



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Natural Resources

RNNR • NUMBER 039 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Thursday, May 10, 2012

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Chair

Mr. Leon Benoit

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• (0850)

[English]

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

We have our witness in Edmonton in the room now. We're ready to start. We are of course continuing our study on resource development in northern Canada. We're dealing with the energy section of that study today, starting that section.

We have two witnesses from the Department of Indian Affairs and Northern Development: Mimi Fortier, director general, northern oil and gas branch; and Michel Chenier, director, policy and research, northern oil and gas branch. Thank you both for being here today.

We have by video conference, from Edmonton, Alberta, from the Alberta Federation of Labour, Gil McGowan, president. Welcome to you, Mr. McGowan.

Mr. Gil McGowan (President, Alberta Federation of Labour):
Thank you.

The Chair: We will start with hearing from the witnesses in the order listed on the agenda. So we'll start with the Department of Indian Affairs, for up to ten minutes. Please go ahead.

Ms. Mimi Fortier (Director General, Northern Oil and Gas, Department of Indian Affairs and Northern Development):
Thank you.

I think our name has changed recently in the last few months. It's Aboriginal Affairs and Northern Development Canada now. Thank you.

[Translation]

I am pleased to have this opportunity to share my department's perspective on oil and gas developments and future plans in Canada's north, where there is large oil and gas potential.

[English]

The federal approach to economic development promotes responsible oil and gas exploration and development, producing jobs for today and generating long-term social, cultural, and economic dividends for aboriginals and northerners well into the future. It also supports development that employs effective environmental stewardship practices. This ensures that development occurs in a way that respects the traditions of aboriginal communities and safeguards the Arctic's environment for the benefit of future generations.

[Translation]

The Department of Aboriginal Affairs and Northern Development is responsible for issuing rights in the Northwest Territories, Nunavut, and in offshore areas north of the 60th parallel. The northern oil and gas program operates under the Canada Petroleum Resources Act and the Canadian Oil and Gas Operations Act. The Minister of Aboriginal Affairs and Northern Development shares responsibility for both these acts with the Minister of Natural Resources. The National Energy Board is responsible for most of the application of the Gas Operations Act in Canada. Therefore, responsibilities are separated as follows: the economic decisions lie with the department and the minister, and the safety and environmental decisions lie with the regulator, the National Energy Board.

[English]

Officials in our offices work to create the conditions and positive investment climate that enable the private sector to successfully compete in the north. There's a well-established, market-driven oil and gas rights issuance process precisely to advance this objective.

The department relies on foundational relationships established in land claim agreements with aboriginal groups to support our management of hydrocarbon resources in the north. Prior to initiating each rights issue and cycle, our department undertakes consultations with aboriginal land claimants to seek their input on environmental and cultural sensitivities. We recognize that support by affected communities and aboriginal organizations is very important for those companies embarking on exploration programs on their newly acquired leases. For the past 25 years there has been an annual opportunity to obtain exploration rights through a competitive rights issuance process.

Community input and support is important in making these recommendations to our minister and obtaining ministerial consent. This process is equally advantageous for the business community. Industry tells us that the certainty of regular calls for rights issuance increases investment confidence in Canada's frontier lands.

•(0855)

[Translation]

Moreover, our government is working toward implementing devolution in the Northwest Territories. For the Yukon, the transfer of land and resource management responsibilities occurred in 2003. In Nunavut, we are continuing discussions towards devolution. Devolution will give northerners more local control of land management and resource development decisions. This will effectively bring natural resource decision-making closer to where natural resource development is being planned. It will also bring economic benefits.

[English]

If I may take another few minutes, I would like to turn to some of the more noteworthy oil and gas developments that are promising to reshape the north.

The year 2011 was the year that industry's rapidly growing interest in Canada's shale resources jumped 500 kilometres north of 60 to the central Mackenzie Valley. This was reflected in the issuance of new exploration licences in the Sahtu settlement region of the central Mackenzie Valley.

In June of last year, 11 new exploration licences were issued, based on bids of work expenditure commitments totaling \$534 million over the next five years. By last fall, it was clear that petroleum companies acquiring these exploration licences were focusing on exploring shale formations, although there is also great potential for conventional oil and gas resources in the region.

New hydraulic fracturing technologies have the potential to make this vast reserve accessible, but this potential has to be proven by exploration before economics of shale development in this region can be evaluated. The department has organized information sessions so that northern communities are fully informed about shale gas exploration, the technology deployed, the regulatory processes, and regulations applicable for key issues such as water quality and use. The pace of development will be monitored and northerners will be provided with opportunities to raise and share their concerns. These activities currently represent the only oil and gas activities in the region outside of ongoing production operations at Norman Wells.

[Translation]

Renewed interest by industry in the area opens up new economic opportunities for employment, training and business.

[English]

Moving up to the Beaufort Sea and Mackenzie Delta, this region has proven to be particularly rich in petroleum resources, with more than 60 discoveries to date. Since 2007 several companies have been awarded deep-water exploration licences in the Beaufort Sea, with cumulative work commitments of almost \$2 billion.

The events in the Gulf of Mexico two years ago resulted in a renewed public focus on safety and preparedness around the world. In Canada, the National Energy Board expanded an existing study to conduct a public review of offshore drilling requirements. You are probably aware of the NEB's December report. That report confirmed that the National Energy Board's regulatory regime can

address matters related to safety of northerners, workers, and the environment. We're seeing renewed interest again this year. The industry has nominated six parcels, and the call for bids has just opened up and closes in September.

[Translation]

Only about one-fifth of the Arctic Ocean margin has been explored. Conventional oil and gas resources from the North account for approximately 33% of Canada's remaining conventionally recoverable resources of natural gas and 35% of the remaining recoverable light crude oil. Every year, the Northern Oil and Gas Branch submits an annual report on the administration of lands to Parliament. The latest report was submitted on May 2, 2012, and is available on the department website.

A key consideration in our consultations on oil and gas in the North is environmental stewardship. We need to provide public and departmental assurance that rights are issued responsibly, with due consideration for conservation issues and the north's environmental heritage. Science is important for supporting good decision-making.

[English]

We are always looking for innovative programs to advance responsible development and increase Canada's knowledge of the north. One example is the Beaufort regional environmental assessment, with funding of \$21.8 million over four years. Its objective is to ensure that governments, the Inuvialuit, regulators, and industry are prepared for renewed oil and gas activity in the Beaufort Sea. These parties have all been at the origins of the assessment, right from its concept. Now in implementation, BREA is a unique partnership. It brings together Inuvialuit communities, industry, governments, academia, and regulators who work together to identify priorities and fund research in support of regulatory decisions. These are multiple benefits to this place-based partnership approach.

•(0900)

[Translation]

In conclusion, given the world-class oil and gas potential throughout the Arctic, it is important that this exploration continue responsibly and that northerners actively participate in and benefit from development.

[English]

Most of all, I want to reinforce the importance our department places on working in partnership. As the numerous examples I cited earlier demonstrate, it's the way we do business, because we know this is the key to long-term success. Through productive partnerships, we can unleash the extraordinary economic and social benefits of responsible oil and gas development for northerners and for all Canadians.

Thank you.

The Chair: Thank you very much for your presentation, Ms. Fortier.

We will go now to our second witnesses, by video conference from Edmonton, from the Alberta Federation of Labour, Gil McGowan, president.

Go ahead with your presentation, please, sir.

Mr. Gil McGowan: Thank you, Mr. Chairman.

Good morning. As Mr. Benoit said, my name is Gil McGowan. I'm president of the Alberta Federation of Labour. The AFL is Alberta's largest union organization. We represent 29 unions in the public and private sector, who, in turn, represent more than 145,000 working Albertans, including more than 25,000 people who work directly in our province's energy sector.

I'm here today because I'm profoundly troubled by the approach to the development of the oil sands that's being championed by the federal government. It's an approach some analysts have described as "an unmitigated growth strategy". I call it a wild west "rip it and ship it" strategy for development.

Since winning his long-sought-after majority a year ago, Prime Minister Harper has made this new approach to development in the oil sands a central pillar in his government's plan for the future. It's an approach that's characterized by a commitment to quick regulatory approvals for resource extraction projects, quick approvals for pipelines to export raw bitumen, and quick approvals for employers who want to access to cheap temporary foreign workers to work those projects and pipelines.

