this new construction, our goal is to avoid the value destruction associated with stopping and starting projects, and to take advantage of a lower-cost construction environment to ensure that these projects remain economically sustainable. This commitment has meant continued employment for many of our contractors and suppliers. For example, over the next number of months, Fort Hills will employ approximately 5,000 to 6,000 people as it moves into the peak construction period.

Unfortunately, others in our industry with higher debt or limited cash flow have had to defer or cancel long-term investment decisions for future growth projects. Both the price environment and the lack of market access have contributed to these decisions. There are real and long-lasting impacts. For example, all upstream producers lost money in the first two months of this year and, collectively, the industry data shows 40,000 direct job losses and something like 100,000 indirect job losses across Canada.

Also, let us not forget that pipeline capacity is still required to support the existing operations and current in-flight projects. The production and projects across the industry that are currently idled hope to be restarted, and the need for new pipelines has not been diminished. Quite simply, future job creation and new investment

will depend on project economics, of which price is the single biggest factor.

Other factors, such as regulatory and fiscal certainty, market access, and the overall policy burden costs from different levels of government, play a key role. To illustrate this situation, the capital investment of Suncor's interests in the \$15-billion Fort Hills project is \$6.5 billion, and Suncor's investment in Hebron is over \$3 billion. Construction on both of these projects is expected to be completed in the fourth quarter of 2017. Once these two projects are substantially complete, the order books for firms across Canada supplying products and services to these projects will be largely clear, and there are few new megaprojects, if any, on the horizon.

While the price environment has been challenging, Suncor has preserved its commitment to research and development and new technology. I know this is an area of interest for the committee.

Suncor spends approximately \$200 million annually on new technology and innovation. These investments are aimed not only at improving economic competitiveness by reducing costs, but also at helping to minimize our environmental footprint related to water management and at reducing our greenhouse gas emissions.

We are unlikely to see new growth projects without the adoption of new technology, and governments and industry need to work together through a robust R and D effort to reduce the carbon footprint and improve the economics of future oil sands development. In fact, in support of further technology and innovation development, Suncor has publicly supported a broad-based price on carbon.

• (1540)

In particular, we have actively supported the Alberta climate leadership plan, and our chief executive, Steve Williams, was part of the Canadian delegation in Paris for the COP21 discussions.

We look to government to continue to support a culture of innovation. This support should be in the form of direct investment in R and D, and ensuring an adaptive regulatory framework to allow for technology adoption.

Fortunately, the approach required for today is also relevant to the medium-to-longer term. For the industry to be viable in the longer term, our actions today must be part of a lifestyle change, not a crash diet. To be successful, we will need to work together with governments. This means ensuring that strong cohesive policy frameworks are in place to facilitate future development, particularly in securing market access.

We are increasingly in direct competition with our largest customer, the United States, and it is through this lens that we need to consider regulatory efficiency of our industry. Improving our takeaway capacity will improve the ability for corporations to continue to focus on growing, ultimately providing jobs and economic growth.

We want to work with government to ensure there is public confidence in the regulatory process. By addressing these issues and enabling infrastructure projects, we can finally start getting full value for Canada's resources.

Suncor remains committed to working with all governments on moving forward to a low-carbon future. We would encourage the government to consider how we can avoid double counting when setting targets in provincial jurisdictions, where efforts are already under way to reduce greenhouse gases.

With that, Mr. Chairman, I'd be pleased to answer any questions and elaborate on any points I have made.

Thank you very much for the opportunity.

• (1545)

The Chair: Thank you very much, Mr. Reynish.

I'll turn it over to either one of you gentlemen.

Mr. Brennan.

Mr. Jordan Brennan (Economist, Research Department, Unifor): On behalf of Unifor, I want to thank the standing committee for allowing me to speak to you today.

Unifor is Canada's largest private sector labour union. We have over 310,000 members in 36 or so industries. We have 13,000 in oil and gas, all the way upstream in the extractive process, midstream in refining and manufacturing, and downstream in natural gas distribution.

We're in the process right now of developing a comprehensive national energy policy, but it is not yet finalized so I can't give you specific policy recommendations. But I want to bring some pertinent facts to your attention, and also some principles and the policy orientation that we're using to think about energy development in Canada.

Hydrocarbons—that's crude oil, natural gas, and coal—together make up 87% of global energy consumption. It's almost all of it. It's all fossil fuels. Renewable energy is only 2% right now. The single largest and most important fuel source is oil, and that's 33% of the global total. When Stephen Harper said that Canada was an energy superpower, he meant it in the context of world energy demand. We have the third-largest global reserves of oil, we're the fourth-largest producer of crude oil, we're the fifth-largest producer of natural gas, and the fourth-largest exporter of natural gas, so he wasn't lying when he said that.

If you look at Canada's actual production mix, nearly half of it is crude oil, 45%, and natural gas makes up a further third, at 34%. That's what we produce domestically. Again, overwhelmingly, it's hydrocarbon-based.

Our energy consumption is a little different. Again, the single largest fuel source is oil at 31%, and then natural gas at 28%. Those two, those industries we're describing here, constitute 60% of our consumption. Only 1.5% is renewable energy.

Now, Canada is actually uniquely blessed in our energy mix in that we have such a high degree of hydroelectric potential. When you look at hydroelectric, nuclear, and renewable energy, those three

areas together are 35% of our consumption. Those are non-emitting fuel sources, and that proportion, 35%, is much higher than the global average. Globally, only 13% of consumption is non-emitting. In the EU, which is the champion for renewable energy and non-emitting, they're only at 24%. So even though we consume more than the EU, our consumption mix is much more tilted towards non-emitting sources.

I just want to bring the population of each jurisdiction in Canada, the proportional primary energy production, and the proportional consumption to your attention because 65%, two-thirds, of our energy is produced in Alberta. A further 22% is produced in Saskatchewan and British Columbia.

What do these facts mean? They mean three things at least. The world currently has an enormous appetite for hydrocarbons. Second, Canada has an abundance of these resources. Third, any talk of decarbonization is going to have a differential effect on people who live in western Canada, because decarbonization, effectively, means their economy, as most of it is produced up there. These are just the facts we're dealing with right here. I'm just trying to lay out some factual context.

Those three things are significant. When we look at the energy sector's contribution to Canadian prosperity, it's enormous. Ten per cent of our GDP is energy-related, so that puts it on par with manufacturing. When you restrict the focus to oil and gas, it's 7%. That may sound small, but that's the whole finance and insurance industry, roughly 7%. That's the whole health care and social assistance sector—health, 7%. That's roughly the size of education.

Oil and gas is a major contributor to Canadian prosperity. It's outsized in terms of business investment. It constitutes roughly one-quarter of all business investment in Canada, and it is also outsized in terms of well-paying jobs. From a labour perspective, the average industrial wage in Canada is \$23 an hour, so annualized you're looking at \$46,000 a year. That's the Canadian average. In natural gas distribution, it's more like \$36 an hour, so you're looking at more than a 50% premium on those jobs. In oil and gas extraction, in the extractive activities, it's fully double. You're looking at more like \$45 an hour.

• (1550)

I say this because the energy industry is an important source of good-paying jobs.

Canada is a major exporter of oil and gas, of energy, but we're also dependent on foreign sources for our imports. We export 3.6 million barrels of oil per day, almost all of it going to the United States. Most of it goes unrefined. It's either bitumen or unrefined petroleum products. Only 15% of our exports are actually refined petroleum products.

We also import 1.2 million barrels of oil per day and that reflects the fact that our energy grid is positioned on a north-south axis. Western Canada ships most of its energy resources south to the United States, and central and eastern Canada import a lot of their energy. The United States is the single largest supplier, but also Saudi Arabia, Nigeria, Norway, and so on.

Canada's energy resources are of world historical significance. They're a source of geostrategic influence. This is part of the starting point of any conversation about decarbonization. Our civilization is built on this energy source, and there's no getting around that. Nearly 90% of our energy is fossil-fuel based. Unifor does recognize the severity of the challenge we face in terms of carbon emissions, pollution, and other forms of ecological devastation.

At the lowest level of resolution, Unifor believes that we can responsibly develop these energy resources, while respecting aboriginal treaty rights, and that would include, of course, consultation and full socio-economic participation, and we can meet our emissions targets as set out in Paris at the COP21.

The current development model for energy will not get us there. During the upswing of the commodities super cycle, during the energy boom, we dug this stuff out of the ground as fast we could, we shipped it off to whomever would buy it, mostly unprocessed, mostly unrefined, often purchasing it back in finished form.

To Unifor's way of thinking, every time we build a pipeline or expand pipeline capacity of unrefined, unprocessed energy resources, we are exporting good jobs. I'm going to circle back to that in just a moment. This gold rush mentality that we've had, you see the negative consequences of this in Alberta and you see it in Newfoundland. When prices are rising, everyone thinks this model looks good, when prices crash, as they inevitably do, everyone gets their second thoughts going.

I'm going to speed up a little bit here.

The key point I want to make is this. If the world is going to decarbonize, and if Canada is going to decarbonize along with it, we need to extract as much economic activity from these resources as possible. We should be trying to spin out as much as possible in the way of job creation and GDP growth if we're going to shrink our resource economic base.

If you look at Canada's refining capacity, just a few more facts, we have 10% of global reserves, 5% of global production, and 2% of refining capacity. We have been shutting down refineries. Between the early 1980s, at the end of the last boom, and the late 1990s, we shut down, on average, one refinery per year.

Even during the energy boom, we shut down four refineries. Our production has tripled since 1978 and our refining capacity today is lower than it was in 1978. We are shutting down all the good-paying

jobs associated with refining these resources and just shipping them out as fast as possible. This represents a lost opportunity.

Unifor believes we should develop a national strategy to develop our resources responsibly. We should be drawing on the best practices of other energy jurisdictions in terms of conservation and efficiency, in terms of public ownership and regulatory oversight, consultation, security of supply, and maximal economic community benefit. I'll leave it at that.

Thank you for your attention.

• (1555)

The Chair: Thank you very much.

Mr. Boivin, the floor is yours.

Mr. Chris Boivin (Vice-President, Investments, Sustainable Development Technology Canada): Thank you very much for having me here today.

I'm representing Sustainable Development Technology Canada. I am the vice-president of investments at SDTC. I have brought along with me some handouts. Hopefully, you've received copies of those, which I will be referring to at several points during my presentation.

I will apologize upfront. We did not have the time to translate them in advance. It was a bit short notice, but we will follow up with a translated deck for you, so you have that at your disposal.

In terms of what I'd like to cover today—

The Chair: Just so committee members know, it has not been distributed because it has not been translated. We received it just before the meeting.

Mr. T.J. Harvey (Tobique—Mactaquac, Lib.): Do we have an English copy of it? We could ask for permission from members of the committee.

Hon. Candice Bergen (Portage—Lisgar, CPC): We can do that. We can ask for permission.

The Chair: Is there any objection from the committee members if we get it copied while the presentation is being made and then distribute it?

Okay.

Mr. Boivin, perhaps you can proceed. We'll get this copied and distributed as quickly as possible.

Mr. Chris Boivin: Great. Thank you.

To begin, I'd like to provide a brief overview of SDTC. I'm not sure how many folks are familiar with us as a foundation. I'd also like to talk about some of the drivers we see in the sector, in the oil and gas sector specifically, for innovation. Finally, I'd like to give you an overview of some of the investments SDTC has made over the past 15 years in the sector, to get at some of the issues raised by some of my peers here.

SDTC was created in 2001 with the mandate of being a policy instrument of the government to deliver environmental and economic benefits to Canadians. We're to do that by fostering the development and demonstration of technological solutions that address climate change, clean air, clean water, and clean land or clean soil. We're also to forge innovative partnerships and build a sustainable development technology infrastructure within Canada, which is more than just the hardware, it's also the ecosystem. We're also to ensure timely diffusion—that is, increase the number and rate of uptake of technologies into the marketplace across Canada to provide national benefits. That's national economic and environmental benefits.

As our primary instrument in delivering on our mandate, we use the SD Tech Fund, which is essentially a granting instrument that has received allocations of \$955 million from the federal government to date since 2001. That has been largely deployed to date or allocated to projects. We are sitting at roughly \$850 million of investments across Canada's economic sectors.

We're registered as a not-for profit and we operate at arm's length but we are accountable to Parliament, formerly through the Minister of National Resources but now accountable through the Minister of Innovation, Science and Economic Development. We are governed by a board of 15 directors, seven of whom, including our chairman Jim Balsillie, are nominated by the Government of Canada.

Essentially the role of SDTC is to financially de-risk the development and demonstration of technologies. It has been studied for a long time and identified that a lack of capital flows into high-capex development and demonstration of technologies. SDTC's role within that is to buy down some of the financial risk and draw in some of the other financial parties so that these technologies can mature, become market-ready solutions and drive benefits to Canadians.

To date that \$850 million from SDTC has been invested in 304 projects. That \$850 million has leveraged \$2.3 billion from partners. That's government and industry, but about 85% of that is industry. So it's primarily industry.

In terms of the sectoral spread of our funding, a significant portion has been deployed to the oil and gas sector. I would say an estimated 15% has been deployed to what we refer to as cleaner fossil fuel technologies. These are advanced extraction technologies, but also technologies that address some of the waste streams from production. We've also invested in some of the support infrastructure, significant investments in pipeline leak detection technologies, other safety measures associated with production and the pipelines, as well as technologies that are used in the service industry that support the oil and gas sector.

What do we see as the trends or the challenges for the sector and some of the issues we should have top of mind when we look at innovation going forward in that sector?

First I would refer to the OECD green growth indicators study from 2014, which ranks Canada's competitiveness on multi-units on a GDP basis. They looked at GDP productivity per unit of CO₂, GDP productivity per unit of energy used, per unit of water withdrawal, and per unit of material consumption in production. Canada ranked not so well, not so favourably, according to the study, when compared with peers such as the United States, the U.K., France, Germany, Ireland, etc. We ranked 14 out of 15 on CO₂ productivity, 15 out of 15 on energy productivity, nine out of 11 in water withdrawal productivity, and 11 out of 15 in terms of material consumption productivity on a GDP unit basis.

• (1600)

Furthermore, the world is getting increasingly competitive, as we all know, and there are some megatrends out there that will impact the competitiveness of the sector going forward. The IPCC estimates that we need to reduce emissions by 40% to 70% to avoid the significant impacts of climate change. There's an expectation of 90 trillion dollars' worth of infrastructure investment to achieve significant reductions in carbon emissions over the next 15 years.

China is launching a carbon market in 2017 addressing eight of its sectors. That's just around the corner and they are working closely with the EU to align their policy framework for their market with that of the EU's. It is expected to create a consolidated market in the five- to 10-year time frame.

Finally, a recent McKinsey study estimates that 25% to 40% of the world will be facing shortages in water, energy, and food. Obviously I'd like to highlight energy in that we sit on a lot of energy resources. We need to deploy them effectively.

What does that mean for the oil and gas industry, particularly in Canada?

Many of the speakers before me have indicated the estimates from NRCan are in the range of 8% of our GDP. It's therefore critical to adopt innovative and sustainable solutions to stay competitive. We need to continually improve and drive performance margins to maintain our position in the global competitive landscape, but resilience in the sector to ride through these big macroeconomic blips that we're seeing, particularly on the price of oil, will be tied to a triple bottom line. It's more than just cost-competitiveness. It's environmental and social competitiveness.

You can see globally that externalities are playing an increasing role in determining the viability of business opportunities. Whether it's the perceived carbon liability or social licence issues delaying the rollout of projects, which all adds to the capex and the deployment cost of new business opportunities, these are all coming to bear. For economic prosperity to be maintained in this fast-changing world, we'll need to address those three pillars: economic, environmental, and societal.

We've all seen just how dramatic the highs and lows of oil prices have been over the past 10 years. There's a lot of volatility. It's very difficult for any industry to navigate that kind of volatility. In terms of a different breakout of Canada's position within that volatility, we're looking at how we can hold on to market share within that volatility. What price point do we require to have significant margins and to retain Canadian economic benefits?

This chart illustrates the cost bands for different producers of oil across the world from different resource stocks, as well as the GHG emissions per barrel for the different production pathways. The grey blocks are the cost band. Horizontally, you have the volume of production attributed to each production source and then the I-shaped bars give you the spread of the GHG emissions for the respective sources of production routes of oil.

I would like to highlight the oil sands block, which clearly shows it has the highest range of cost of production, but also the highest range of GHG emissions per barrel of oil. This is obviously not an ideal position to be in when you deal with volatility and drastic price drops. The red line across the horizontal is roughly the current price point, the green line being the average production cost across those various grey blocks. We're well above both the average and the current price point.

●(1605)

SDTC's investment thesis in this space is all about driving that cost range down. The next chart essentially illustrates where we're targeting, both from a cost of production point of view but also from a GHG intensity point of view per barrel. We've made quite a few investments in this space since our inception to achieve those objectives, and we're open for business to invest in more.

In terms of an overview of SDTC's investments across the value chain, they go from exploration all the way to marketing and distribution. As I said, this represents roughly 15% of our funds, so about 150 million dollars' worth of investments in this space. When I say investments, I mean grants. We're are a non-dilutive instrument. We do not take an equity position in the companies that we fund.

A significant portion of our investments in the value chain has been in production, obviously. We've looked extensively at solvent-

based extraction. We've looked at enhanced steam operations. We've looked at downhole steam production, which also drives significant efficiency advantages, but we've also looked at tailings management, reducing the net yield of tailings but also remediating them completely, as well as extracting more value out of those tailings, minerals, and other co-products.

Finally we've look at addressing the balance of plant, driving efficiency throughout the operations of production. We refer to upgrading and refining. SDTC also sees this as a very important space to play, all with the objective of retaining value for Canadians but also driving up efficiency. The more refined the product is before it gets in the pipeline, the more efficient its transport. The investments we've made in companies like MEG Energy, Fractal Systems, and Field Upgrading, are all targeted at partial upgrading to enhance the amount of margin retained by Canadian entities at the end of the day.

Also we've made significant investments in pipeline, pipeline integrity, pipeline leak detection, and even pipeline repairs in sensitive ecosystems as well as investments in downstream refining in companies such as Quantiam, Imtex, and Paradigm Shift Technologies, which are drastically reducing the energy intensity of creating chemical building blocks for industry.

●(1610)

The Chair: Mr. Boivin, I'm going to have to ask you to wrap it up quickly.

Mr. Chris Boivin: My apologies. I can close it there and open to questions if we're really tight on time or I could go just a few full bullets on concluding remarks. It's up to you.

The Chair: Just under a minute. How is that?

Mr. Chris Boivin: Sure, will do.

I'll just summarize what we think is important. Innovation we think is very important, but innovation that addresses the triple bottom line. Canadian oil sands are in a precarious position because of the cost and the GHG intensity. It's imperative that we continue to drive performance in that sector.

We strongly encourage investments in innovation, but we must recognize that it's not easy in the oil and gas sector. We're looking at significant capital that's already been deployed, sunk cost, so to speak. It's very difficult to change the practices of those facilities, but the timeline for new facilities is also very long, and the opportunity is now to build innovation into those new facilities going forward.

Thank you.

The Chair: Thank you very much.

I'm going to open it for questions.

Mr. Lemieux, over to you.

[*Translation*]

Mr. Denis Lemieux (Chicoutimi—Le Fjord, Lib.): Thank you, Mr. Chair.

I'd like to thank the witnesses for their excellent presentations.

The committee is currently studying the relationship between the oil and gas industry and sustainable development. My questions are for Mr. Reynish, from Suncor.

Mr. Reynish, Suncor was a key industry contributor to Alberta's climate leadership plan and has made no bones about the fact that it supports putting a price on carbon.

Why is Suncor in favour of carbon pricing? In addition, where does your company stand on the repercussions of a carbon tax on Canada's oil and gas sector going forward?

[*English*]

Mr. Steve Reynish: You're right that we do support a general carbon pricing mechanism because we think this supports the proper market reaction in assessing how carbon affects the whole of our economy. We do think measures need to be taken. We think a broad-based carbon tax is the right way to do that, and we think Alberta is taking a leading role in putting that in place, so we're very supportive.

[*Translation*]

Mr. Denis Lemieux: I also know that Suncor is present in Norway's energy market. I have personally studied Norway's energy management practices and Statoil's business model.

Why do you think Norway has become a model in getting its oil and gas resources to the marketplace? What is its recipe for success?

[*English*]

Mr. Steve Reynish: Yes, you're quite right. We do have upstream production facilities in Norway, so we are part of the Norwegian oil and gas sector. I'm afraid I don't have any quick insights into why Norway is so successful at doing what it's doing there, but we are part of the upstream part of that business.

I'm afraid I don't know the answer to your question. We'll have to get back to you on that one, with respect to the distribution of products.

[*Translation*]

Mr. Denis Lemieux: Do you think the fact that Norway's government is so heavily involved in the oil and gas industry plays a role in the sector's ability to distribute oil products with ease?

[*English*]

Mr. Steve Reynish: Yes. I think the European situation is, perhaps, quite a bit different from the geographical challenges that we have. I think I would agree with you that participation from the Norwegian government in their oil and gas sector—and I understand it's a very close participation—does make them very knowledgeable and able to help and participate where appropriate. I think I'm agreeing with you on that.

• (1615)

[*Translation*]

Mr. Denis Lemieux: Suncor is without a doubt a pioneer in Canada's oil sands development, operating three refineries in Canada.

Is Suncor directly involved in transporting its oil and gas products to the marketplace? If so, what involvement does it have? If not, why does the company not play a role in the transportation of its oil and gas products?

[*English*]

Mr. Steve Reynish: We are involved. We're involved in the full value chain of oil and petroleum products in Canada, and to some extent, in the U.S. We are an upstream producer of products. We upgrade that product. We transport it, either through some of our own pipes, or more generally, the pipes that are open to public participation.

We have three refineries in Canada and one in the U.S., as you rightly point out. We participate in the wholesale and retail markets in Canada through our Petro-Canada brand.

We operate right across the value chain. We also trade volumes across that chain, so we're very knowledgeable and participate in all aspects of that value chain, if I can put it that way.

[*Translation*]

Mr. Denis Lemieux: Does Suncor export refined oil outside Canada?

[*English*]

Mr. Steve Reynish: Yes, we export to the U.S. Other than that, we have exported very little. I think we may have tested some trial cargoes now and again over time, seaboard cargoes. But by far, most of our production goes into the U.S., either in the form of crude oil or in the form of products, as you state.

[*Translation*]

Mr. Denis Lemieux: I'm going to wrap up with a bit of a technical question.

One of the by-products of refining oil sands crude is petroleum coke. Which Canadian market is that petroleum coke sent to?

[English]

Mr. Steve Reynish: I don't think it has any use in Canada. We essentially put the petcoke that we remove from our upgrading site back into the ground. That carbon is put back into the ground. I know we have exported some of that from time to time, but as far as I'm aware it doesn't go into the product chain in Canada itself.

[Translation]

Mr. Denis Lemieux: Isn't the quality of the petroleum coke good enough to be used by aluminum plants in the making of anodes, for instance?

[English]

Mr. Steve Reynish: I think it can be used in any process as a heat source. It tends to be a very high-carbon product, but as I say, I don't think we sell any of that for combustion in Canada.

The Chair: Thank you.

[Translation]

Mr. Denis Lemieux: Thank you.

[English]

The Chair: Ms. Bergen.

Hon. Candice Bergen: Thank you very much, Mr. Chair.

Thank you as well to our witnesses for being here.

The first question I'm going to ask to you, Mr. Reynish. You'll be on the hot seat again. I'm going to ask Mr. Brennan if he might have a comment on this. I don't think Mr. Boivin would.

With regard to the need for fiscal and regulatory certainty when it comes to building energy infrastructure, pipelines specifically, very recently the government signed and has talked quite openly about signing UNDRIP. There has been some uncertainty as to whether the government believes that means first nations would have free, prior, and informed consent, and whether that means a veto on natural resource development and energy infrastructure projects. Can you comment on what you know about that and what kind of certainty or uncertainty that's causing?

Mr. Steve Reynish: I'm afraid I don't have any insight into the specific example you've cited. I would say, though, that it's important to note that new projects, be they pipelines or other facilities, tend to be very long-lead, high-capital investments, and for a company such as Suncor to justify making that capital investment, we are trying to get as much fiscal and cost certainty as we possibly can. They're very long timelines.

When I say very long, we're talking 10-years plus, perhaps, in terms of the conception of an idea through to executing it on the ground, and there are examples of things taking longer than that. When we talk about certainty, we're talking about as much confidence as we can possibly get in justifying capital investment because of the long lead times and because of the high capital involved.

•(1620)

Hon. Candice Bergen: I would think it would create a lot of uncertainty or certainty if the government would now give first nations the ability to veto a project.

For example, even with the additional five steps that the government has introduced, which include first nations consultation and community consultation, this goes a step further. Would you have any comment on that?

Mr. Steve Reynish: I would say we have very good relationships with the first nations, but the more examples of vetoes or opportunities for anybody to stop a project or extend the time taken to make a decision, the greater the increase in uncertainty and the more problematic the investment. That's how I would answer that.

Hon. Candice Bergen: Mr. Brennan, do you have any comments on that? I'm sure your workers and the workers you represent are losing jobs and seeing some of these oil and gas jobs go now to our biggest competitor, the U.S. Are you familiar with this issue at all? Do you have any comment on this issue?

Mr. Jordan Brennan: I don't have a deep understanding of it, but Unifor's position is that aboriginal treaty rights will necessitate a new approach to energy development that would include consultation and full socio-economic participation.

As a side note, I mean this is just like a footnote with my little name attached to it and not necessarily Unifor's, you can't cut people out of prosperity for the entire history of the country and have all the other injustices people have faced and then think that aboriginal people will be jumping on board energy development. No one in their right mind would do that. We need a new approach to energy development that recalibrates the relationship with first nations people.

On the UNDRIP, my understanding is that these declarations have no legal basis. The Canadian legal system would have to enshrine it in our domestic law for it to be enforceable.

Hon. Candice Bergen: So you wouldn't see it as a veto. You would see it as....

Mr. Jordan Brennan: I don't know what it means. Jeffrey Simpson wrote about it in *The Globe and Mail* this week. I don't think anyone at this point knows what it means.

Hon. Candice Bergen: Our government, when we went ahead in principle, said Canadian law would usurp it, so it would not be a veto. We're hoping the government will clarify that one way or the other. I think we're hearing more and more that it's the uncertainty. Yes, it means a veto, or no, it doesn't mean a veto, is better than shuffling your feet and not giving an answer. In terms of the uncertainty that Mr. Reynish spoke about, that was one point.

On the refineries issue, I thought it was very interesting, Mr. Brennan, your discussions about refineries. I'm wondering, given the uncertainty, given the fact we can't get pipelines built, and given that we have pipeline proponents now having to answer for upstream GHGs, can you imagine anybody who would want to invest in a refinery in Canada? Is there an attractive place in Canada? Is there a regulatory...or a province, or would the federal government be...? Do you see that as something that's even going to happen?

It's an interesting idea. Just right now, given the current climate.

Mr. Jordan Brennan: I don't know the business case for it, but the energy companies seem to be saying we need to get this product out and pipelines are being blocked, so it's being shipped by rail. Why not upgrade it and refine it here in Canada? Right now we need to ship it out because we simply lack the capacity. Why don't we build the domestic... We've been shutting down refineries like it's our national job. Why don't we refine it in this country and consume it domestically?

Right now the energy development model we have is the wild west. We embrace the free market mentality when it comes to it, with all the perverse consequences.