The government's new approach is also characterized by efforts to demonize and denigrate anyone who raises concerns about the oil sands or how it's being developed. Critics are labelled as radical, as opponents of progress, and as enemies of Alberta. In a nutshell, the Prime Minister has put his government at the disposal of the energy industry. The government is no longer a watchdog looking after the broader public interest; it is now a cheerleader and facilitator for the narrow goals of industry. The tools and mechanisms of government have become the tools and mechanisms of industry, and anyone who gets in the way will either be ignored or run over.

As a labour leader on the front lines of development of the oil sands, I am both angry and alarmed by our country's evolving approach to growth in the resource sector. As a proud Albertan, I'm deeply offended by senior members of the Harper government who try to characterize people like me as hostile to the interests of Alberta and hostile to the interests of our key industry. It is not un-Albertan or un-Canadian to raise questions about what's going on in the oil sands. On the contrary, as someone who cares deeply about my

province, I feel I have a duty and obligation to raise my voice in opposition to what I see in front of me. It is also not divisive or an unwarranted attack on the west to engage in a mature discussion about the future of the oil sands. In fact, if anyone is playing politics with this issue, it's the Harper Conservatives, who are deliberately trying to put any and all discussions of the oil sands as an us-against-them fight.

For our purposes this morning, I'll leave it to others to address the very legitimate environmental concerns related to development in the oil sands. Instead, in the brief time available to me I want to outline four reasons why I think the current industry-driven wild west approach to development of the oil sands is not in the long-term best interests of either Alberta or Canada. Then I would like to wrap up quickly by sketching an alternative vision for development, one that puts the interests of ordinary Canadians ahead of the interests of foreign-dominated oil companies.

The first reason why we're opposed to the current approach to the development of the oil sands is because of the negative effects it's been having on the labour market here in Alberta. The Alberta and federal governments have essentially approved every proposal for development that has come across their desks, to the point where there are now more than 65 multi-billion-dollar oil sands projects either approved or already under construction.

Employment in Alberta's energy and construction sectors has already exceeded the peaks of the last boom, and projected demand for labour is expected to continue growing rapidly. On the surface this may sound like a good thing, but all of this rapid development has a big downside. What happens when dozens of big energy and construction companies go looking for skilled workers at the same time? Labour shortages, that's what. These shortages lead to delays, the delays to cost overruns. The shortages also lead employers to scramble for more workers, starting with less experienced workers, and increasingly they're turning to temporary foreign workers, who are often poorly trained, unfamiliar with the language, and uncomfortable working in Canadian conditions. The result of this mad scramble to throw warm bodies on work sites is lower productivity, more mistakes, and an increased need to go back and fix things that weren't built properly, all of which, in turn, leads to higher costs.

● (0905)

One of the real perversities of the current situation is that this is actually making the labour shortage worse in the long run. That's because the rapid pace of growth and development means that employers are reluctant to let apprentices take time off to complete their classroom training, so they remain apprentices for far too many years.

Even more importantly, by making it easier and easier for employers to access temporary foreign workers, the Harper government has made the temporary foreign worker a first choice for employers instead of a tool of last resort.

The result is that employers are choosing temporary foreign workers over apprentice training, and in the process we're not doing enough to train the next generation of Canadian tradespeople, guaranteeing continued, ongoing labour shortages in the future. Needless to say, without training the next generation of tradespeople, we're locking ourselves into a future of skilled labour shortages and an ongoing reliance on migrant labour.

The second reason we're opposed to the current approach to development in the oil sands is that it discourages upgrading and refining, which we believe are the key to long-term job creation and economic growth in Alberta. Albertans have made their feelings clear on this issue. In poll after poll, an overwhelming majority of Albertans have said that they want to move up the value ladder instead of shipping more high-quality jobs in upgrading and refining down the pipeline, to such places as the United States and China.

Currently, about 62% of all bitumen is upgraded in Alberta. This creates thousands of jobs in operations and maintenance and generates billions of dollars in spinoffs. It sustains families and communities. But almost all of the new oil sands projects that are currently under construction are for extraction only, meaning that the proportion of bitumen upgraded in Canada is about to drop precipitously. Government estimates here in Alberta say that within the next five years we will drop below 50% of bitumen upgraded in the province.

Some will say that this is inevitable because the economics of upgrading and refining simply don't add up. But there's nothing inevitable about this situation from our perspective. The key concepts to keep in mind when trying to understand what's happening with upgrading are cost and price differential.

As we've seen, the rapid pace of development is driving up costs, meaning that only the lower-cost "extraction only" projects are attractive to developers. At the same time, by approving more bitumen export pipelines to the U.S. and potentially to China in an effort to chase higher prices, the government is actually killing our upgrading and refining industries. That's because the big competitive advantage that has traditionally been enjoyed by our industries here in Canada, which has allowed our industries to thrive, has been access to relatively inexpensive feedstock.

By focusing, as the Alberta and Canadian governments have, on removing the price differential between bitumen and conventional crude, these governments are effectively undermining our biggest competitive advantage when it comes to upgrading and refining.

So if the "market" is saying that upgrading doesn't make sense, it's because our governments have influenced that market in negative ways. Rapid development has led to cost inflation that discourages value-added construction, and overbuilding of bitumen pipelines shrinks the price differentials that sustain our Canadian-based upgrading and refining industries.

In a nutshell, the reason Albertans and Canadians are not seeing the kind of value-added developments they want is that their

governments are stacking the deck against this kind of development by mindlessly following the lead of self-interested industry players.

The third reason that we oppose the current approach to development has to do with royalties. In this regard, we have to keep in mind that royalties collected by the government here in Alberta are tied to cost, and in particular at the front end of oil sands projects. If the costs are high and escalating, as they have been as a result of the unrestricted rapid development, that situation has a negative impact on the amount of money that can be collected in royalties, and of course this has an impact on the money that will be available to spend on things that Albertans and Canadians value, such as health care and education.

Just to wrap up, because I realize that my time is running out, governments in Alberta and Ottawa need to stop seeing themselves merely as cheerleaders for the oil industry. Instead, they have to understand that Canada's natural resources, whether it's the oil sands or other resources, belong to Canadians. They have to understand that there's a difference between the narrow interests of oil companies and the broader interest of the public. Most importantly, we feel that governments need to start following the advice of former Alberta Premier Peter Lougheed, who has said that we need to start thinking like owners.

● (0910)

Responsible owners would set a more reasonable pace for development in the oil sands. Responsible owners would demand long-term job creation and value-added industries. Responsible owners would also negotiate more aggressively for fair royalties for the sale of our collectively owned public resources.

Of course there is a fear that if we got more aggressive in terms of demanding more value-added job creation or more royalties, investment would decline in the industry. But we feel very strongly that this is not a serious concern, simply because only about 22% of available oil reserves in the world are open to investment and development by the kinds of private oil companies that work in Alberta. And fully half of those reserves are in Alberta.

That's what we, in the labour movement, call bargaining power. We can take a lesson from people like Peter Lougheed, people like Danny Williams, and even Sarah Palin, when she was Governor of Alaska. They took an aggressive approach to negotiating the best possible deal with energy companies, and the energy companies did not walk away from the table. In fact, all three of those jurisdictions enjoyed rapid growth and vibrant economies.

At the end of the day, there is an opportunity for us to move up the value ladder to create jobs, to set a more reasonable pace for the oil sands, and to make sure that Canadians benefit from the development of these very important resources in terms of both jobs and royalties. But it's going to take political will and a different direction than the one that has been set by this government to date.

Thank you.

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

Mr. McGowan is the president of the Alberta Federation of Labour.

Just before we go to questions and comments, I want to note that yesterday, our third witness, Brendan Bell, who is chairman of the Northwest Territories Power Corporation, indicated that he wouldn't be here today. So we have the two groups of witnesses.

We'll start our questions and comments with Mr. Calkins, for up to seven minutes.

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

Thank you, witnesses, for being here.

I'm going to start my questioning with you, Ms. Fortier. The comment you made in your opening remarks about the more noteworthy oil and gas developments promising to reshape the north I thought was an interesting comment. We've heard from various witnesses who have appeared before this committee already, notably folks such as Mr. Cheechoo from the ITC, and so on, who have talked about some of the issues pertaining to and surrounding resource extraction development in Canada's far north.

I think most northerners view development as a positive thing. As you know, the current federal government policy is going to look at streamlining the regulatory process so that government can be more of an enabler, making sure, at the same time, that the right environmental considerations are taken and that there is a balance with aboriginal considerations. There is the duty to consult and so on.