• (1625)

Hon. Candice Bergen: I'll be quick, because I only have a moment left. Thank you very much for your comment.

Mr. Reynish, one more question, do you think pipeline builders should be responsible for upstream GHGs and be accountable in the regulatory process? We've heard a number of witnesses say that upstream GHGs should not be counted against pipelines, which are not major emitters.

Mr. Steve Reynish: I think we would say to look at the facility we're debating, and I don't think that pipelines should be included in that. Pipelines themselves are not greenhouse gas emitters, so I think it's difficult to argue that they should be included.

Hon. Candice Bergen: Thank you.

The Chair: Thank you.

Mr. Cannings, over to you.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thanks again to all of you for being here today.

I want to start with Mr. Reynish again. You mentioned a carbon tax and the Alberta climate action plan. I wondered, assuming a broad-based carbon tax across the continent at least, what kind of tax do you envision? For instance, would it be a revenue-neutral tax or something that would go to fund innovation? How high a tax would be needed to drive the market toward something where we would be meeting our COP21 commitments, for instance?

Mr. Steve Reynish: If the ambition is to drive down carbon emissions, and I think it is, then a broad-based carbon tax would help that objective. What we're trying to do is change behaviour and limit the amount of hydrocarbon that is being burned. That's the advantage of a broad-based carbon tax.

Whether it's carbon-neutral, or greater than that, is a function of how quickly or how thoroughly we want to change behaviour. I'll leave it for governments to make that determination.

We would like to see with whatever money is raised that at least a portion of that comes back in the investment in technology to reduce carbon emissions at the point of production. We think there is a bit of a virtuous circle in terms of increasing investment in technology. Overall, my take on it is that we're trying to influence behaviour.

Mr. Richard Cannings: Okay.

Mr. Boivin, you mentioned that part of the goal of your organization was to bring Canada, or at least the oil sands costs, both the monetary costs and the environmental costs, down into the range of other types of oil. I missed what the timeline there might be, or perhaps you didn't give it, but I'm just wondering if you could speculate in some crystal ball as to how long that might take.

Mr. Chris Boivin: I'm not sure I can predict that. There are many factors there that are well beyond our control. I can maybe answer it by saying that within our own portfolio, and I believe there are investments being made by some of the larger players in Alberta as well, we see solutions that are either approaching market readiness or we consider to be market ready, so ready for their first commercial-scale deployment. But it's a difficult position right now to try to finance those projects given their scale and given the climate with depressed oil prices.

I would also point to the longer-term policy signals around carbon and decreases in carbon emissions, which have a horizon. If you look at the Alberta objectives, 2025 targets start to have some bearing on the sector. Even going beyond that to 2030 and 2050, if we're going to deliver on those promises and those commitments, those projects have to start to be planned now or within the next five years.

• (1630)

Mr. Richard Cannings: Will these innovations be undertaken on existing projects, or will it take effect only on new projects as they're built? Can they be retrofitted?

Mr. Chris Boivin: For some of them, they can be retrofitted. Some of the enhanced steam utilization technology, some of the technologies that address tailings waste, water waste, etc., those can largely be retrofitted. But many of the solvent-injection technologies, which are perhaps some of the largest plays in terms of the potential for both water savings and GHG emission reductions—in fact, we have one in our portfolio that's targeting emission reductions of about 70%—that will require new infrastructure and a new project to be developed. It would not be a retrofit application. Again, the time horizon, if you had all the capital at hand today, is that you're probably looking at three to five years before that project could have any substantial production, at a minimum.

Mr. Richard Cannings: Finally, for you, what is the amount of effort or funding that your organization puts into renewable energy projects versus oil and gas or other energy industries?

Mr. Chris Boivin: Yes, I'd say it's pretty equivalent. We largely mirror the level of GDP that comes from the sector. We do have a healthy power generation portfolio as well, which does have a significant number of both renewables but also other low-carbon routes. We recently invested in a couple of nuclear technologies that are next-generation nuclear, and are smaller, modular, with lower safety concerns, etc. We have a pretty diversified portfolio, but it's roughly commensurate to the level of GDP in the sector that we spread our portfolio.

Mr. Richard Cannings: If it's commensurate with GDP, you're not really trying to drive new renewables. Is it more just supporting them in their present...?

Mr. Chris Boivin: We certainly look to drive performance similarly on cost and efficiency, etc., of renewables. We're typically looking for the ones that can compete head to head with the incumbent energy solutions that are out there, so any time we see an opportunity that can disrupt the landscape like that, we would certainly foster it.

Mr. Richard Cannings: I just wanted to come back perhaps to Mr. Reynish and ask about UNDRIP again and free, prior, and informed consent. As I understand it, that is totally compatible with Canadian law and I just wanted to again ask your thoughts on that.

Mr. Steve Reynish: Anything that's compatible with law is fine by us. It's really the certainty piece, I think, that we were talking about previously. The greater the clarity we have, the better as far as we're concerned.

The Chair: Thank you.

Over to you, Mr. Serré.

Mr. Marc Serré (Nickel Belt, Lib.): Thank you, Mr. Chair.

Thanks to our three witnesses for their great presentations.

What I've heard from the three witnesses as we've talked about the long term is that the number one issue with the volatility is the low oil pricing. That's the number one issue that's affecting the oil industry. If I heard you correctly, we have an opportunity to get this right. I want to talk a bit or ask questions about the innovation agenda and the consultation.

First, Mr. Reynish, can you speak to our government's plan to invest in innovation and help resource natural development increase the sustainability of the pricing practices?

Mr. Steve Reynish: Yes. As I commented in my introductory remarks, hopefully, we do see the role of new technology as a very important component from both an environmental footprint point of view and a cost reduction point of view in oil sands and in oil technology.

We are making investments in those areas. We do have support from some of the government agencies, we welcome that, and we think there is more to do. We're looking forward to continuing to work closely with government. As I mentioned, Suncor itself is investing \$200 million a year directly in new technology, including some of the technologies that Mr. Boivin has mentioned here, such things as the application of solvents and other technologies.

I think it's very important from a cost point of view and indeed for the environment. They tend to go hand in hand.

• (1635)

Mr. Marc Serré: Also, you mentioned the \$200 million in new technology innovation for the future, so that's a great investment by Suncor.

I wanted to ask also about the consultation side. Enbridge's president indicated a few weeks ago about looking at needing more time because the company hadn't consulted the first nations and Métis community enough. We heard earlier from you, Mr. Brennan, when you mentioned that pipelines were being "blocked".

I want to clarify that comment. When we look at reviewing the environment, you're reviewing the consultation with a first nations community. Can you elaborate a bit on that comment?

Mr. Jordan Brennan: Sure. I don't know if I said that pipelines were being blocked; I meant opposition to pipelines. There's good reason for that. I wasn't trying to denigrate that.

This fact isn't well known enough, though, which is that it didn't actually stop the shipment of oil. It just moved the oil out of the pipelines and onto trains, which is far more dangerous. That as well is a fact that we have to think about. That's in the way of clarification. I didn't mean to say this is ill-founded, or not justified, or what have you.

Mr. Marc Serré: What more can we do to consult our first nations and Métis communities?

Mr. Jordan Brennan: I wish I had a great blueprint for you to include. I don't know. Unifor doesn't have a.... We're not in the business of government. We would like to play a constructive role in that, but we're still a relatively new union, and I'm new to this file. I'm still trying to wrap my head around a very big issue, so I wish I had something more substantive.

There should be something. This is where we require leadership from Ottawa to set out some type of process to bring stakeholders together. I don't have anything else besides a high level of generalization.

Mr. Marc Serré: Mr. Reynish, what would you say is the greatest market opportunity for our Canadian crude products?

Mr. Steve Reynish: I think the greatest market opportunity at this point in time is access to tidewater for Canadian material and the establishment of new markets.

Mr. Marc Serré: Essentially, then, for Unifor, when we look at our government's investment in clean technology and the opportunity for job creation in both the natural resources and the tech sectors, what kinds of other spinoff benefits do you think we could have with that?

Mr. Jordan Brennan: With respect to the oil and gas industry, anything to reduce the overall emissions level, and the intensity level as well, will help. For one, right now we're burning coal to get bitumen out of the ground in northern Alberta. Why aren't we using our hydroelectric resources right next door in British Columbia? Right away, that will reduce the CO2 intensity of a barrel of Alberta's oil. I mean, that's not even a new technology. That's simply a new energy arrangement between the provinces. Right away, we would get our emissions down there.

I can't speak about emerging technologies and how they're going to reduce greenhouse gas emissions.

I do want to add something, though. This is an important part, a little clarification. Oil prices are not low right now. They're not low by any standard. If you go back to 1945, the long-term average price of oil in today's dollars was \$34. Go back all the way to 1900, over the past century and more, the average price of oil was \$32. We're above the historic average right now. I don't know why people think we're below; we're well above. Don't expect it to go back to \$100. That was a blip. That was a momentary aberration. It may never come back again.

The Chair: Mr. Barlow, over to you for five minutes.

• (1640)

Mr. John Barlow (Foothills, CPC): Thank you, Mr. Chair.

I want to take this opportunity, Mr. Reynish, to thank you very much for everything that Suncor has done in Fort McMurray in terms of housing those who were displaced. Your entire company and staff really stepped up in a very difficult time. My colleague and I spent some time in northern Alberta over the last few days speaking with evacuees and oil and gas companies and service companies and it really was heartwarming to see, in a very difficult time economic-wise, that everyone stepped up and did whatever they could for that community.

I wanted to say thank you very much for everything that Suncor did there.

My first question is to Mr. Brennan. You mentioned something that I thought was really interesting in terms of the number of barrels being imported into Canada and the economic impact of that. You were talking about a study that Unifor has ongoing—I understand it's not finished—but I'm curious. If we look at the number of barrels being imported into eastern Canada, about 740,000 barrels a day, your number was \$20 billion a year leaving Canada's economy. Has your study or will your study include the economic impact of the energy east pipeline in terms of, hopefully, when energy east is approved, what the job creation would be from energy east?

You touched on it and it kind of piqued my interest that you would like to see more refining here in Canada. We have refineries in Nova Scotia, New Brunswick, and Quebec that have been shut down because of the lack of an oil source. Energy east would be that source. Would your study include anything, or would you be able to comment on what high-paying jobs would come from energy east being approved?

Mr. Jordan Brennan: Thanks for the question.

No, it wouldn't. We're trying to develop an energy policy. It wouldn't be a study. That is an interesting question, what the spinoff jobs would be, and then increasing the density of the industry in eastern Canada. Historically, Unifor and our predecessor union, the Communications, Energy and Paperworkers Union of Canada, which was the union that housed all the energy workers we now have at Unifor, opposed pipelines that were meant to only be shipping unprocessed or unrefined bitumen.

In principle, we could support pipelines that would be geared toward domestic upgrading and refining, and then the spinoffs in petrochemical manufacturing as well as in petroleum products. We haven't worked out the details, but in principle that's the type of responsible energy development we could support, where we treat this natural resource as a community development lever, not as something that's a quick buck while prices are high.

Mr. John Barlow: I couldn't agree more. I look at a project like energy east as a nation builder, something that's going to be an economic driver, not only in Alberta but across the country.

Mr. Reynish, I'm going to switch over to you really quickly. You talked about not putting a price on upstream GHGs because pipelines do not produce GHGs.

Again, when we were touring some of the northern Alberta communities these past few days asking people what can we do as a federal government to help you get back up on your feet after everything is done, the number one response from everybody wasn't increased EI or anything like that, it was "Get us back to work". The number one issue was that we do not need additional regulatory regimes; we need to have these pipelines go through the proper process in the timeline that was there.

From Suncor's position, is the regulatory regime that we've had in place for years—we can always improve, I understand that—but do you feel there are needs for additional reviews and regulations? I'm looking again at Trans Mountain pipeline and energy east. These projects could be delayed several months and maybe up to a year as we talk about putting in new regulatory regimes and reviews, even if we don't know what they are yet. I feel that the biggest obstacle we are facing right now is that unknown and that uncertainty. Can you comment on what obstacles that is putting in front of companies like Suncor?

Mr. Steve Reynish: As we perhaps touched on a little earlier, the uncertainty that you refer to is, I think, an important consideration and does form a barrier to investment. We do have some very thorough regulatory review processes. Consultation is a very important part of that. We're fully supportive of that.

I would just be careful. If I could offer a word of caution, obviously the timeline needs to be thorough in terms of review, but it also needs to be sensitive to the investment decisions we're trying to make. As I think you will know, other jurisdictions, for example the U.S., tend to move on a much quicker timeline than Canada. That would be my observation.

We'll develop and continue to modify our own regulatory requirements, but let's just be sensitive to the investment timelines we're trying to serve as well. We need the full package.

•(1645)

The Chair: Thank you.

Mr. Tan, over to you.

Mr. Geng Tan (Don Valley North, Lib.): Thanks, Chair.

I'll direct a question to Suncor. The Canadian Association of Petroleum Producers very recently told the committee that the era for megaprojects in Canada's oil sands is probably over. What is Suncor's view on that statement?

On one hand, we're talking about pipelines and how to get the resource to tidewater, the environmental assessment, and public engagement. On the other hand, that statement has painted a less-optimistic picture for our oil and gas industry. How do you put these two pieces into one picture?

Mr. Steve Reynish: We have an interesting example that I briefly mentioned at the start. We have the Fort Hills project, a capital investment of \$15 billion, due to come online at the end of 2017. We have decided, together with our partners, to keep progressing on that project even through the downturn. I can tell you the capital markets have looked very closely at that decision. We believe this project is important. We believe we have ways to get that product to market, maybe using some rail, at a cost disadvantage.

But I think it is difficult under the current circumstances to visualize another \$15-billion capital investment following on behind Fort Hills anytime soon.

Does that mean there will never be another megaproject? I don't know. But I think under the current environment's combination of greenhouse gas regulations, access to markets, and the price of oil, it's difficult to see where the next big project will be coming from at this point in time.

Mr. Geng Tan: Thanks.

Now I have a question for Mr. Boivin. The committee has heard quite a debate about innovations from different angles—from industry, from associations, and from academic researchers. You manage hundreds of projects, and you give people funding.

Can you provide us with an overview of the status of innovation in green technologies? How important is that continued support from the government? What are the challenges or opportunities? How much benefit can we expect from those investments in the near future?

Mr. Chris Boivin: Sure. I can start with the benefits and then work my way through to our views on what's needed going forward. I think that's what I'm inferring from the question in terms of innovation support. Would that suit you?

Mr. Geng Tan: Okay.

Mr. Chris Boivin: Actually, there are some of the benefits that we've seen in our own portfolios. Of those over 300 projects that we've invested in to date, 70 of the companies behind those are in the market today. That means that they are registering revenues from the products that they developed through their SDTC funding or they're in the hunt for their first commercial sale, so they've produced commercially viable products. Our estimate on the value of those annual revenues today is in excess of \$1.1 billion per year. In fact, we think for 2015 it's going to be about \$1.4 billion, and we also estimate, based on data from our portfolio companies, that this has created over 8,500 jobs.

Furthermore, on the emissions side, so GHG emissions, as an example, we estimate that our portfolio today is contributing to reductions of about six megatonnes per year. That's across the whole portfolio, primarily the ones that are in the market today, and those are from the global deployment of that technology. But that's just the starting point. We've had quite an increase. Just over the past four years we've gone from roughly one megatonne in 2011 up to six, so a sixfold...within four years. We expect that to continue as the number of portfolio companies in the market increases, and as their technology solutions diffuse more broadly globally. We are definitely seeing results today, and some of those are in the oil and gas sector, but as I said, they are across all sectors.

In terms of innovation support needs going forward, if I captured the question correctly, we certainly believe—

• (1650)

The Chair: I'm going to have to ask you to do this very quickly.

Mr. Chris Boivin: Sure. We believe that there's a need to continue support for instruments like SDTC, but there's also a need for earlier-stage support, so primary research to develop new ideas that we can then foster and bring to market. We also see a strong need for late-stage innovation support. So first, we see a lack of funding support for commercial, large-scale, high-capex deployment of technologies, which is leading to delays in their eventual deployment in the market.

The Chair: Thank you.

Ms. Stubbs, it's over to you.

Mrs. Shannon Stubbs (Lakeland, CPC): Thanks, Mr. Chair.

Thank you, witnesses, for taking the time to be here.

I would like to echo my colleagues' comments to Suncor about the incredible efforts your company and your employees took to help the people who are employed both directly and indirectly by you. I also know that for many people who are not employed by you, you also assisted in the evacuation efforts from Fort McMurray. My riding is just south of Fort McMurray. It spans northeast Alberta, so there are many heavy oil and oil sands developers in my constituency. In speaking to many evacuees from the area, they said, as you pointed out, that if anybody is wondering about how an orderly evacuation of more than 80,000 could happen in the face of the biggest natural disaster, certainly, in that province's history, it was very much because of the high level of skills and training in safety procedures and emergency management of the people who are all directly or indirectly employed by oil sands companies there.

I just want to touch on two points that we've been discussing at this committee today. Sometimes I feel like I'm in a bit of a twilight zone in this committee because we often speak about regulatory issues around energy development, particularly with regard to regulating and monitoring greenhouse gas emissions as well as advancements in innovation and technology, as well as community and first nations consultations, as if they're new, as if this is something that has never been done before in energy development or in oil sands development in particular.

Of course, it's not at all the case for those of us who are from northern Alberta and are familiar with oil sands and energy development. We can cite examples like the Fort McKay Group of

Companies, the Cold Lake First Nations companies, and so many of the service and supply companies that are long-term, significant partners with energy developers in that area.

Mr. Reynish, if you have any examples to share about your experience working with first nations communities, both on gaining their co-operation and investment in energy development in those regions, as well as on employment and contracting, I'd welcome you to do that.

Mr. Steve Reynish: Thank you very much for your comments about the evacuation. It was very much a community-based effort, including, as you well know, the first nations communities. It was not just Suncor Energy Inc.; it was all of the companies, the whole community, and our neighbours in the first nations as well. Everybody pulled together, and I think you know how resilient some of those communities are and continue to be.

I think you're also right that we are trying to rationalize regulatory developments and innovation that are quite exciting in many respects, and the importance of consultation.

The example I think of with respect to first nations, which we are hoping to make progress in over the next number of years, is industry participation by the first nations in the oil and gas business. There has been some of that, obviously, over many years. We'd like to see that continue to increase. We'd also like to see that increase in the area of equity participation in some particular projects. I do think there are some interesting and exciting developments with potential in that particular area, and I think we'll continue to see more collaboration and more involvement—perhaps more direct involvement—from the first nations. Let's hope so.

• (1655)

Mrs. Shannon Stubbs: I hope so, too. We look forward to that, of course. One of the oil sands' companies is the highest per-capita employer of first nations Canadians of all private-sector employers in Canada. There are countless examples of first nations communities throughout northern Alberta that are active participants and partners in energy development there. It's the lifeblood of their communities in many cases.

I just want to go back and allow you the opportunity to clarify and maybe expand on your comments regarding how important regulatory certainty is to energy development, particularly in the oil sands, given some of the challenging aspects of recovering that resource.

I invite you to comment, too, if you'd like to, on the regulation and monitoring around greenhouse gas emissions, which is already done provincially. Oil sands companies have made great strides in supporting innovation to increase the energy efficiency by decreasing greenhouse gas emissions and water use. Of course there are all the additional successful efforts they have undertaken in terms of land reclamation for those projects' end of life.

The Chair: We are actually out of time here.

Mr. Steve Reynish: Am I okay to answer, Mr. Chairman?

The Chair: Well—

Mrs. Shannon Stubbs: I think you gave Chris an extra minute earlier, so maybe we could—

The Chair: I'll give you 30 seconds to try to respond to that.

Mrs. Shannon Stubbs: Sure.

Mr. Steve Reynish: Very quickly, I think the industry has made great strides on water extraction. We're taking much less out of the river than a number of years ago. We've made great strides on the land reclamation point that you made. Greenhouse gases are, I think, the next big frontier for us to make some improvements on, or add improvements to those that have already happened.

We are supportive of Alberta's cap on emissions. I think our request, if we have one, would be alignment between provincial and federal regulation. Again, it goes to that point about potential uncertainty going forward. That would be my comment.

The Chair: Thank you.

Mr. McLeod, over to you for five minutes.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair.

Thank you to the presenters for their very interesting presentations.

I was especially happy to hear Mr. Brennan's comments. I was actually excited to hear some of the comments regarding developing refineries in order to maximize employment. That's not a new idea; it's been around for a long time. People right across Canada have been watching and making that observation.

I was also very excited to hear your comments on how aboriginal governments need to be included. There has to be a new approach. I think we can all agree that working with indigenous people up front and involving them from the planning stage to production is always a lot better. We get better results, and people will move forward in partnership a lot better than if we ignore them, pretending they don't exist. That would always end up in litigation or protests.

I think there has to be a lot more work done in both areas of creating employment and working with aboriginal people so that they're not viewed as a threat. We certainly have to provide more education on all fronts and demonstrate that there's opportunity to do so.

I like the idea that your organization is developing an energy policy. I'm hoping there's going to be some reference to aboriginal people, maybe a chapter. I totally agree with your recommendation that Canada, provinces, and territories should work on a co-operative national energy strategy.

My first question is to you, Mr. Brennan. Perhaps you could expand a little more on the refineries and on including aboriginal people. I think aboriginal people should be included, right to the point even of the regulatory boards, as we do in the Northwest Territories.

Thank you.

• (1700)

Mr. Jordan Brennan: Thanks for the question.

The difficulty is that governments structure markets. If you want a different set of outcomes, you need to restructure markets. This is not an easy thing to do. It's obviously very controversial.

The idea that we're just going to let the free market rip, and automatically from that, we're going to have lower greenhouse gas emissions, get aboriginal participation and approval for these projects, and maximize the economic benefit is just wrong. It's not going to happen.

We deregulated our approach to energy in the late 1980s. It was the Mulroney government, primarily, through the Canada-U.S. Free Trade Agreement, and we've been closing refineries as if it's our job. For every refinery we close, we become more dependent on export-oriented pipelines, and we're sending good jobs elsewhere. We need a new approach to our national energy development.

Norway offers a very promising model. Norway is very similar to Alberta demographically. There's a similar number of people and similar energy resources, but there's a very different approach to energy development. Obviously, it doesn't have the same challenges. We have a federal government where provinces are in charge of natural resource development. That obviously poses a challenge.

Regarding the aboriginal people, incorporating aboriginal people into this process is huge, but I don't have answers on that latter question about how to do that. That is something we have to seriously think about. I have all the questions this committee has. What does it mean now that we've signed on to the UN declaration? What does free, prior, and informed consent mean? These are all huge question marks.

The status quo does not seem sustainable, in the fullest sense of the word, sociologically and ecologically. As I said, we're still in the early stage of trying to work out a coherent policy.

Mr. Michael McLeod: Thank you.

I certainly hope we're going to see a new approach on developing some of these big projects as we move forward.

My next question is to Mr. Boivin regarding the amount of money being spent on de-risking projects—I think you used that term—\$850 million in 304 projects.

This is interesting. In the Northwest Territories we have many challenges: extreme cold weather, high cost of transportation, and very remote areas where the projects are usually set up. Could you tell me if there was any investment in any of the three northern territories in this area?

Mr. Chris Boivin: Sadly, there hasn't been a demonstration project in any one of those territories, nor a lead applicant from any one of those territories.

I would say, however, that we have funded several technologies that have applicability to the north and particularly to remote communities and remote industry. We also have listed, as one of our current investment priorities, utility systems for remote applications. This is electricity, water, waste management, etc., systems that are somewhat modular, cost-effective, and better than the status quo for those regions.

The Chair: Thank you. That's all the time we have.

We were going to wrap up this segment of the meeting by five o'clock and we're running a few minutes late, so I'm going to have to stop it now.

Mr. James, your time has evaporated. I'm sorry.

We're going to suspend the meeting to get set up for the next segment.

To the witnesses, thank you all for your excellent presentations and for answering all our questions today.

Mr. Reynish, thank you for coming back.

- _____ (Pause) _____
-
- (1710)

The Chair: We're going to resume now with our next witnesses.

Just so people understand, we have two more witnesses, which should take us to about 6:20, and then we have some committee business, which may take us a little past 6:30. I just want to make sure there are no objections.

Okay, I didn't see any objections. Let's move on.

We have two witnesses. We also have material from both of them in English only, for which I apologize. The French translation will be provided at a later date. With the consent of committee members, we will distribute the English-only versions.

Do I have everybody's consent? Yes?

Okay, thank you.

On that note, I'd like to welcome our next two witnesses. Professor Monica Gattinger is the chair of positive energy from the University

of Ottawa, and Dr. Alika Lafontaine from the Indigenous Health Alliance will be joining us by way of video conference.

Thank you both for being here today. We're going to open the floor to both of you and then we're going to turn it over to the committee members for questions.

Professor Gattinger, you're smiling. I'm going to pick on you, so you can start us off.

Prof. Monica Gattinger (Professor, Chair, Positive Energy, Director, Institute for Science and Policy, University of Ottawa, As an Individual): Thank you.

[Translation]

The presentation has been translated, and you can see it here.

[English]

My thanks to the committee for this kind invitation to come and speak with you today.

[Translation]

As you've just heard, I speak English and French, so if you have any questions you'd like to ask in French, feel free.

[English]

I'll be speaking with you very briefly today about the role of public confidence in unlocking Canada's energy potential. At the University of Ottawa we've been doing some research in this space for the last little while, and I'm going to be sharing with you some of the results of that research in speaking to this issue.

To begin with, I'm just going to very briefly lay out the context. I often think of energy, and the challenges and changes in the energy sector, as very much a brave new world of energy development, and I'll speak about that in a moment. I'll talk with you very briefly about the positive energy project, and then dive into public confidence and the important role of public confidence when it comes to energy development and unlocking Canada's energy potential.

It is very much a brave new world of energy development. I've been studying energy policy and regulation for 20-odd years now, and there's never been a time at which it's been so controversial and so frequently in the headlines in my experience up until this point. I often think of the policy and regulatory context, which has become increasingly complex, as governments, in essence, search for what I think of as a holy grail of energy policy and regulations. They are trying to identify the appropriate balance points between a number of key policy imperatives, many of which this committee is studying at the moment: market imperatives, looking at economic opportunities; environmental imperatives, notably climate change but obviously other areas of environmental impact of energy; and security imperatives, security of critical energy infrastructure and the like. The fourth imperative, which I will be focusing my remarks on, is how one goes about garnering social acceptance and support when it comes to finding the appropriate balance points between those three previous imperatives—market, environment, and security. I'm going to dive into that in a moment.

As I mentioned, the politics of energy are really becoming increasingly fierce and very polarized. We've seen a shift in energy politics over the last number of years from much more localized concerns around energy, neatly captured by the acronym NIMBY, "not in my backyard", to what I refer to as much more principled opposition to energy development, particularly fossil fuel energy development. This is an opposition to the development of those energy resources *in toto*, again captured tongue in cheek by the acronym BANANA, which folks have probably heard of, "build absolutely nothing anywhere near anyone". It's a much different form of opposition, a much different kind of politics that policy-makers, regulators, and industry are facing. Clearly, as we've seen over the last number of years, this slows down project decisions, and it can slow down and even halt altogether project construction. The question becomes whether we can afford to go on this way. It's costly, in terms of money and time, going into projects, both on the proponent's side and on the opponent's side. There are many deteriorating relationships—and I'll speak about those in a moment—and, of considerable interest to this committee, there are lost economic opportunities, and the potential risk of capital flight as well.