When you say that it's going to reshape the north, what do you mean, exactly? There are a lot of things at play.

The Chair: Ms. Fortier, go ahead.

• (0915)

Ms. Mimi Fortier: Yes, there are definitely a lot of things at play. I agree.

There is a great deal of potential. There is vast potential, as I mentioned. About 35% of Canada's remaining conventional oil and gas lies in the north.

We have seen, obviously, cycles of exploration that have led to major discoveries. We have quite a high discovery rate, for instance, in the Beaufort-Mackenzie basin. You have a rich shale formation that has fed the rich Norman Wells oil field in the central Mackenzie Valley. They are exploring the economic potential of that shale formation. There have been 19 natural gas discoveries on high Arctic islands, and there have been concepts over the past decades to develop that resource.

If I could just go back, the aboriginal groups are engaged from a very early point. For instance, there's a great deal of leadership among the Inuvialuit to make sure that the aboriginal Inuvialuit are very informed. The industry often converses with the Inuvialuit far more than they do with governments. There is definitely aboriginal planning that goes into reaching agreements with the companies in terms of training, opportunities for employment, and business opportunities.

When you look at these major shifts in terms of the private sector interest, whether it be offshore exploration or shale exploration, there

is a great deal of engagement with the local population. They want to make sure that they are not only able to take advantage of the opportunities but are also aware of the input they will have to provide the regulatory bodies later on in terms of the concerns and in terms of shaping the conditions of that development.

Mr. Blaine Calkins: I think that was part of the concerns we heard from some of these groups, that they didn't have the capacity first of all to engage in the process, because a certain skill set is required there, but also from a training and labour preparation perspective it's not like the old days, when you simply hopped on the rig and drove out there and spudded a hole in the ground and started drilling. I mean, things have changed a lot.

I've worked on drilling rigs, I've worked on service rigs. As an Albertan, I think almost everybody has that opportunity to do that if they want to. It's a complicated thing. We're not only talking about oil and gas development either. There's all kinds of other mineral exploration.

What benefits do you see for the aboriginal communities there, as far as being able to fully participate and engage and realize the maximum potential?

Ms. Mimi Fortier: There have been a lot of different ways they have done that. If I could jump to certain major opportunities, like the Mackenzie gas project, it brought with it a great deal of investment in training. A rig was brought to the Aurora College in Inuvik, for instance, for deckhand training, that sort of thing.

If you step back, they also participate in or form companies to do environmental assessment, and bring in some of the equipment to the supply service sectors and that sort of thing. But also, if you are familiar with the northern land claim agreements, the aboriginal groups themselves that fall under land claim agreements nominate members to boards that not only undertake environmental assessments, but also undertake land and water permitting. So they're very much engaged and familiar with much of the regulatory process involved in oil and gas, and mining, and that sort of undertaking in the north.

Mr. Blaine Calkins: Thank you very much.

Mr. McGowan, I'll ask you a few questions. I noted from your testimony, as a proud Albertan that you claim you are, that you thought that perhaps the royalty regime in Alberta was ineffectual and wasn't producing the results you hoped. My colleagues to my immediate left here from Saskatchewan, Mr. Anderson and Mr. Trost, were giddy at the suggestion, because I think that was tried here a little while ago by Premier Stelmach, who had a majority government in Alberta and couldn't survive as the leader of his own party during the tenure of that majority because of some of the mistakes he made and some of the flip-flops in the decisions that he made. One of them, notably, was royalties.

I also noticed in your testimony that you used the word "I" a lot, which leads me to believe that the testimony that you brought here today are your opinions and your opinions only, unless of course you're speaking on behalf of the Alberta Federation of Labour. I would simply ask you, sir, are these opinions actually a consensus among your union membership, or are these simply your opinions?

The Chair: Mr. McGowan, go ahead, please.

Mr. Gil McGowan: The question makes me chuckle, because it is yet another example of the dismissive and bullying approach this government takes to anyone who doesn't share their views or their prescriptions for the future.

I can assure you, Mr. Calkins, that my comments do reflect the attitudes and opinions of the Federation of Labour. These issues related to royalties, pace of development, and development of value-added industries have been debated extensively at successive conventions of our federation that are attended by literally hundreds of union leaders and activists from across the province.

I know that Conservatives from Alberta like to give the impression that all Albertans think alike and that all Albertans are Tory blue and march in lockstep, but the reality is that's not the case. There is a very significant number of Albertans who share concerns about the pace of development, who think that decisions made by this government are moving us in the wrong direction.

● (0920)

The Chair: Mr. Calkins, you're out of time.

Mr. Blaine Calkins: Mr. Chairman, he hasn't answered my question. My question was about royalties.

Mr. Gil McGowan: I'm happy to answer the question, Mr. Chairman.

The Chair: You can try to tie it in later.

Thank you, Mr. McGowan.

I'll go to Mr. Julian for up to seven minutes.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you very much, Mr. Chair.

Thanks to all our witnesses, and particular thanks to Mr. McGowan for coming in, because I know it was 6:30 Alberta time when you actually came to provide testimony to us. We appreciate you being here and we appreciate the clarity of what you've been telling us.

I know, because I'm often in Alberta, that the issue of temporary foreign workers is increasingly one Albertans are concerned about. These workers are not subject to the same rights that Canadians are. They're not allowed to bring their families or establish that kind of contribution to Canada they would like to make. They're brought in and then they're shipped right out, kind of like the rip it and ship it you're talking about for raw resources.

Can you give us an indication as to what extent it is a growing problem? Do you have numbers? The government seems reluctant to release the real numbers of temporary foreign workers working in the oil and gas industry in Alberta.

Mr. Gil McGowan: The latest numbers we have are from the federal government. They only release numbers on an annual basis at the end of the year, so keep in mind that the numbers are a little bit old. As it stands right now, there are about 65,000 temporary foreign workers in the province. The majority of them are working in low-level service jobs for very low wages. They're the most easily exploited group of workers.

There are about 20,000 working in the oil sands and in construction. Those numbers are set to rise. In fact, just a couple

of days ago I was talking to a project manager for a big construction firm, and he was saying that right now his company alone has about 2,200 temporary foreign workers working in the skilled trades.

As a result of the accelerated process for LMO approvals that was just introduced by the federal government about a week and a half ago, this guy is in the process of filling out paperwork for a dramatic increase in the number of skilled trades they're bringing in under the program. Just in his division of his construction company he envisions the number of temporary foreign workers jumping from about 2,200 to between 3,500 and 4,000 in the next year. That's for just one company. So we're on the cusp of what I think is a dramatic jump in the number of temporary foreign workers in Alberta, in general, but especially in the skilled trades.

From our perspective, that's what the new announcements on the temporary foreign worker program are all about. They're about paving the way for employers in the oil sands and related construction companies to get access to more temporary foreign workers, and very significantly also at a cheaper rate, because they say they can pay them as much as 15% less than the going rate for Canadian workers.

Mr. Peter Julian: Thank you very much, Mr. McGowan.

I would like to move on. I certainly know that the views you've expressed are shared by a lot of Albertans. I was knocking on doors in a number of sectors in the Edmonton region, and the issues of the loss of jobs because we're not adding value to the production of our resources and the loss in royalties came up repeatedly.

On value-added production, I'd like to ask you how many jobs will be lost between the present percentage of bitumen that's upgraded in Alberta compared to what the anticipated level will be—the number of lost jobs you see there.

Secondly, let's compare Alberta to a place like Norway, with a social democratic government and the same level of production over the same amount of time. I understand the Alberta heritage fund has \$17 billion. The Norwegians put away \$583 billion over that same period. I'm wondering what you think the Conservative government in Alberta did with the missing \$566 billion. They weren't able to save it up in the responsible way that most Albertans certainly would like to see.

Those are my two questions: the loss of jobs, and what happened in Alberta, if other countries like Norway have been able to solidly establish a firm financial foundation for the future.

● (0925)

The Chair: Go ahead, Mr. McGowan.

Mr. Gil McGowan: The loss of potential jobs in upgrading and refining is truly staggering. We've hired economists to make estimates and projections, and just in the case of the proposed Keystone XL pipeline, which would take raw bitumen from the oil sands directly to refineries on the American gulf coast, we've estimated if that same volume of bitumen were instead upgraded and refined in Alberta, it would create between 30,000 and 50,000 direct and indirect jobs.