In the context of this, the positive energy project, which I chair, really does two key things. The first is to use the convening power of the university to bring key energy players together to grapple with this issue of how one can strengthen public confidence in energy development. Here we're not referring exclusively to fossil fuels. As we know, it's not just fossil fuel projects that run into social opposition. It can be hydro. It can be wind farms, and the like.

But we do more than convening. We do what I think of as convening plus. We also undertake solution-oriented applied research to try to inform dialogue and action, so I'll be sharing with you some of the results of that research today.

What drives public confidence? What impacts or influences the level of confidence that individual citizens and communities have in energy development? There are really three key factors that affect public confidence. Clearly, government—policies and regulations that governments put in place—has an impact on the levels of public confidence in energy. Next is society: NGO activities, local communities' views, individual neighbours' views. These also have an impact on attitudes, opinions, and levels of public confidence in energy. Of course, there is also industry. Industry performance has an impact on public confidence.

• (1715)

Why, then, do we see the level of controversy around energy and what many are thinking of as a declining public confidence in energy development? Why now? What has changed in the context over the last number of years that creates this?

There are a variety of different factors. There is no single factor that drives public confidence. I'm not going to speak to all these factors. I'll be speaking to social and value change over the last number of decades. There are a number of areas of public policy where we see gaps in policy movement on a number of key areas that are leading to declines in public confidence. Other factors are regulatory responses, notably, to those policy gaps, and project proponent practices. As I said, I'm going to focus in on the social and

value change, and the policy gaps. I'd be happy to get into the other topics in the discussion session if that's of interest.

Social and value change is not to be underestimated. We are not in the same world of energy development as we were in the 1950s. The last time we had this level of controversy over pipeline development in this country, you would have to go back to the 1950s. It's a very different context now than it was some almost 60 or 70 years ago.

We see a number of key changes in society that are actually driving, or making it much more challenging to develop public confidence in energy. I have listed a few of these here, but I won't speak to any of them in great levels of detail. They're things that we can all, quite readily, experience in our own daily lives.

First is a decline of trust, public trust in institutions, public and private, and that's writ large. We're not just focusing here on energy. There is also a decline in deference to authority and expertise. We're not in a rational, comprehensive, technocratic, expert-driven, approach to policy-making or to governance, as we might have been in the 1950s.

Second is a desire for greater public involvement in decision-making. People want to be involved in decisions that are going to be affecting them.

Third, there is a shift from communitarian to individual values. The line of sight of interest is often much more at the local level—local and individual impacts—than it is at the national level. I often think of this when you hear that phrase, "Who speaks for Canada?" Where is the national interest in some of these discussions? What we're trying to point out here with our research is that some of these social and value changes make it much more difficult to appeal to those kinds of values.

Fourth is a rise of what we think of as anti-corporate, anti-big business, or even anti-fossil fuel values, and much more of a preference when it comes to project developments for smaller-scale, locally owned kinds of developments with a decline in risk tolerance as well. As Beck pointed out, we live in a risk society, but we also live in one in which the trust that folks have in the capacity for governments and industry to mitigate risk and to manage risk if things go wrong has declined as well. That's social and value change.

I'll go through the policy gaps very quickly. I don't think I'm saying anything here that folks wouldn't have already given some thought to.

In terms of climate change, it's the extent to which there has been a real or perceived lesser movement and lesser availability of forums to address climate change in a meaningful fashion over the last number of decades, and I'm not just referring to the previous government, but governments prior to that as well.

On indigenous issues and reconciliation, which was referred to in the testimony of the previous witnesses, it's the need to address, in a meaningful fashion, some of the key issues that indigenous communities are concerned about. Again, this goes beyond energy. It can be about clean drinking water. It can be about housing. It can be about murdered and missing indigenous women, a whole host of issues that go far beyond energy on its own.

These policy gaps, the concern that there hasn't been as much movement on these issues as there might have been, can also be exacerbated by siloization within governments, whether it's at the federal level or between governments federally, provincially, and to some extent, even municipally as well.

• (1720)

The third policy gap is around a lack of mechanisms to address cumulative effects or to plan in a regional fashion when it comes to the cumulative impact of a number of different energy projects.

What are the impacts of these policy gaps? One of the things we see is that they have increasingly been cascading onto the regulatory process and onto individual regulatory processes for individual energy projects. Unresolved policy issues are being played out in regulatory processes, as are concerns about climate change, about lack of movement on reconciliation, about lack of mechanisms for cumulative impacts or regional planning, and then people turn to the forums that exist. The forums that often exist in that context are regulatory processes for individual projects, which are not necessarily well suited to address those kinds of concerns, and that can exacerbate this issue and lead to reduced public confidence as well.

What to do? First and foremost, one of the things that our research has suggested is that it's very important to accept that the horse has left the barn on some of these issues. It is not the 1950s anymore. Sometimes in conversations—and we've probably all had these conversations—there is a desire to move back to the golden age when governments could act in a more unilateral fashion, when the public did have greater levels of trust in government, in expert opinion, and the like. We're not in that kind of an environment anymore so it means rethinking the way we do energy, for lack of a better term.

Second, address these policy gaps. This is one area where I'm cautiously optimistic. Certainly a number of governments here at the federal level, but also provincially, are beginning to move in a more meaningful fashion around issues like climate, reconciliation, and trying to address cumulative and regional impacts of individual energy projects.

Addressing the policy gaps is part of the solution, but it's not the only piece. It's also important to strengthen confidence in decision-making, and that's not just the substance of energy decisions; it's also the process of those decisions.

We're doing some work right now in communities that's pointing to the importance of the process when it comes to energy project decision-making. Communities want to have access to those decision-making processes, to relevant information related to an individual energy project. In many instances as well, our research is pointing to the important role of building capacity at the local level, particularly in municipal governments but in other sectors as well to engage in energy decision-making.

On the substance side of things, one of the themes that's coming through very close.... I'm saying "close" because he's saying I have two minutes left.

• (1725)

The Chair: You have much less than that.

Prof. Monica Gattinger: Okay, this is the last slide.

One of the things that's coming through in our research in terms of themes is this sense that there is not enough fairness when it comes to the distribution of benefits and costs of energy development. We'll need to grapple with this in a meaningful and evidence-based fashion.

The fourth thing I will point to is to beware of the literacy trap. The reason I say that is it's not uncommon, faced with challenges around public confidence, that the response—whether it's from industry or policy and regulatory decision-makers—is to say if only the public understood what we're grappling with here, they would be more supportive and confidence would be heightened. There are real limits to that literacy thesis. A lot of very interesting research is coming out right now that's demonstrating those limits, and I'd be happy to speak to them in the discussion session.

There is an opportunity for Canada to move from the bleeding edge to the leading edge on this issue. We have the largest petroleum resource base of any industrialized democracy in the world, so we are grappling with these issues on an ongoing basis and there is an opportunity here for us to move to the leading edge of that challenge.

Thank you.

The Chair: Professor, thank you very much.

Dr. Lafontaine, I'm going to turn the floor over to you.

Dr. Alika Lafontaine (Project Chair, Indigenous Health Alliance): Thank you for the opportunity to present to you today. I'll let go some of the comments that the previous presenter shared. In particular, I will unpack some of the issues around indigenous reconciliation, and I hope that my comments will help inform the committee.

My name is Alika Lafontaine. I am an Ojibwe anesthesiologist, alignment consultant, and current project chair for the Indigenous Health Alliance.

I would like to acknowledge the traditional territory of Treaty 8, from which I am teleconferencing, as well as the unceded traditional territory of the Algonquin people on whose territory these hearings are being held.

The Indigenous Health Alliance is a project that arose in response to the Truth and Reconciliation Commission calls to action for health. It has a mission to eliminate the differences in quality of care between indigenous and non-indigenous patients. Most important, it is through a process led by indigenous peoples.

Our members and supporters include the Royal College of Physicians and Surgeons of Canada, the College of Family Physicians Canada, the Canadian Medical Association, the Assembly of First Nations, and the national Indian Residential School Survivor Society, as well as many other first nations and territorial organizations. We are building a strategy to eliminate health quality differences that is led by indigenous people. Additional information about the Indigenous Health Alliance has been forwarded to your committee.

You may be asking why I am talking to you today. I hope I can shed some light on that as we talk about the similarities that exist between indigenous health and resource development.

I would like to acknowledge the technical assistance of Indigometrics consulting in preparing my remarks, and the direction and advice of indigenous community members and leadership. In particular, I would like to acknowledge Senator Ted Quewezance from the Federation of Saskatchewan Indian Nations. He has been very helpful in understanding the history of resource development in my own traditional territory of Treaty 4.

I would like to emphasize that my remarks should not be misinterpreted as speaking for indigenous peoples. Our indigenous communities have their own internal decision-making processes, priorities, and leadership, and I encourage the committee to reach out to those territorial and local first nations at a regional and community level.

The challenges and issues before you today—the future of Canada's oil and gas, mining, and nuclear sectors—have interesting similarities in health. I would like to unpack a couple of points briefly.

The first point is one raised repeatedly by Justice Murray Sinclair, who states that the intent of colonialism was to extinguish the rights of indigenous peoples to land and resources. When we speak of colonial systems in health, for example, we can recognize these systems based on their outcomes—to extinguish the rights of indigenous peoples to land and resources. Consider that, for indigenous patients living on reserve to access the full benefits of the Canadian medical system, all they need to do is leave their traditional territory and disengage from their treaty rights to health. Quite literally, by giving up their rights to land and resources, they become like every other Canadian.

There are many layers to the situation, but to put it simply, indigenous peoples are not engaged in defining the problems, the solutions, or the implementation strategies concerning their health problems, and this is done by design. Health problems, solutions, and implementation strategies are predetermined. The system, once

again by design, excludes indigenous patients in communities from playing a meaningful role. This is contrary to the transformation occurring in the mainstream Canadian health care system, where communities, families, and patients form the centre of everything we do. We are actually redesigning our Canadian health care system to ensure this.

It is also important to note that while the mainstream Canadian health system continues to have better outcomes, indigenous health outcomes are moving in the opposite direction. There is obvious correlation between health system design and patient outcomes. The indigenous health approach is obviously not working, as disparities widen. Quite literally, the colonial health system encourages extinguishment of indigenous rights to land and resources.

Now let me connect this with resource development in the oil and gas, mining, and nuclear sectors. Framing engagement of indigenous peoples as a social licence is a misconception that has to be addressed in any future framework. In 2013, indigenous communities had already won more than 150 court cases across the Canadian resource sector, and this number has likely grown since then. As indigenous communities have asserted their treaty rights to land and resources, the duty to consult and accommodate impacts the outcome of resource development in a very real way. Indigenous peoples do not provide a social licence to resource projects; they provide a literal licence. That licence is protected by a legal framework that continues to evolve.

● (1730)

Indigenous peoples must be engaged at a level that respects and supports their treaty rights to land and resources. Corporations have a legal duty to engage indigenous peoples for resource development that occurs on their respective traditional territory. It is a legal duty that corporations have yet to fully embrace. There is still an ongoing effort to reframe these legal rights as social rights. Each has a very different trust obligation.

By comparing the indigenous health consultation process, and the consultation process for resource development in the oil, gas, mining, and nuclear sectors, I observed the same colonial system. For example, the National Energy Board process is designed to engage indigenous peoples after a plan has been made. That means identifying the problems, solutions, and implementation strategies for resource development have largely been predetermined.

The NEB process then becomes more of an exercise of selling the plan, instead of having indigenous peoples involved in creating the plan. Inevitably conflict emerges from this process with strong efforts to minimize or eliminate the treaty rights to land and resources held by indigenous peoples within the territory in an effort to ensure the resource development proceeds.

Consultation varies widely among resource development projects. In a project around the Swift Current area of Saskatchewan in Treaty 4 territory, the indigenous consultation involved picking up a single hitchhiker with whom the persons consulting discussed the project over coffee. This is not hyperbole. This literally happened. I am not suggesting this is the norm for consultation, but evaluating processes cannot ignore such obvious deficiencies.

How can Canada properly consult indigenous peoples in a way that acknowledges and respects their treaty rights to land and resources? The current process must embrace having communities involved in defining the problems, solutions, and implementation strategies of any resource development project at the earliest reasonable opportunity. Outcomes cannot be predetermined.

The process must also acknowledge that problems cannot be identified as a single issue; for example, how to get a pipeline from point A to point B.

Integrated with the issues of resource development are those of education, health, economic development, and environment, among others. If a consultation process does not acknowledge and address these issues in a clear manner, the solutions will not address the real problems. Implementation strategies will then be more likely to fail.

When stakeholders in the Indigenous Health Alliance identified that these issues would arise, we adopted a community-based process with a charting and prioritization tool kit. I will share some of our highest priorities issues, and you may recognize some overlap with ongoing issues within the oil, gas, mining, and nuclear sectors from previous presenters.

These priorities include recognizing that in order to achieve this outcome, we need to address the lack of a community-based model of decision-making, where communities decide the problem, decide the solution, and decide on the strategy for implementation.

First nations often have internally competing visions, and competing visions with non-community stakeholders and with other regional first nations. This leads to difficulties articulating how to own and control models to optimize outcomes through cross-jurisdictional collaboration and integration of federal and provincially funded processes as anticipated by self-government.

Often decisions about problems, solutions, and implementation strategies are already decided before the community is even engaged. "Engagement" becomes selling communities on a predetermined strategy, instead of truly engaging the community and proceeding with community-based priorities controlled by community decision-making processes.

Indigenous historical trauma leads to a community not trusting outsiders to facilitate this engagement, and the engagement must have leadership in the community that it has confidence in.

Communities are insistent on the involvement of elders through the process and the decision-making process. Elders must be recognized as a stakeholder group that needs to be part of the decision-making and not just as influencers on the decision-making process. They need to be directly involved in setting the agenda as they want to integrate project components and processes. This is often expressed in the activity as being holistic.

Government processes use a one-issue process. They don't want to address all the issues in a coordinated strategy. Without transparency and a good communication strategy the design of the process will fail.

Lack of trust of government is intensified in indigenous communities and is exacerbated with communities who do not understand how government structures work. The result is that both sides feel they are not being heard.

● (1735)

The current process adopted by government to move forward resource development projects does not engage communities because it is not designed to engage communities. It is a colonial process.

Indigenous peoples are pragmatic. Indigenous peoples are reasonable. Indigenous peoples have our own priorities and we are heterogeneous. If a process that truly addresses our community-based issues supports the building of a community-based decision-making structure and clearly identifies issues in a context beyond a one-sided consultation, indigenous peoples are pragmatic and reasonable about resource development.

Thank you for the opportunity to address you today. I look forward to further discussion.

Meegwetch.

The Chair: Thank you both very much.

I'm now going to open the floor to questions and turn it over to Mr. Serré.

Mr. Marc Serré: Thank you, Mr. Chair, and thank you to both witnesses for your great presentation.

I know you addressed some of these elements in both of your presentations, but I'd like to get a bit more detail.

In your opinion, does taking the time to properly review projects for their impacts on the environment and affected communities build upon the trust in large resource development projects? Can you comment on our government's interim principles announced in January and how they will help to build public confidence in major projects?

Prof. Monica Gattinger: That is a very important question. I would say it's a necessary first step but an insufficient condition.

In the absence of addressing some of the broader policy gaps that were mentioned, one of the things I hope came through in the presentation was the issues around public confidence. They are multi-faceted. There is no single source. There are a variety of challenges. It's a multi-faceted challenge, so it needs to be addressed on a variety of different levels.

Regulation and strengthening regulatory processes and public confidence in those processes is absolutely essential. There's no question that needs to be done and needs to be seen to be done.

To assume that changes to the regulatory processes are sufficient without dealing with some of the broader public policy gaps I mentioned, whether that's reconciliation, climate change, or cumulative effects, we will be addressing one component of the problem or the challenge but not all of it.

It's a very good first step, but it's so important to be addressing these issues in a holistic way.

• (1740)

Mr. Marc Serré: Mr. Lafontaine.

Dr. Alika Lafontaine: To add to that, the enhancement of the regulatory processes is positive, but once again, you're getting into a single issue, which is the environment.

When you have an indigenous community member or indigenous first nations leadership looking at the issue of say a pipeline coming through their community, there is the thought about pipelines contaminating water, using up water. There is talk about how it's going to influence medicinal plant growth. Then there's also the economic development and jobs. There are also the thought that, if we are unhealthy, even if we have jobs, what's the point?

What you often get—and I'll say this in particular with the environmental lobbies—is environmentalists being very effective at appropriating the voice of indigenous nations. They come into indigenous nations, and they strengthen the decision-making processes and the feeling of the nations toward their treaty rights to land and resource development.

I'll say firmly, if environmentalists were strictly the only ones opposing resource development in Canada, we would have a pipeline built by now. The reason why we don't have these resource development projects moving forward is because of the very real licence that indigenous peoples have to give to research development projects going through their territories.

How far that goes is up for debate and that's evolving within the law. When we talk about the environment, however, we have to separate the needs of the indigenous community from the needs of environmentalists or any other single-issue lobby group.

With the regulatory process, it is positive, but if all it does is respond to the single issue of the environment, it will not be successful.

Mr. Marc Serré: Dr. Gattinger, you mentioned that the five principles are a good first step. We know we've had a previous majority government, and that government wasn't able to get pipelines built, any pipelines to tidewater during that period. You were saying these principles don't go far enough. We've heard from other groups saying they have gone too far.

Can you give us more specific examples on what you believe we could be doing to help the process of getting pipelines going?

Prof. Monica Gattinger: That's a tough question.

Again, to go back to the presentation, it's a multi-faceted challenge here, and those principles are a very important first step.

Having said that, one of the things that I think we will need to sort through is what exactly the balance is between policy and regulation on the pipeline projects, and also on energy writ large, but your question pertains to pipeline projects specifically.

If we have regulatory processes that by their design historically are intended to be evidence-based, neutral, independent, third-party assessments, but we also put on top of that at some level a set of principles, for some of which it's not entirely clear how they will be operationalized and at what level they'll be operationalized, and if we have an individual pipeline project move its way through the regulatory system, what does it mean, then, subsequent to that, that cabinet will consider the climate change impacts of that project? It's not clear to me what the balance then is between policy and regulation in the system.

I think another area that's going to be really essential—and I'd be curious to hear my counterpart witnesses' thoughts on this—is the integration of traditional knowledge into regulatory processes. In principle, and I think a very important principle, and again, a very important step, how one actually operationalizes that is a really important question. Some of this, from my perspective, really remains to be seen.

One of the things that governments can do at the level of policy and politics is set the tone. It has been a really significant shift that we've seen from the previous government to the current government. Another thing that governments can do—again, at the policy level, not the regulatory level—is consider the impact and the collective impact of projects overall.

Regulatory processes are meant to be responding to individual proponent applications for specific projects. That's how they function. One thing that governments can do at that policy level is step above that and say, okay, given the suite, as it were, of proposed projects that we have in front of us, how can we collectively or cumulatively evaluate those projects? What—

• (1745)

The Chair: Thank you. Unfortunately, I'm going to have to cut you off.

Prof. Monica Gattinger: Okay.

The Chair: We have to move on to our next questioner, who I understand is Mr. Barlow.

Mr. John Barlow: Thank you, Mr. Chair.

Thanks to both of our witnesses for being here today.

Alika, I appreciate your being here. I'm sure that things in Grand Prairie are very busy right now as you help people from Fort McMurray, so I appreciate your fitting us in today, especially with your role in the Indigenous Health Alliance.

I want to start with you, Monica. You might be able to finish answering some of your questions.

I read an article in the *Vancouver Sun* that you co-authored. It may have been in other places. I wanted to quote this:

When power projects that are needed for system efficiency and stability are delayed or cancelled, the power system on which we rely is put at risk. When export-oriented projects are subjected to years of regulatory processes, market opportunities pass us by.

Today we're talking about additional regulations, an additional review process, and additional consultations. I think one of the messages we have to get from this is that we will never reach consensus and that, sooner or later, someone is going to have to step up and take a leadership role. Someone is going to have to step up and say that a project has gone through the regulatory regime, it has gone through the review processes that are in place, and we can no longer consult, so either this is good for Canada or it's not good for Canada. We have to make a decision.

I would like you to expand a little on that and the risks that we may be taking on some of these key projects if we continue to delay.

Prof. Monica Gattinger: I have a couple of thoughts on that.

The increasing desire for public involvement in decision-making brings up tensions between participatory democracy and representative democracy. At the end of the day—you're the representatives—somebody must decide. Our research is demonstrating that it's so important to increase the level of public confidence in the processes that get to that decision that ultimately needs to be made, whether it's by an elected official or by a regulatory agency. One of the things to your point about delay, it used to be—this is why I say Canada has got an opportunity here—that being a democracy was a substantial competitive advantage when it came to foreign direct investment. We have stability, we have rule of law, and we have stable regimes. I've begun to hear companies talk about democratic risk. Some people think that's an unpalatable thing to say, but it is absolutely the case. In a democracy, there are many more veto points. There's no question that we've had changes in society, changes in the legal context, changes in a variety of frameworks that mean in a democracy you're much more likely to get traction.

Canada, in terms of our petroleum resources, has the largest resource base on the planet of any western industrialized democracy. We're on the bleeding edge of this issue. That would be my take on it.

To move from bleeding to leading edge is going to really take trying to build the public confidence in those processes. But as you say, at the end of the day, decisions have to get made. It's finding that balance between participatory and representative democracy in ways that garner public confidence.

Mr. John Barlow: I appreciate that. I was going to ask you what you mean by “bleeding edge” and “leading edge”, but you answered that.

We're talking about public consultation and reaching some sort of balance between when is enough and when we have to make that decision. You talked a little bit about some of the things that you see as gaps that we have. I think it's important that we fill some of those gaps.

What I found interesting in some of the materials you had is that nothing in there says that either our industry or government is doing anything wrong when it comes to environmental stewardship. In terms of the policies and how we actually extract our natural resources, we're on a leading edge globally. People come from around the world to see what we're doing here right now.

Is one of the key things a matter of changing the narrative?

I seems like, as Canadians, we're always apologizing. I think sometimes, now, we need to be a champion for our natural resources and say that we should be very proud of what we have here in Canada, it's the economic driver of our country. The industry and the men and women who work in that industry are very proud of what they do, and as Canadians we should be very proud. But it seems government and industry don't take that approach. Is that a big part of it, in terms of changing that message and being proud of what we have as a Canadian industry rather than always apologizing for it?

• (1750)

Prof. Monica Gattinger: There's no question that more could be done to share some of the tremendous advances that have been made, whether it's in terms of reducing the GHG emissions profile in the oil sands or in other sectors.

That said, on communications—and this goes to my point about the literacy trap—thinking that if only we do better on the communications front, if only we share more of the positive story, thinking that is a necessary and sufficient condition, I'd be a little skeptical that it will—

Mr. John Barlow: It can't be the be-all and end-all, but I think it's a part of it.

Prof. Monica Gattinger: It's potentially a part of it. Although we've seen a number of initiatives that have tried to take messaging in that direction, and I don't know how successful we've seen them be. Again, I'm not saying that we shouldn't be doing it, but what's more important—back to my response to the first question—is the change of tone around taking some of these policy gap issues and taking them seriously.

That could help to let some of the pressure out of the bubble that currently is the regulatory process.

Dr. Alika Lafontaine: To add to that answer, and talking about the narrative, just around Fort McMurray, I don't know if you guys have been reading lots about the news, but I talked to colleagues who were there and were seeing the oil companies open up their doors, shut down their projects, and just let anyone in who needed safety and security from the wildfires. That community is not going to forget that, and neither will the first nations around the area who received millions of dollars in supplies from these companies.

When you're talking about narrative, we have to look at what literally is happening. Indigenous peoples, when you come down to an individual level, don't feel the benefits of resource development, but they definitely feel the negatives. When Attawapiskat got flooded with sewage when the mine work camp flooded that area, they felt that, but they didn't see the money filter down. That's not to say that money is not being transferred, but when we're looking at single-issue processes versus taking everything including housing, water, all these other social determinants of health into consideration, I think you have to recognize that a lot of these people who are protesting, they feel the negatives not the benefits.

The Chair: Thank you.

Mr. Cannings, over to you.

Mr. Richard Cannings: Thank you, and thank you both again for being here today.

I'm going to start with Dr. Gattinger and talk about some of these policy gaps, particularly where we find ourselves now in the process with Kinder Morgan and energy east. These are some of the things that the government is trying to tackle. I would like you to comment on how we can link the climate change gap with the gap on cumulative impacts. How would you design this interim process that the cabinet now has to consider? It's unclear to many of us how this is going to happen. How would you tackle that?

Prof. Monica Gattinger: I don't think you're the only group that sees this as unclear. It isn't clear how that circle will be squared or the square will be circled. That said, there are some important processes under way at the first ministers' level. That's an important development, to see that change in terms of the provinces and the federal government coming together on climate, coming together on energy, and on the development of a Canadian energy strategy.

We've done some public opinion polling work in connection with the positive energy project. One of the things that won't surprise people who know oil and gas well is that a majority of Canadians support the development of oil and gas. They also want to see environmental protection, but they're confident that governments collectively can move in the direction of energy development while at the same time protecting the environment.

What they haven't seen, though, is a plan. What is it going to look like? There's a desire on the part of Canadians to transition to a cleaner energy future. I presume that's also part of what the committee is interested in. We haven't seen a plan for what that transition will look like, what the time frame will be, or the ways in which governments and others will work together to achieve it. Many people, including me, are looking to that first ministers' process to try to get a much better understanding of, concretely, how the governments are going to work together on this.

There's a really interesting window of opportunity here in respect of decision tracks. You have the first ministers' meetings dealing with climate. You have in the Council of the Federation the development of a Canadian energy strategy. You also have the energy and mines ministers who are going to be meeting over the course of the summer. The focus of their proceedings will be on public confidence. There's an opportunity there to show a coordinated approach to some of these key issues. I hope governments will take it.

•(1755)

Mr. Richard Cannings: If there isn't a clear plan by the time these decisions have to be made in December, at least with Kinder Morgan, do you think that would further erode public confidence?

Prof. Monica Gattinger: A clear plan on climate, you mean...?

Mr. Richard Cannings: I mean for climate change and its cumulative effects. In cumulative effects, I include things like upstream impacts on our climate targets. We don't even have clear climate targets yet, CO2 targets.

Prof. Monica Gattinger: In terms of precise data, one of the things that concerns me about where we're at right now in this process is that there are a lot of expectations, and at some level, even increasing expectations that these various issues will be addressed. The government rightly is in listening mode, in consultation mode. At some point, though, participatory democracy has to move to representative democracy, and that's where the rubber is going to meet the road. I don't know what the date is, whether it's December or sometime before or after that, but in the absence of meaningful movement on some of these policy gaps, I think public confidence could be further eroded. This would be unfortunate because there is an interesting window of opportunity right now to create a positive development in this area.

Mr. Richard Cannings: I wanted to know, Dr. Lafontaine, if you can comment on free, prior, and informed consent and how you think the recent decision by the government on UNDRIP will affect our processes going forward.

Dr. Alika Lafontaine: As mentioned previously by the other presenter, it depends on how processes are going to be operationalized. I agree with her that a balance needs to be had with national interests versus local interests, and that balance is important. The most legally grounded opposition to Kinder Morgan, energy east, and the northern gateway is likely from indigenous communities. They can keep things in the court for years or decades. The previous government saw how this was operationalized by indigenous communities.