To look at it another way, I think it's useful to look at some of the value-added projects we have in Alberta already to see how many jobs they create. The one that comes most quickly to mind in my case is Suncor, which is unionized from top to bottom, and their members are members of our federation. Suncor in Fort McMurray alone employs about 5,000 people; about 3,000 of those people work directly in the upgrader. So if you build a mine without an upgrader or if you build in situ projects that are for export only, then you're missing out on 3,000 high-paying, family-sustaining, community-sustaining jobs, in the case of Suncor.

So when we talk about increasing the amount of bitumen going down pipelines to the U.S. and China, we're talking about whole communities, and it's not just the people who work directly in the refineries and upgraders. Each of those facilities, because they're major industrial projects, generate literally thousands of jobs in maintenance and construction every year, and thousands of spinoff jobs for suppliers and contractors that support those facilities. If you don't have the facilities, you don't have the operations jobs, you don't have the maintenance jobs, and you don't have the spinoffs. So the economic loss to Alberta and to Canada is staggering.

On the subject of royalties, I know people like Mr. Calkins like to dismiss arguments and like to suggest that the only reason that companies are investing in Alberta and in the oil sands is that we're giving away the resource. The reality is that these oil companies are coming to Alberta because they can make money. They're coming to Alberta because the price of oil is high and because the reserves are drying up all around the world and Alberta is one of the few areas in the world where there are reserves that can be developed in a profitable way. So whether we charge a small royalty, a medium-size royalty, even a large royalty, these companies would come, because we have what they want. We have what the world wants, and our government is simply giving it away without even trying to bargain.

One of the points I want to underline, as I'm not sure I made it clear in my presentation—

The Chair: Thank you, Mr. McGowan. Time is up.

Mr. McGuinty, up to seven minutes, please.

Mr. David McGuinty (Ottawa South, Lib.): Thank you, Mr. Chair.

Thank you very much for being here, Monsieur Chenier, Madame Fortier, and Mr. McGowan.

I don't think a lot of the rhetoric going on on all sides is particularly helpful for Canadians who are trying to find out the best way to proceed.

Madame Fortier, in the report the board released last December entitled "Review of Offshore Drilling in the Canadian Arctic", which you cited it in your brief, I assume from that report there's been a take-up of a number of the issues that are reflected in the 17 research projects under way with BREA, the Beaufort regional environmental assessment, including the recurring issues on environmental assessments, and you go on to talk about cumulative effects and oil spill preparedness.

There's a general consensus that the Conservative government rushed through a certain number of these licences several years ago.

At the time, I asked a lot of probative questions about the state of technology in terms of boom systems, containment systems, for example, in the event of a potential spill in the Beaufort.

Does the technology exist now to contain a spill in the Beaufort, given the volatility of those waters? Can you point to an existing technology for Canadians to have some sense of being able to deal with an accident there?

● (0930)

The Chair: Go ahead, Ms. Fortier.

Ms. Mimi Fortier: I'll try to answer that question, but on a very high-level basis, because clearly a regulatory oversight body could give you better clarity in terms of that. Under BREA, for instance, it's the National Energy Board officer who is leading and chairing the working group looking at oil spill and emergency response.

A great deal of research on ice-infested waters and ice-covered waters has gone on over decades. You can look to many reports. The most recent report I saw only yesterday, and I haven't read it through. There's a joint industry program, and the American Petroleum Institute has laid out all of the research and studies and investigations that have gone on over the years.

Ultimately, I think you'll see that the NEB is going to require that response plans have a contingency of various types of techniques to deal with a spill, because there are going to be variables that change daily. You're going to have to look at being able to switch among in situ burning, dispersants, skimming, and recovery in those sorts of conditions. In some instances, many experts will say that ice containment actually facilitates recovery because it captures the spilled oil.

It's not a "one size fits all". There are a variety of techniques. Obviously, in some situations it is more challenging than it is in the open seas, but clearly all of those techniques that you would use, for instance, in the Gulf of Mexico you would also use in the north, in the Beaufort, for instance.

Mr. David McGuinty: Do you have anything you can send to this committee to summarize or to give some definitive evidence, given that, as you say, there are a myriad of responses, depending on the conditions of the day, the conditions of the spill. We're talking here about belugas. We're talking here about polar bear habitat. We're talking about some of the last remaining pristine coastlines in the world. Do you have a summary you can send us? We don't need to get into the details, but is there an evidentiary summary you can provide to this committee to tell us that Canadians should be satisfied that there is enough technology?

The Chair: Mr. Chenier, go ahead.

Mr. Michel Chenier (Director, Policy and Research, Northern Oil and Gas Branch, Department of Indian Affairs and Northern Development): Thank you, Mr. Chair.

To respond to your query, yes, we can provide a summary of all existing research that has been undertaken in the Beaufort Sea. One component of that is specifically around emergency preparedness and response and, more importantly, around prevention as well.

Much of that work is actually undertaken under the auspices of a research fund that's called for in the legislation. The fund is called the Environmental Studies Research Fund, or ESRF for short. There is a vast history and there are vast volumes of research in that area.

Mr. David McGuinty: Let me ask you a final question, because I want to turn to Mr. McGowan. If we lined up four engineers at this table and they read this research, would there be a consensus that a spill could be handled?

Mr. Michel Chenier: Very quickly, the way I would approach this question would be to say that each undertaking or each activity is actually different. The way the regulatory system is actually designed—and you may be aware of this—we have a goal-oriented regime. That is, the regulator actually expects all proponents to come forward with, in this case, as it relates to emergency preparedness, an appropriate response plan.

That response plan is then evaluated by professionals at our national regulator, which is the National Energy Board. It would be very project-specific.

So depending on what types of activities were required, you would have the engineers or environmental scientists being able to come forward and actually provide evidence to the regulator that their activities could be undertaken in a manner that was, first, safe for workers and, second, obviously, safe for the environment.

Mr. David McGuinty: Thanks.

I need to move on, if I could, Mr. Chair, to Mr. McGowan.

Mr. McGowan, I didn't understand your economic reasoning. You apparently built the case—I'm going to requote you—that "governments are stacking the deck" by mindlessly following the interests of industry. That's what you said. You said that the royalty regime—

• (0935)

Mr. Gil McGowan: That was a conclusion, right?

Mr. David McGuinty: Yes, sorry. In your conclusion you said that the royalty regime, the pace of development, the question of temporary workers, and the government's politics were all having a very profound effect on the economics of the free market for the exploitation of this energy.

I didn't understand your argument at all. Can you slow it down a bit and explain to Canadians in simple, plain English? Are you telling us now that the economics of the exploitation of the oil sands are being impeded, in terms of a free market approach, by particular measures and decisions taken by Alberta and the federal government?

Mr. Gil McGowan: That's exactly what I'm saying. In particular

The Chair: Mr. McGowan, Mr. McGuinty's time is up. I'll give you 30 seconds to answer the question, so you'll have to be very concise.

Mr. Gil McGowan: Decisions made by Alberta and Ottawa are affecting the viability of upgrading projects in two ways. First, the rapid pace of development means that so many companies are competing for skilled labour that it's driving the cost up, so only the cheaper extraction projects are viable. So the pace is affecting the viability.

The other thing is that building pipelines to attach the bitumen market to the American market is designed to drive up the price of oil, which sounds like a good thing, but a higher price of oil actually means that the feedstock that's necessary to make our refineries and upgraders run is more expensive. Our competitive advantage on the upgrading side has been access to relatively inexpensive feedstock. So if you drive the price that we get for our bitumen up, which is the explicit goal of these export pipelines, then we're actually undermining the viability of upgraders.

Does that make sense?

The Chair: Thank you, Mr. McGowan.

We go now, in the five-minute round, to Mr. Richards.

Mr. Blake Richards (Wild Rose, CPC): Thank you, Mr. Chair.

As someone who's not a regular member of the committee, it's a real pleasure to be here today to address this topic. As an Albertan, I recognize how important natural resources are to our country, to the economy of my province, and to the economy of our country. That's why I'm so pleased to be here.

I look at our oil sands in Alberta, and they currently support about 144,000 jobs all across the country. It's predicted that over the next 25 years they will support about 900,000 additional jobs. We're talking about \$2.1 trillion in terms of economic benefits for our country over that same period of time, and about \$766 billion in tax revenues to all levels of government over that period of time as well. It's obviously a very important piece of our economy in this country, and one that is going to become even more important over the next while.