If we don't approach UNDRIP and the other obligations that the government has taken on with regard to indigenous people and reconciliation in a way that ensures a community-based process of priorities in creating and supporting community-based decision-making structures, they'll continue to get fractured visions within communities on how research projects are supposed to go forward, they'll continue to get regional first nations not agreeing on whether or not these things should go through their different territories, and these projects won't move forward.

•(1800)

The Chair: We are moving on to Mr. McLeod.

Mr. Michael McLeod: Thank you, and thank you to the presenters for their presentations.

Dr. Lafontaine, you made some very interesting points about engaging indigenous people after the plan is made. We see that all the time, and a lot of times it results in aboriginal people not trusting any projects going ahead. We're seeing right across Canada and parts of the north where aboriginal governments, band councils, are left fundraising through bingos to help their communities, and it's a real challenge. As we move forward, we are hearing a lot of comments about aboriginal people being required to be part of the process: it's a barrier, it's a challenge, it's another layer of bureaucracy. But we don't know that. We haven't talked to them. The new reality is that we're going to have an approach where we include aboriginal people.

Would you agree that before we get too far that we should be jointly crafting solutions using a collaborative approach on how we're now going to involve aboriginal people in the decision-making?

Dr. Alika Lafontaine: I'll use an example from health. I've participated in three provincial transformation initiatives, one of which included the Saskatchewan surgical initiative that decreased wait times by 40%. We came together in a conference with 200 participants, started off with 250 items that we wanted to address, and received a report that had four pillars. All we wanted to talk about was the four pillars. We don't know what happened to the 250 items that needed to be addressed. When we're talking about issues within indigenous communities, I think there's probably a set limit of the number of issues that are out there, but what differs from community to community are the priorities of which issues cause the biggest problems. If we're going to create a consultation process, and we've applied this within the alliance framework, we need to find a way to capture all those issues in a way that they remain there. They don't get distilled into four pillars that structure the way you move forward.

You need a clear process that takes the priorities from groups within the community so they can internally find alignment before they externally find alignment with federal and provincial regulatory processes. The communities can figure out a way forward, but there are different voices, and sometimes the only voices that get heard are the loudest. That doesn't necessarily represent the large majority of the community or the opinion of the elders, those are just the people who are getting on TV yelling at the top of their lungs.

When we're talking about how to move forward with resource development, we have to rethink how we collect and ensure these issues stay at the forefront. Communities need to know that they're heard. They need to see that they're heard in the reports and other things that are published, and they need to be engaged at a level where people recognize that these issues are out there and they can see them as well.

Mr. Michael McLeod: Dr. Lafontaine, would you see that setting up an independent expert panel working toward a process would help the aboriginal people move forward on this front? The responsibility is intertwined with so many different departments now I'm not sure how that would work. Can you make any specific recommendations? Have we done enough through the five principles that were announced by Minister Carr and the UNDRIP commitment?

Dr. Alika Lafontaine: Thank you for the question.

I do agree that some sort of panel needs to be convened. Whether it's expert, that really depends on how representative they are by community. The community has to validate the experts who are on the committee. The experts have to make a proactive effort to speak for the community instead of down to the community. The selection would be difficult.

I would instead call it an expert panel of communicators and consultants who can go into communities and really hear what people are saying and be able to give feedback to the government and other organizations, including corporations, on what the community is actually saying. That's probably the most important thing.

These things overlap. One of the things we found in health is that the jurisdictional framework differs significantly between the province and on reserve. For example, health professionals likely don't have to be licensed while on reserve, so as a physician, if I practice 100% in Health Canada I probably am not legally obligated to receive a licence from the College of Physicians and Surgeons.

The same situation exists for quality and safety, as well as the way that you operationalize resource development on reserve lands. Those things have to be considered as well.

I think if you do create a process where people feel heard, where they feel like they participate in defining the problem and the solutions and the implementation strategies from the very beginning, that can align very nicely with the other processes that are in there.

I think UNDRIP goes a long way to making that happen. The issue with UNDRIP is whether or not it becomes legal in the same way that it's written. If we do adopt UNDRIP in the way that it's written, I do think we'll progress in a way we need to. If we cherry-pick the parts of UNDRIP that we like and don't legalize all of the components, then I think we're going to have the same problems that we had before.

• (1805)

The Chair: You have a bit of time left. I'm not sure that he answered your second question, in any event.

Mr. Michael McLeod: Mr. Chairman, I don't have any more questions. Thank you.

The Chair: We're into the five-minute round.

Ms. Stubbs, it's over to you.

Mrs. Shannon Stubbs: Thank you, Mr. Chair.

Dr. Lafontaine, I wanted to refer to a point that you had made about the partnership between the oil sands companies and first nations, and the evacuation of the residents of Fort McMurray. Of course, not only did the oil sands companies play a big role in that, but I want to acknowledge the efforts of several first nations and Métis communities across my constituency of Lakeland who in fact are also providing refuge for evacuees from Fort McMurray and have opened their homes and their communities to support the people who have come south and who require their support. It has been a huge effort between many communities, including first nations and Métis, right across my constituency to help our neighbours to the north.

Certainly, I'd echo your comment that there are indeed heterogeneous perspectives among first nations communities around energy development. I have been travelling quite a lot throughout my constituency, which is home to extensive conventional oil, heavy oil, and gas development, and also companies that operate in the oil sands, as well as a little bit in the south. I hear often of very active equal and productive partnerships between first nations, whether being employed directly by energy developers or service and supply companies. Without a doubt the message that we hear repeatedly from energy developers is exactly what you're saying, namely the importance of involving first nations communities from the very beginning in energy development.

I would also like to get a little bit at these interim measures issues. As you pointed out, it's important for us to acknowledge that we have the largest energy reserves of any industrialized democracy in the world, the vast majority of which are in Alberta's oil sands. I wanted to underline that point. I think what I'm concerned about is that there seems to be a real lack of specifics and evidence about where this public confidence is coming from. You had mentioned local and community-driven energy developments. As a person who lives side by side with energy development in a province where we have a long history of environmental and socially responsible energy development, I think some of us are a little confused about where this is coming from, because we are world leaders in energy regulation and in that energy development.

Concerning the interim measures that the government has announced, we've heard repeatedly from witnesses that either they're not clear or that they do indeed add delays, as they have, for example in extending the energy east pipeline approval process to 21 months instead of the regular 15 months, or adding the additional climate change test to the Kinder Morgan Trans Mountain pipeline after the NEB review process is almost complete. Obviously, certainty and predictability is very critical to energy development in Canada.

I wonder if you are able to really provide some specifics around where that's coming from and whether or not it may be driven by a lack of knowledge about the real track record of energy development in Canada and in particular in Alberta.

• (1810)

Prof. Monica Gattinger: Thank you for that. That's an excellent question.

I have a few points. I think one thing not to underestimate is the extent to which, as you well know, the market context for energy has changed so fundamentally with the shale revolution and the

development of oil and gas in really unprecedented quantities in terms of production in the United States and the impact that's having on energy infrastructure and the reorientation of energy flows.

To your point, one of the things that we're seeing now is.... Again, as I said before, you'd have to go back to the 1950s to see this many pipeline proposals. The system has not had this kind of large-scale project proposals in front of it for that length of time. I think it's important to recognize, to the point about communities, that for many of these communities it's important to look at communities in context. It's not a surprise that in Alberta when your neighbour works in the sector, maybe you work in the sector and that you know it inside out. You have confidence. You're familiar. Your level of familiarity is really quite substantial.

If you look at other communities, whether it's in terms of the pipeline routing, or in terms of—think about energy development in other jurisdictions—shale in New Brunswick, shale in Quebec, these are jurisdictions and communities that don't necessarily have a previous history with hydrocarbon development. At the individual community level looking at values—

The Chair: I have to cut you off there. I'm sorry.

Mr. Harvey, we're over to you.

Mr. T.J. Harvey: Thank you, Mr. Chair.

I'd like to thank you both for coming. It's been great to hear your thoughts today on a lot of the issues surrounding what we're talking about in committee.

I'd really like to hit on just a few points, including this idea of the collaborative approach that we've talked about as we form government, and how we're trying to change the mindset on natural resource development. We're not necessarily trying to change the process, but I think it's important we recognize that just because Canada's been a leading governing country, western development and the types of strategies we've used for creating innovation and fostering growth in technology within the sector, that doesn't give us a veto to continually try to strive to do more. We need to continue to grow and evolve and focus on clean tech and the innovation that's largely come from the sector.

We had a witness earlier from SDTC. I've always been a huge fan of SDTC, of the work they've done, and of the way they help government foster growth within a sector, specifically within oil and gas. I think we really need to focus on the stakeholder engagement, whether its first nations community engagement, or the three different levels of government, and on how we can collectively work to grow the sector and to get that social licence, or community buy-in if you want to call it that, from across the country. Ultimately, I really believe that if these resource projects are going to go forward, public perception of these projects has changed, and we need to adapt as a government, along with the change in mindset, to see them go forward.

I don't think anyone in this room doesn't recognize the importance of the energy sector to the Canadian economy. I think we're all fans. We all have family who work in these projects. We all have friends who work in these projects. I'm just really excited about the opportunities that lie ahead for us.

Specifically, Ms. Gattinger, I understand you were at the tri-ministerial meetings. I wanted to see if you could touch on the effect, specifically with innovation, energy security, clean technology, and conservation, of having three governments working together at the ministerial level to try to form policy that aligns all three governments in North America to further the technological growth, focus on our greenhouse gas emissions, eventually reach our climate targets, and maintain those targets over the long term by collaborating together.

There's been a lot of talk over the last weeks and months about how the Canadian economy, if we foster this growth on our own, has to work abrasively against other governments. But can you just elaborate for me on how the three governments could work together to foster that type of growth, and on the synergies that could come out of that, as opposed to the friction of working against each other?

• (1815)

Prof. Monica Gattinger: Thank you for that question. I think that's really important. We really frequently are moving into domestic-only conversations around energy, and we're clearly in a North American context. It's been so wonderful to see the renewed interest in trilateral collaboration around energy. You'd have to go back to probably the George Bush administration in the early 2000s, with the North American energy working group, to see this level of collaboration between the governments.

I think what's essential, though, in those discussions is to try to avoid the tendency to compete, which often comes about as a result of thinking about energy in trade terms only. Energy is about more than just trade in North America. It contributes to quality of life, to standards of living, to a reliability of the electricity system. A lot of the ties between Canada and the U.S., for example, are not so much about trade as they are about electricity reliability. We're all better off when we're working together on these issues. I think there's a lot of opportunity there in all the areas you mentioned.

One of the things I noted at the meeting was a really tremendous focus on clean tech and electricity, which is important. I saw less discussion, although maybe it was happening in other forums, around hydrocarbons, and that, I think, is really important for us to also look at collectively in North America. How can we collectively

be developing those resource bases, which are large, in an environmentally responsible fashion that benefits all three countries?

The Chair: Thank you.

That's all the time we have.

We have about three minutes left.

Mr. Shields, I believe you're going to use the time.

Mr. Martin Shields (Bow River, CPC): Thank you, Mr. Chair.

I appreciate the opportunity to be here and ask questions.

Dr. Lafontaine, I found it interesting, having just come out of 15 years of Alberta governance with regional health boards and health advisories, when you said that families and patients form the centre of everything we do. I've sure heard a lot of non-indigenous people who would disagree that we have it. As one of the leading bureaucrats in Alberta has said, if you want service outside Edmonton and Calgary, you move here and get the service. We understand what you're saying as well.

One dichotomy I have found is that Alberta health service delivers the service but the funding is in a different place. In my years with health advisories and health boards, that was one of the biggest challenges, working together with indigenous people. We had a dichotomy there. How would you address that dichotomy of one government delivering the service and one government funding it? How would you resolve that issue?

Dr. Aliko Lafontaine: I think you resolve the issue by including a third level of government, and that is indigenous communities. If you are referring to the energy sector, probably one of the most successful areas where a trilateral approach was taken was in 1975 with the James Bay Cree. When they created Nunavik, in addition to working through everything they had to do to create the dam, they also addressed social institutions, governmental institutions, other types of infrastructure. Right across the pond is Attawapiskat, and they're in two different worlds when it comes to health.

We have to recognize indigenous peoples as a third level of government in this country, because functionally that's how they are recognized by the court system. If we look at UNDRIP and implementing a lot of things within that document, that's really what we are moving toward, engaging indigenous peoples as a third level.

I think if you have a funder and a service provider, if you don't involve the community, it all falls apart. That's consistent whether you're indigenous or non-indigenous. It's just good governance practice.

Mr. Martin Shields: The problem is between the funding and the service delivery governments, and trying to get those two together. Those two are the levels of government we've had the biggest problem with.

Dr. Alika Lafontaine: I think it ends up being legislated. If two people controlled by government can't get along, then you legislate it.

Mr. Martin Shields: Okay. Thank you.

The Chair: Ms. Stubbs, you have 30 seconds for a question and answer.

Mrs. Shannon Stubbs: I just want to underline your point that many of the advocacy groups that are mischaracterizing our track record of energy development are, in fact, foreign-funded, often funded out of the U.S., which is, as you know, increasingly moving from being our single largest customer to being our biggest competitor through their unlocking of unconventional resource development and their lifting of the export ban. We can see the gap between their words and what's actually happening when we acknowledge that in fact in 2014 they imported a record level of Canadian crude, more than ever before in their country's history. In 2015 that increased by 10%. That's exactly the same product that they mischaracterized and used, for example, driven by domestic politics, to veto Keystone—

• (1820)

The Chair: Time is up.

Mrs. Shannon Stubbs: —so I think you have made a very important point.

The Chair: Thank you both for coming to join us today. Your presentations were excellent, and we appreciate your taking the time to be here.

I'm going to give the witnesses a few minutes to excuse themselves, and then we can deal with committee business.

• _____ (Pause) _____
•

The Chair: Let's get going on committee business here.

Where things stand right now, we have a meeting scheduled for this coming Wednesday. We have two witnesses, the Alberta Federation of Labour and the B.C. Ministry of Natural Gas Development. If recent Wednesdays are any indication, they probably won't be coming, but we'll see how it goes on Wednesday.

May 30 is our last day, and right now we have the NEB and the In Situ Oil Sands Alliance coming. If something happens with Wednesday, we'll have to try to get those witnesses to come in on May 30.

I've been advised by the analysts that they can start working on the draft report during the week of May 23, and have a preliminary draft report done sometime before we return on May 30. Then after we hear the witnesses on May 30, they will incorporate that evidence into the report with a view to having something ready for us to review, possibly on June 1, but that's probably pushing it. More realistic is June 6, and it has been suggested to me that we might then take the meetings on June 6, June 8, and even June 13, to consider the report.

That's the time frame we're looking at. That being the case, and assuming the draft report is not ready for June 1, which I think is unrealistic because we have witnesses on May 30, there will be no

meeting on June 1, or at least there's nothing scheduled for that day. That would potentially leave that day and whatever Wednesdays and Mondays we have left in June, while we're sitting, to deal with.

First, is everybody content with the schedule I've just outlined?

Second, does anybody have any suggestions in terms of how we deal with, or whether we want to deal with the remaining days for the balance of June? We can deal with that.

Then I understand for the third part, the parliamentary secretary has a proposal for us as well. Perhaps we should hear from her first, before we answer questions one and two.

• (1825)

Ms. Kim Rudd (Northumberland—Peterborough South, Lib.): I'm going to pass out gifts for everyone. No bow today.

There has been some thought given, a suggestion made, that because clean technology is really the bedrock of so much of what we're talking about and where we see we're going, that we undertake a study specifically on clean tech. What you're getting right now is sort of the broad strokes of what that might look like.

I'm just going to go through a couple of points and then I'll talk about the idea of the format of this.

It says, engage parliamentarians on issues related to clean technology and natural resources, provide new insights on the government's approach to supporting clean technology, and consider opportunities for natural resource sectors to benefit from clean technology. There are some study questions in there.

The idea was that we could take the last few weeks of sitting and flesh out some of the questions we might want to ask in discussion around how this might tighten up. The idea was that, for this study, we basically break the country up—not figuratively, of course, very poor choice of words—and that we would do the west first, because we're studying oil and gas and we'll have concluded. It seems most appropriate when it's all fresh in our mind.

A couple of the suggestions have come forward, and these are not carved in stone. We're just putting these out for you to think about. What we're looking for today is more of a confirmation on principles that this is something that we'd like to do and we can, as I said, tighten it up.

If you go to annex 2, Jonathan Wilkinson, who is parliamentary secretary for environment and has 20 years' experience in clean technology based out of Vancouver, has given us some suggestions. Some of them come from other places, including our clerk, I believe, about some of the places that we might want to think about or groups we may want to engage.

There's a suggestion that the Vancouver Economic Commission—read their bio and who they're involved with—would convene a round table for our committee where we could actually engage a variety of people in the clean-tech sector.

Then look at doing two site visits, if you will, in British Columbia. One is the NRCan Pacific forestry centre. You can read the bio about them. They're one of five research centres within the Canadian forest service. There's also an LNG facility. LNG is a huge part of what we talk about, and there are some LNG facilities that are really working on some clean technologies that are quite innovative.

That would be a couple of days, and we would then do a couple of days in Alberta. If you flip to the next page, we're possibly looking at an oil and gas round table probably in Calgary. The presentation by COSIA was very extensive, and they've offered to assist us in doing something further. They may be the catalyst for doing that. We don't know; I'm just putting that out there.

There's also an NRCan Canmet energy facility near Edmonton. They're doing some very innovative work with businesses to help them get where they need to be.

The third thing is—and we're going to ask our Alberta colleagues specifically—one of the thoughts was to visit Fort McMurray. We'd like to show our support for Fort McMurray in a variety of ways and visit, if it is appropriate that we go to one of the facilities near Fort McMurray, but again, we don't know, and you know better than we do. We're looking at the last week in August, so it wouldn't be for a bit, and I'm just putting it out there. I think it's important for the committee, but we also realize that there are sensitivities around people trying to get back in their homes, etc., and we certainly don't want to do anything to impede that.

That's what the first leg or part of this would be.

The second would be in October, and we can talk about that in a second.

In the meantime there are two things that we think are important for this committee to look at as we look at the next two segments, the mining and the nuclear. Michael has been in touch with some of the diamond mines in the Northwest Territories that are doing some really innovative things. There happens to be a direct flight from Ottawa, which just makes life so simple. That may be somewhere we want to take a look at. Recognizing our north is extremely important to us and gives us a sense of the accessibility issues and infrastructure, etc.

The other is the energy centre at Darlington. They have a mock-up now of a full calandria for nuclear power that we can tour. I spent seven hours there a few weeks ago. We can tour the waste facility, and there are all sorts of things we can do that will give us a better sense of what nuclear is and some of the innovation going on around that.

● (1830)

You can go on the train free of charge as parliamentarians. We can go up and back in the same day. I'll throw that out, because I take the train every week.

What we do in October is look at the more eastern part of our country and tidal power. I don't know how familiar you are with tidal power. There's some interesting stuff happening there. There's forestry in Quebec and on the east coast. We're still working on a couple of things in the east and Quebec that may be of interest. That's not until October, so we're holding that off for a bit.

That's what it would look like, and of course our analysts and our clerk would help us determine what that would look like in terms of budget and travel. We're looking at the last week of August, just before the Labour Day weekend and the week after Thanksgiving. That's what we're looking at and the other two days to be booked in between.

The Chair: Okay, so while we digest that, why don't I go back to the—

Ms. Kim Rudd: Sorry.

The Chair: Thank you for that presentation.

In terms of the scheduling of the balance of the meetings to deal with the report, does anybody have any questions, comments, or concerns on that?

Mr. John Barlow: I guess we could talk about the parliamentary secretary's suggestion after we finish this, but for Wednesday, the 18th, you were concerned about whether we would go with it or not.

The Chair: Sorry, I should add I've been advised that we can't start until four o'clock on Wednesday now.

Mr. John Barlow: Okay. Oh, right, the apology.

The Chair: Yes.

Mr. John Barlow: Maybe Kim could check with the whip. They should know if there are going to be any votes or anything, or if they're planning to bring anything forward. I'll do the same and make sure we're not doing anything. Then you should have an idea if anything's going to happen on Wednesday, and whether to cancel it or not.

The Chair: Yes, I'll try to find out as far in advance as I can.

Mr. John Barlow: We can't go late on the 30th, even if it's possible. Candice and Shannon have other committees that night.

The Chair: If it's just the two witnesses, we should be able to get it done without any difficulty, assuming there are no other surprises that come along.

Other than that, does anybody else have any...? We're good on the schedule? Okay.

That leaves us with potentially an open date on June 1 and 13, and after that.

We're notionally reserving the 13th for a third meeting to deal with the report, so that could be the 15th, 20th, or 22nd.

Let's deal with June 1. Are there any suggestions on how we deal with that date?

An hon. member: [*Inaudible—Editor*]

The Chair: I hear cancel it. Any objections to that?

Ms. Kim Rudd: If I could vote, I would.

The Chair: Okay. All right, we have unanimous consent on cancelling the meeting June 1, barring some miraculous effort by our analysts to get the report ready to review.

All right, so that's done. Let's move on to the parliamentary secretary's proposal.

What I understand needs to happen is that once it is defined a little more in terms of dates, locations, and whatnot, then our clerk needs to prepare a budget for us to present. Once that's been dealt with here it needs to be presented to the Liaison Committee.

How do we want to proceed? Do we have a motion that somebody wants to present today in terms of the study? Are there any other comments that people want to make about the proposal?

Go ahead, Mr. Harvey.

• (1835)

Mr. T.J. Harvey: Does somebody have to table a motion before we can have a discussion on it?

The Chair: Do you want to make the motion?

Mr. T.J. Harvey: I'll table a motion that we undertake the proposal for a study on clean technology and natural resources by the parliamentary Standing Committee on Natural Resources.

The Chair: Okay.

Mr. T.J. Harvey: I move:

That the Standing Committee on Natural Resources be authorized to undertake a study of no less than 10 meetings on the opportunities and challenges facing clean technology development and its use in the natural resource sectors and; That the Committee obtain the budget necessary to travel to relevant sites across the county from August until October and; That the Committee report to the House no later than December 16, 2016.

The Chair: Is there any discussion on the motion?

Mr. Barlow.

Mr. John Barlow: I want to clarify a couple of things. I have no problem with the premise of this, but I want to make sure this is clear.

We're going to finish this study first, so the mining, forestry, and nuclear studies are put on the back burner. I'm fine with that, if it's the case, but I want to make sure we finish this one first. The other three are going to be put on the side burner. Is this then a separate study?

The Chair: No.

Ms. Kim Rudd: This is going to be done over the period of time. This touches on all of the three studies. My understanding is that oil and gas will be finished, mining will start when we resume in September, and the nuclear will be after that. This would be interspersed among all three, with the report being done in December. They'd be concurrent for a period of time.

Mr. T.J. Harvey: The majority of the focus of this study would happen during two weeks, one at the end of the summer recess and the other one immediately following Labour Day. The majority of the background work for this one would be done during those two weeks, separately from the other study that we're already undertaking.

The Chair: Mr. Cannings.

Mr. Richard Cannings: On a point of order or whatever it is, I want this to be basically a notice of motion that we can take under advisement and come back to vote on, at our next meeting, perhaps. This rather just arrived and it's quite a big thing.

The Chair: There's no need for advance notice because we're in committee business. We can deal with it today, but we don't have to finish the discussion today.

I think, to answer your question, that this is not intended in any way to delay or change anything we've already planned to do. The idea was that we were going to do this during the summer and that, if we haven't completed it before we come back in October, we would do it at another time that doesn't interfere with the schedule we've already set.

• (1840)

Mrs. Shannon Stubbs: Obviously, it's up to the will of the committee, but I want to add my input. I would echo my colleague's comments and would support taking it back to look at the facts and think about it before we vote on it. I'd also be more comfortable with an estimated budget before we vote on it.

I might add that if we as individuals take our commitment to the environment seriously, we may choose instead to minimize our carbon footprint and bring all these witnesses in by Skype or whatever, since it seems to me the point of this is that it be a learning tour. I just want to echo Richard's comments.

The Chair: Kim.

Ms. Kim Rudd: Certainly there's no rush. This is something we felt would inform the committee.

You live in Alberta; you're very familiar with the oil sands and production, etc. The majority of the committee isn't. If we're really going to embrace.... It's not learning, but having witnesses come in.

When I went to OPG, just as an example, I spent seven hours there. I thought I had understood, but I really hadn't. I do now. You have the opportunity to see and feel, and it does make a difference. That was part of this.

The Chair: I'm told we need to prepare the budget. We're going to need the number of people travelling, the cities we're going to, the dates, hotels, transportation options, food, and miscellaneous expenses. That's a lot of detail we're going to need in order to get the budget prepared.

Ms. Kim Rudd: I guess if there isn't a will, then we don't want everybody to do all that work if no one's really interested in doing it.

It's up to the committee, and we'll work with what you guys decide.

The Chair: Mr. McLeod is next, and then Mr. Serré.

Mr. Michael McLeod: Mr. Chairman, I'd like to encourage the committee to make the decision to travel sooner rather than later. I sit on another committee, and we're doing the same thing at that committee level. We're planning travel at almost the same times.

If I can get a firm handle on our travel, on how we're going to break it up and how many people need to go and all these things, I'd appreciate it. I'd like to be able to plan my summer. I'm doing it already. I have seven aboriginal assemblies to attend to, and my summer is almost full already. If I'm going to do this, I need to carve it out. I'd rather try to plan around it than try to squeeze it in later.

Thank you.

The Chair: Marc.

Mr. Marc Serré: Thanks, Mr. Chair.

To echo Michael's comments, I think in principle we're saying that we want this. The suggestion of going in person—what was proposed here—would I think be of great benefit.

I'm wondering whether we could provide some of that detail to the clerk on the number of people. We're looking at August and we're looking at a few days in October. If we could provide that detail, with the number of people and the number of days, then the clerk and the analyst could come back to us at another meeting with the budget. Then we could formally decide, but just giving the okay today to look at the cost and agreeing in principle would be a good suggestion.

Those are my comments.

The Chair: I'm going to turn it over to John for one more comment. Then I have to wrap this thing up by a quarter to seven, because we have places we have to be.

Mr. John Barlow: Mr. Chair, I appreciate that.

I have two really quick things.

First, Kim, I appreciate the support for Fort McMurray. I think it's very important that our committee go there and show support. I said earlier that Shannon and I spent some time in northern Alberta this week. People are very encouraged that we said we would try to get the committee to talk about some of the issues. We can certainly go, I

think, at any time. We wouldn't necessarily be in Fort McMurray. We would maybe go to a SAGD or an institute facility outside.

I don't think I can stress this other one enough, and Michael, you brought it up as well. Many of us here are new. Your summers are gold, gold at home in your riding. I do not support doing this over the summer break. I think it is something we can do while we're sitting. We might have to play with the calendar a little bit.

I know what my summer is already packed full, and I cherish every moment I have at home with my family. I do not want to be travelling on parliamentary business when I have very limited time with my family in the summer. I don't think we should be doing this during the summer break. That's just my opinion.

● (1845)

The Chair: Can I suggest on that note that we adjourn and pick up the discussion on Wednesday when we are finished with the witnesses?

Mr. T.J. Harvey: Do we have consensus to allow the clerk to explore the financial side of it?

The Chair: Yes.

Mr. T.J. Harvey: That will give us some topic for discussion at the next meeting.

The Chair: All right. We're in agreement on that.

This meeting is adjourned.

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