Of course our government is committed to making sure that we develop this resource in a safe, responsible, and sustainable way. That's very important to point out. It's certainly important that we develop these resources in the most environmentally responsible way, something that our government completely understands and is working towards ensuring. It's also something industry completely understands, and industry is working very hard to ensure that as well. The oil sands industry is one of the industries at the forefront of environmental innovations, and is ensuring that their resource is being developed in a very responsible way. I look at initiatives such as COSIA, Canada's Oil Sands Innovation Alliance, and some of the things they're looking to do through that organization, something our government is certainly encouraging as well.

I have to say that I'm troubled today when I hear a fellow Albertan disparaging our resources. It sounds very much like another Albertan who regularly sits in our Parliament, an NDP member in Edmonton, Linda Duncan.

The Chair: Mr. Julian has a point of order.

Mr. Peter Julian: Mr. Chair, the members of this committee are here to ask questions of our witnesses, not to make statements, and certainly not to disparage members of Parliament. I would hope you call your member to order.

The Chair: Mr. Julian, I hope we're not going to get into a back and forth at this committee. The members asking the questions have been doing so respectfully, and I assume that will continue.

Continue, Mr. Richards.

Mr. Blake Richards: While I appreciate the intervention, I was leading towards a question. Thank you, Mr. Chair.

I'd like to ask our witness, Mr. McGowan, from the Alberta Federation of Labour, a yes or no question. I don't want to hear any spin or anything like that. I just want a yes or no answer. Does your organization, the Alberta Federation of Labour, have any political connections or support any political parties of any nature?

• (0940)

Mr. Gil McGowan: First of all, let me address a comment you made—

Mr. Blake Richards: Pardon me. Give me a yes or no on that question, please.

The Chair: Go ahead, Mr. McGowan.

Mr. Blake Richards: Do you have political affiliations or support any political parties? Yes or no.

Mr. Gil McGowan: We support parties that support job creation

Mr. Blake Richards: That's a yes or no question.

Mr. Gil McGowan: I refuse to answer the question that way, because it's a complicated question.

The Chair: Mr. Richards, please give the witness a chance to answer the question.

Mr. Blake Richards: Well, I've asked a yes or no question, and he's refused to answer in that fashion.

The Chair: Mr. Richards, I'm going to give him a chance to answer. Hold off a minute, please.

Go ahead.

Mr. Gil McGowan: First, in response to your long, rambling question, I will provide you more than a one-word answer. This is another example of the way the Tories try to bully people into having a discussion on their terms. You put people in boxes and you try to paint them as villains. Frankly, I think it's undemocratic and unbecoming of a member of Parliament.

In response to your comment about disparaging our resources—and in that regard I think you're talking about the resources of Alberta—I am not trying to disparage either the oil sands or any of the people who have worked with them. What I am disparaging is your government's approach to developing those resources, which I think is irresponsible.

Mr. Blake Richards: Okay, Mr. Chair. I think he's had a chance to respond to the question. He's not really answering the question.

The Chair: Okay, Mr. McGowan.

Go ahead, Mr. Richards.

Mr. Blake Richards: I think I understand why he's refused to answer that question, because I believe in looking at—

Mr. Gil McGowan: Do you know what, Mr. Richards? I support value-added job creation.

The Chair: Mr. McGowan.

We're not going to go here, guys.

Mr. McGowan, please hold off until Mr. Richards asks his question. Thank you very much.

Go ahead, Mr. Richards.

Mr. Blake Richards: Thank you very much.

If you look at the website of the Alberta Federation of Labour—

Mr. Gil McGowan: It's insulting.

Mr. Blake Richards:—during their recent provincial election they indicated support for six candidates, including two that are sitting MLAs, all of them NDP members, so I can understand where he's coming from.

I'd like to turn my attention now to our other witnesses, from the northern oil and gas branch. Obviously there are economic development possibilities here for all across the country, but let's focus specifically on the north. The north has been a big part of our economic agenda as a government, and we understand the importance of ensuring that we're developing our north in its economic development.

I wanted to see if you can give me some background and information on some of the benefits for northerners in terms of oil and gas development in the north. What would those benefits be? Give us some examples of that.

Ms. Mimi Fortier: Thank you.

I'll turn to my colleague Michel Chenier, because we do have a legislative base for benefit plans from the industry, and he can explain how that operates.

The Chair: A very short response, please, Mr. Chenier.

Mr. Michel Chenier: Yes.

In our legislation we actually call for the development of what's referred to as Canada benefit plans, so we require, actually, proponents to provide full and fair opportunities for northerners and local residents of the north. Basically, any time a private sector company wants to come forward and propose exploration and development activities, we require them to go out and produce concrete benefits and opportunities for northerners. On an annual basis, it varies, depending on the types of activities, but it is quite significant, given the total population that exists in the north.

The Chair: Thank you, Mr. Chenier.

Thank you, Mr. Richards.

We go now to Mr. Anderson for up to five minutes. Go ahead, please.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Thank you, Mr. Chair.

I would like to talk about the north in a minute here, but first I want to pick up on something Mr. McGuinty had asked about, and that was to do with the price differential.

Mr. McGowan, I think what you're saying is that you believe it's in Alberta's interest to continue to keep the \$30-per-barrel discount—in your answer to Mr. McGuinty—in order to try to force upgrading to be developed in Alberta.

Can you tell me how taking a \$30-per-barrel discount—which is what it was yesterday—on each and every barrel of Alberta oil is going to encourage upgrading development in Alberta, especially when you say you want higher royalties to be taken by the government?

I'd like a short answer, please, because I have a couple of other questions for the other folks here.

The Chair: Go ahead, Mr. McGowan.

Mr. Gil McGowan: We have a fundamental choice to make in terms of developing the oil sands: either we have an export strategy that chases high prices or we have a value-added strategy that promotes job creation in value-added industries at home. We have to choose between one or the other. Honestly, arguments can be made on either case, but unfortunately I don't think that debate has been had.

If we are going to have an export strategy at the expense of value-added development, then I think we have to have a discussion about higher royalties to make sure that at least we're getting money back in exchange for the jobs that are being lost down the pipeline.

• (0945)

Mr. David Anderson: So you prefer taking a discount—

Mr. Gil McGowan: The problem is that we're not getting either right now.

Mr. David Anderson: —on your oil because you don't want higher prices because that would discourage upgrading.

Your economics make no sense to me at all, and I don't think they probably do to the rest of the committee members. And I would also suggest that some of your comments about the labour market make no sense at all—

Mr. Gil McGowan: Only to the Conservative members.

Mr. David Anderson: —because you're talking about having too much work in Alberta, you need more workers, and unfortunately, what's happening is salaries are going up and people without work are actually getting work.

When I was listening to you I thought these are the things business should be complaining about, not someone who supposedly represents workers in an economy.

Mr. Gil McGowan: Mr. Anderson, can I respond to that?

Mr. David Anderson: I want to move on to the other folks here and ask them about two things.

I would like you to talk a little bit about devolution, if you would. You mentioned devolution in the two territories and some of the impacts of that. Can you tell me how you see that working out in the future, what the benefits have been, and what they are? We have heard other witnesses earlier talk about this as well. I'm just wondering what your role is in devolution. How important is that in the north in order to move ahead on these projects?

The Chair: Ms. Fortier, go ahead.

Ms. Mimi Fortier: In our sector—the northern affairs sector—we lead that exercise for the minister. We participate as oil and gas managers in those discussions. We devolved oil and gas management and legislative control to Yukon a number of years ago, over a

decade ago. We are currently in the process of negotiating that transfer to the Northwest Territories.

The benefit is that you have decision-making closer to the population. You have a more consolidated government view in terms of employment and the pace of development in the region. You have more stakeholders closer to the elected officials who are making those decisions on the pace of development.

Mr. David Anderson: We have heard lots about the need to upgrade educational opportunities and participation. Do you play any role in that? Do you have any programs? Do you work with over levels of government to encourage that?

That has been a recurring theme we have heard when we have talked about development in the north and trying to do a good job of doing that.

Ms. Mimi Fortier: Largely, I can point to the Canada benefits plan Michel talked about. Our guidance over the years has been for the industry not only to work with the local population but also to work with territorial governments, because they have the lead in terms of education and training.

Coming back to one of the responses earlier, if there is a major development, like the Mackenzie gas project years ago, there is definitely a concerted federal effort for training and apprenticeship programs.

Mr. David Anderson: What would be your role, then, in dealing with private investment and the territorial governments in those areas?

Ms. Mimi Fortier: It comes back to the Canada benefits plan. The minister has to approve those plans before any activity can be approved by the National Energy Board. We make sure the industry has then investigated all of those possibilities to pull in the territorial governments and their education programs.

Michel, do you want to add to that at all?

The Chair: Mr. Chenier, did you have something to add?

Mr. Michel Chenier: Yes. Just to add one point, as part of our program around the approval of the Canada benefit plans, we do require evidence surrounding training opportunities for northerners and aboriginal residents of the north as well. As you can appreciate, it requires a very precise matching of training and capabilities to the actual opportunities and the industrial activities that are proposed.

We have the benefit of having some lead time in our program, from the time we issue the rights to the time a well is actually drilled. During that time we actually expect companies to offer training opportunities for workers, who many times have certain foundational competencies but require some upgrading to participate in the opportunities.

The Chair: Thank you, Mr. Anderson. Your time is up.

We go now to Mr. Nicholls, for up to five minutes.

Mr. Jamie Nicholls (Vaudreuil-Soulanges, NDP): Thank you, Mr. Chair.

First of all, Mr. McGowan, I would like to praise your courage, particularly in the McCarthyesque line of questioning that is put to you on a regular basis. I appreciate the fact that you have taken altitude and looked at the big portrait that we're facing as a country and that Canadians are facing, and to look at what's good for all Canadians. In effect, you are sort of zooming out and looking at the big picture rather than looking at the short term. I thank you for that.

● (0950)

[Translation]

Mr. Chenier and Ms. Fortier, thank you for joining us today.

I would also like to talk about progress. You talked about the benefits for the north, and I am very interested in that. The situation is often considered on a project-by-project basis and in the short term. I recently read an article by Anthony Speca, in the May issue of *Policy Options*. Here is a summary of that article:

[...] assessment of Ottawa's approach to sharing natural resource revenues with its three northern territories might go like this: Yukon got the least attractive deal, the Northwest Territories got a much better one—but Greenland got the best deal of all [through its agreement with Denmark]. Left on the sidelines, Nunavut has had to content itself with an advance look at the terms on offer, including the comparatively generous terms Greenland obtained from Denmark. Should Nunavut try to match Greenland's revenue-sharing deal for itself?

I am quoting this article because the north is facing some major challenges....

[English]

The Chair: Mr. Nicholls, sorry for interrupting. We'll stop the clock for a minute.

It came across in translation that you were quoting from a certain magazine. I don't know whether you gave its name.

[Translation]

Mr. Jamie Nicholls: It's the magazine *Policy Options*.

[English]

The Chair: Good. We've got it. Thank you very much.

Go ahead.

[Translation]

Mr. Jamie Nicholls: Could you tell me what the challenges in revenue-sharing are? Could improvements be made in Nunavut's case? What is the department's direction?

[English]

The Chair: Go ahead, Mr. Chenier.

[Translation]

Mr. Michel Chenier: Thank you.

Ms. Fortier and I work for the Department of Aboriginal Affairs and Northern Development. We are in charge of the rights issuance program for the north. Clearly, your questions are a bit more general. The Canadian government's income transfer program for the territories and negotiations under an assessment process are issues that involve fiscal policy, which comes under the Department of Finance's jurisdiction.

Mr. Jamie Nicholls: Okay. That raises another question.

If you establish agreements with aboriginal groups in the north, develop environmental studies and hold consultations—possibly with the National Energy Board—all your work may be set aside under a piece of legislation voted on in the House. Is that correct?

Are you planning on changing your department's strategy in anticipation of that legislation?

[English]

The Chair: Mr. Chenier, go ahead.

[Translation]

Mr. Michel Chenier: I'm not sure I understand your question.

Mr. Jamie Nicholls: If, for instance, your department concludes an agreement with an aboriginal group and conducts environmental studies, the cabinet may decide that the project is so important as to override the agreement.

Do you plan to proceed in that way in the future?

Mr. Michel Chenier: There are several aspects to your question. If my understanding is correct, regarding environmental assessments, specific legislative provisions are currently being considered.

As Ms. Fortier said at the beginning of her presentation, we make a clear distinction between, on the one hand, economic decisions—decisions involving the issuance of rights and the establishment of a royalty regime—and, on the other hand, environmental assessment decisions. In the north, those decisions come under the jurisdiction of the National Energy Board.

Mr. Jamie Nicholls: Let's say you have concluded an agreement with an aboriginal group. Would you be bothered by the fact that a cabinet member has completely set aside that agreement in order to bring forward a project? I am talking about a personal point of view, about Canadian history and about the relationship between the government and first nations.

● (0955)

Mr. Michel Chenier: I apologize, but I have to ask you to be more specific when talking about agreements. We have comprehensive and territorial agreements that impose obligations on proponents and on the Government of Canada. Clearly, those are agreements we continue to implement. As for the rest, I must admit that it is not very clear to me—

Mr. Jamie Nicholls: I am concerned about any future agreements you may conclude. I greatly appreciate the work you and your department do. I am confident that the department makes good decisions. However, I am worried by the possibility that all that good work may be completely set aside because of economic arguments. That bothers me a bit.

Could you explain to us—

[English]

The Chair: Mr. Nicholls, your time is well past. We'll have to leave it at that. If you get another chance you can ask that question.

We will go now to Mr. Trost for up to five minutes.

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

I find it interesting how over the years the oil and gas industry has evolved. Just a few years ago we were talking about importing LNG into North America, and now an article I have pulled up on my BlackBerry talks about a price, and this was a little bit back, of \$2 per million BTUs. Things have changed.

With that in mind, I was interested that in your notes you indicate that in June of last year, 11 new licences were awarded based on bids of work expenditure commitments totalling \$534 million over the next five years. That represents \$100 million a year, not a big amount of money in some respects.

It got me to thinking. What are our strengths and weaknesses up north as far as drawing industry there, with the price now? If I'm Encana or somebody, I'd look at the shale play in Pennsylvania, Texas, or Arkansas, or something of that nature. I can think of some of the weaknesses up there. Weather is a little difficult. It's a bit of a distance to markets. What are our comparative strengths and weaknesses in Canada's north? From there, I'll follow up with the question as to what we can do to enhance our comparative strengths.

Lay out for me what our strengths are, because I have seen some of the weaknesses, and if I haven't seen some of the weaknesses feel free to throw them in, all in 60 seconds or more.

The Chair: Ms. Fortier, go ahead.

Ms. Mimi Fortier: Very quickly, the north has a wealth not just of natural gas, and you quoted natural gas prices, but of potential oil resources. What I quoted was the interest in oil in the shale. The shale is the source rock of the big Norman Wells oil field, which is producing still. There's a pipeline from Norman Wells for the oil down to Alberta. You do have that infrastructure if the shale play turns out to be very lucrative. You do have an oil pipeline. On the other hand, you don't have the other types of infrastructure, such as all-weather roads that can handle a lot of shipping of the materials needed, for instance, for the fracking technology.

I think some of your members have already pointed out that there's a small population and limited capacity. While they are very engaged and very interested in the benefits from that development, and they have extracted access and lucrative agreements with the potential explorers and developers, there are going to be some strains on the capacity to participate in that economy as well as in the regulation of that activity.

The other strength, or weakness, if you will, is we have a major petroleum basin that has been proven in the offshore, but as has been pointed out, we have a lot of challenges, obviously. As we go into the deeper waters, we have the challenges they have in other parts of the world. Most oil basins in the world are offshore.

We have a great deal of knowledge, a great deal of experience in the Beaufort. Canada has been the lead in regulating in cold waters. We were the first country to institute in the 1970s the same-season relief well policy. We have a great deal of wealth. We have also the strength that we don't have a huge number of applications coming at us. There's a lot of time and we can pace the regulatory review of those applications.

Those are just a few of the strengths. I'm not sure if I'm really addressing some of aspects you wanted to get at.

• (1000)

Mr. Brad Trost: No, I think that's quite good. I have just one side question. Is the Canada-U.S. dispute we have up there influencing this in any way? Whenever I did Canada-U.S. work, it kept coming up and people looked at it. It was vague whether or not it had any influence on what's going on up there.

Ms. Mimi Fortier: There is a sense that there is oil and gas potential in what we call the "wedge" in terms of the maritime dispute on the boundary. We do have Canadian leased licences in that area, but there has been imposed work prohibition on those licences for a couple of decades now. We won't see activity, presumably, until we have that maritime dispute.... But there's no pressure from industry currently to actively explore that region.

Mr. Brad Trost: If oil prices continued to stay relatively high and we didn't have to worry about a price differential to ship it out to Alaska or whatever fairly quickly, that could potentially become something we need to look at.

Ms. Mimi Fortier: There could be increasing interest. We've certainly seen reconnaissance seismic interest in exploring that area.

The Chair: Thank you, Mr. Trost. Your time is up.

We go now to Ms. Liu, for up to five minutes.

[Translation]

Ms. Laurin Liu (Rivière-des-Mille-Îles, NDP): Thank you, Mr. Chair.

Ms. Fortier, you talked about shale gas. As you know, that is an important and topical issue in Quebec.

You talked about workshops or information sessions you provide to northern communities. You know as well as I do that social acceptance of resource demands is of key importance. When I talk to natural gas industry representatives, they say there are gaps in the scientific knowledge regarding that development. I think there is room for improvement.

Industry representatives are also saying they are in favour of the voluntary disclosure of chemical products used in shale gas development. I want to know whether progress has been made in terms of forcing companies to disclose what kind of chemical products were used.

[English]

The Chair: Mr. Chenier, go ahead.

[Translation]

Mr. Michel Chenier: Thank you for that good question.

Before I give a specific answer, I would like to mention that, in the Northwest Territories, one of the areas the industry is currently interested in has been explored and developed in the past. I am talking about the area referred to as the Sahtu region. That region is located in the central part of the Mackenzie Valley. Infrastructure is already in place there, and some production has begun in Norman Wells. If we compare it to other Canadian regions, we can say that we are fairly familiar with that area in terms of oil and gas activities.

That being said, there are some new developments when it comes to shale gas and oil. As Ms. Fortier said in her remarks, we have already organized awareness-raising sessions and information sessions to provide communities with information on the ins and outs of those activities. Your question is about product disclosure, and it is of a more regulatory nature. That element comes under the jurisdiction of the National Energy Board, which is supposed to get involved when specific activities are put forward. As I said earlier, each project or activity is unique. The products and techniques used also vary from one company to the next. That part of your question should be put to a representative of the National Energy Board.

Ms. Laurin Liu: Thank you.

Also with regard to the environment, could you tell us which department is responsible for the monitoring of mine site reclamation?

• (1005)

Mr. Michel Chenier: As I mentioned, we take care of management in oil and gas. That said, reclamation comes under the same organization. The Northern Affairs Organization within the Department of Aboriginal Affairs and Northern Development is in charge of a reclamation program for contaminated sites. That program covers the implementation and management of specific reclamation projects in the north, such as those that have lately been mentioned in the media and were also the subject of a recent report.

[*English*]

Ms. Laurin Liu: Merci.

Mr. McGowan, thank you for appearing today. Your testimony will be valuable to this committee.

I was wondering if the Alberta Federation of Labour has made some observations about the new regulations around environmental assessment, notably on downloading from federal assessments to provincial assessments.

The Chair: Thank you, Ms. Liu.

Mr. McGowan, go ahead. We have about 15 seconds left. If you can do it in half a minute that would be great.

Mr. Gil McGowan: The big concern we have about the downloading is it will result in less rigorous oversight. They'll be handing responsibility from the federal government to the Alberta Energy Resources Conservation Board, which in some circles is referred to as their approval board. They almost never turn down a project. They work very closely with industry. Frankly, we're skeptical they will ever become an effective watchdog for the industry. They're simply too close to the industry to have confidence in them.

The Chair: Thank you very much.

We go now to Mr. Daniel, for up to five minutes.

Mr. Joe Daniel (Don Valley East, CPC): Thank you, Chair, and thank you, witnesses.

I'm going to follow on a bit about the northern areas, in terms of the aboriginals and folks like that.

We heard witnesses come in and tell us earlier that the aboriginal communities have difficulties in migrating from their normal pursuits to these technical challenges of the energy industry. How involved are they? Are they being educated enough? Do the northern regions have the necessary workforce and expertise to carry on and support these industries?

Ms. Mimi Fortier: It's not one size fits all; there's certainly a great deal of variability across the north, just as there would be in Canada. As I mentioned earlier, for instance, the Inuvialuit are one of the earliest aboriginal groups in Canada to agree to a land claim agreement, so they're very organized. They've built up a service sector, for instance, in joint ventures with service suppliers. But they do continue to have challenges because of the cyclicity of economic opportunities in the north, to keep the education and train for graduation from secondary school.

Again, the industry continues to work closely with the organizations. There definitely is a close connection that doesn't necessarily involve government, to try to look at opportunities, even to hire northerners for operations throughout the world, particularly in Alberta, so that they gain experience and can take it home. Over the years, since there have been cycles of exploration activity in the north, there's been a lot of experience among a lot of the population. Sometimes it's been the only opportunity for that kind of employment. So there is a great deal of experience, but it is scattered, definitely, according to where the resource is.

Mr. Joe Daniel: Thank you.

Mr. McGowan, we've talked about and you've talked about a lot of the skills gaps and the jobs being taken by foreign temporary workers, etc. Since you're leading this big organization, can you tell us what sorts of apprenticeship programs, how many apprentices or trainees, other qualifications, technical stuff, are being produced by your organizations each year to try to fill the skills gap?

The Chair: Go ahead, Mr. McGowan.

Mr. Gil McGowan: The federation itself is an umbrella organization for unions, so we don't train directly, but many of our affiliates do. In fact, when it comes to taking on apprentices and training them for the jobs in the oil sands and elsewhere in construction, the building trades unions do the lion's share of the training.

One thing we've seen over the last number of years is efforts made by non-unionized construction firms to poach the well-trained people who are working for unionized construction firms. It's a big battle, and often ends up in a bidding war, because a lot of the non-union construction companies simply aren't investing in training in the same way the unionized firms are. It's a priority, but the reality is that simply too many projects have been approved at once. We just can't keep up with the demand.

Alberta has more apprentices in training as a proportion of our labour force than has any other province. In response to the big demand for skilled trades, our unions have stepped up to the plate, and they remain the biggest trainers of skilled trades in the province.

• (1010)

Mr. Joe Daniel: That's great.

Can you tell us if the gap is narrowing or getting wider? Where do we stand, in the number of people being trained?

Mr. Gil McGowan: I'd say the gap is getting wider because more projects are coming online. As I mentioned in response to some earlier questions, a lot of our big employers in construction are saying that they've tapped out in finding trades people in Alberta and in the more traditional places they've gone for workers, like the Maritimes, partly because the pool of skilled trades in Canada is relatively small and also because Alberta is now competing with other jurisdictions. In the Maritimes, for example, people who used to come to Alberta to work are choosing to work on things like the Halifax shipyard, some of the offshore oil projects. So there's a problem.

One of the important issues the oil industry and governments need to grapple with is the pace of development. Right now, decisions about pace of development are being left exclusively in the hands of industry. Government is basically saying that it has no role to play in the pace. We would argue that they do, especially the Alberta government, when it comes to approval of the sale of leases and the approval of projects. We should use those policy levers to set a more reasonable pace so that the number of projects more effectively corresponds with the existing Canadian labour force to do the work.

Mr. Joe Daniel: Thank you very much.

The Chair: Thank you, Mr. McGowan.

Thank you, Mr. Daniel.

We go now to Mr. Toone, for up to five minutes.

[*Translation*]

Mr. Philip Toone (Gaspésie—Îles-de-la-Madeleine, NDP): Thank you, Mr. Chair.

I want to thank the witnesses for joining us today. This has really been very beneficial.

My question is for the department representatives.

The Fisheries Act stipulates that the fish habitat in coastal regions like the Great North must be protected. Section 35 of the Fisheries Act may be amended, so that, from now on, only commercial and aboriginal fishing would be protected. If an agreement was really reached on hydrocarbon development in the Great North, how would the department take aboriginal interests into consideration?

We saw in the Marshall decision that it was not only a matter of consulting aboriginals, but also of taking their needs into account. I would like to know whether technology that helps protect aboriginal fishing exists and whether the department has taken steps not only to consult aboriginals, but also to take their interests into consideration.

[*English*]

The Chair: Mr. Chenier, go ahead, please.

[*Translation*]

Mr. Michel Chenier: Thank you.

I will try to answer your question by linking it to our mandate.

As we mentioned in the opening statement, we consult communities before we issue rights. During those consultations, specific regions are often identified as being especially valuable or important to the local communities' way of life.

As far as fishing goes, locations that are important for fishing are often identified. In such cases, we take that information into account. We regularly leave those parts out of areas that could be subject to rights issuance. That's how we keep aboriginal interests in mind.

• (1015)

Mr. Philip Toone: Could you give us a detailed list of regions that were left out and will not be developed?

Mr. Michel Chenier: Yes. I can provide the clerk with a copy of our maps. We make extensive use of a geomatics system, which helps us in areas such as consultation. It's a very visual technique that facilitates the work. The system is available at our offices, but Canadians can access it through our website.

Mr. Philip Toone: Okay. Thank you. I will eagerly await that list.

I yield the floor to my colleague.

Mr. Michel Chenier: Thank you.

Mr. Jamie Nicholls: As far as I understand—

[*English*]

The Chair: Go ahead, Mr. Nicholls.

Mr. Jamie Nicholls: Thank you, Mr. Chair.

[*Translation*]

As far as I understand, your department creates partnerships between first nations and energy companies. Could you give me an example of a specific agreement and describe the obstacles your department faced during the negotiation of that agreement?

[*English*]

The Chair: Go ahead, Mr. Chenier.

[*Translation*]

Mr. Michel Chenier: Yes. Thank you.

In the presentation, we talked about the Beaufort Regional Environmental Assessment. That assessment involved the industry, the Inuvialuits, regulatory agencies, as well as various federal and territorial departments. We call that a partnership, but it was not subject to an official agreement. The partners did not sign a contract, but this working group was originally created to discuss the interests of various stakeholders.

You may think there is a natural conflict between communities and industry, or between industry and governments, but if you look at the issues more closely, you will see that there are many common interests. That's why this initiative is considered to be an innovative project in terms of public policy. We have actually succeeded in identifying common interests. In the case of the ArcticNet group, which you may have heard about, universities, industry and government were involved.

Mr. Jamie Nicholls: Could you talk about—

[English]

The Chair: Thank you, Mr. Nicholls. Your time is up.

Thank you, Mr. Toone.

We go now to Mr. Allen, up to five minutes. Go ahead, please.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses for being here today.

I guess I want to focus on three areas, if I have time. One is on shale gas, one is on devolution, and one is on infrastructure. I guess I share Ms. Liu's.... There's a lot of debate going on in New Brunswick about shale gas right now as well.

I'd like to ask you a little bit about the process of the information sessions that are going on with respect to shale gas. What has been the level of company participation in that effort to define that? Based on these new shale gas plays up there, how have the regulations evolved over time, based on previous plays in that area to recognize the quality of water and other types of things?

Ms. Mimi Fortier: There are many facets to that. We expect the industry, long before there are activities, to engage at the community level, to tell them about their plans and what's involved. So there are many aspects of that conversation. And as I mentioned earlier, the population is small, but they have a voice in the regulatory matters. Aboriginal claimant groups nominate members to these land and water boards, so they have a great say in how their resources are managed.

To go back to the information sessions I talked about, we try to separate that from the industry conversations. We try to bring very neutral third-party information to the communities. For instance, in the shale aspect we engaged someone who has a great deal of experience, a great deal of knowledge, very neutral in terms of the information, very informative in terms of what he puts forward. It's not just regulations that inform how these applications for these activities are going to go forward. There are also broader policies. In the case of shale, the Northwest Territories government itself has a water strategy that they have framed. So as resource managers, we have to work together to help plan forward.

For instance, Michel mentioned the environmental studies research fund. There, the industry has to focus on what they need to do in terms of regional planning to start planning for that type of activity that's emerging. So it's new. We're all trying to be informed, and obviously the regulator has to look at their forums in terms of cross-pollination with other regulators who have experience in the matter.

• (1020)

Mr. Mike Allen: You said the Northwest Territories is sort of working backwards from a water strategy and backing into that. Is that fair to say?

Ms. Mimi Fortier: Yes. I guess what I'm saying is on top of regulation, there are broader policies, and yes, we have to engage as resource managers in the policies that we create. We have to engage with the territorial government, because they do have a water strategy.

Mr. Mike Allen: Thank you.

I just want to talk about devolution for a minute. We talked about the Yukon, since 2003, in the devolution. We've heard testimony in this committee before about the extent of infrastructure development and road development in the Yukon being much better progressed than it is in the other two areas. Have you seen as part of that devolution the timing of that devolution and the expansion of that infrastructure being tied together with respect to the wealth that's being generated based on that devolution?

Ms. Mimi Fortier: We're in the non-renewable resource industry, and largely what drives that is obviously commodity prices and the interest globally for those commodities, so I can't comment in particular. I haven't done the analysis in Yukon, but the surge they've seen lately is because of the hard mineral prices, that commodity. So I'm not sure how much you can dissect that in terms of benefits from devolution versus the normal resource private sector interest.

Mr. Mike Allen: Did I hear you say, Ms. Fortier, about the all-weather roads, there's a shortage of all-weather roads for shale gas development? Did I hear you say that?

Ms. Mimi Fortier: Yes. The all-weather roads in the Northwest Territories, specifically, don't reach right up to the central Mackenzie Valley, right up to the Norman Wells oil field, for instance. In Norman Wells there's a winter road, but not yet an all-season road.

Mr. Mike Allen: What kind of timeline do you foresee as closing that gap? Is it even being foreseen that this type of thing could be developed, and what would be the implications of that?

Ms. Mimi Fortier: You know, I can't answer the first question. It's not within our purview. I would suggest, though, that there's always an interest in P3 development. So if the exploration that's currently taking place in shale reveals a major development potential, I would imagine that the industry itself would be very interested in investing in that infrastructure.

Mr. Mike Allen: We want them to be a partner in that development as well.

Ms. Mimi Fortier: The federal government is involved in the initial phases of developing roads, but then the territories or the provinces take on the role of operating and maintenance.

Mr. Mike Allen: Including the private sector.

Ms. Mimi Fortier: In this case it may be so.

The Chair: Thank you, Mr. Allen.

We'll go now to Mr. Anderson for up to five minutes.

Mr. David Anderson: Just to quickly reference geomapping—and we've talked quite a bit about that here at the committee and how important it is.... [Inaudible—Editor]

The Chair: Mr. Anderson, just turn your mike on. The mikes aren't working properly today.

Mr. David Anderson: Okay, I'll start over.

You mentioned that geomapping was important in your consultations. Can you give us some information about how you find it useful, what kinds of things you are doing, maybe even a little bit about what areas we're covering? We have heard that the north is not completely mapped yet. Could you comment on that?

Mr. Michel Chenier: Thank you.

I will answer your question on two levels. There are two different types of geomapping. The geomapping I was speaking about is software that we use to organize the environmental data; that is, baseline information on the migration patterns of species, for example, but also on specific areas that are of cultural significance, for example. This is mainly an environmental, GIS type of system.

On the other hand, I appreciate your comments on the need to better understand the north from a geological potential. In the oil and gas sector we see the basic mapping as being very much a front-running indicator about the potential for oil and gas, which is subsequently then verified using more specific techniques that are sometimes proprietary in nature. It is a very useful kind of tool to get a high level—you can call it sort of a 10,000-foot level—view of the resource potential, which then feeds into our rights issuance process. Then the cycle is initiated.

• (1025)

Mr. David Anderson: Okay. So Natural Resources Canada funds some of the geological mapping programs. You're talking about the environmental mapping. Is it part of the same program, or where does the funding for it and the initiative for it come from? Do you know? I'm interested.

Ms. Mimi Fortier: The Geological Survey of Canada has the geomapping program, but separate from that, as oil and gas managers we have our own web-based tool, which Michel spoke to and which we use for consultations.

So there are two different initiatives. Ours is really to support our program and our conversation with the public.

Mr. David Anderson: Okay, but who gathers the data for you, then? Do you gather it from other departments?

Ms. Mimi Fortier: Yes, exactly. The raw data is from other departments, such as Fisheries, Environment, the Geological Survey.

Mr. David Anderson: So the geological mapping is more direct mapping of the data that we've recovered.

Ms. Mimi Fortier: That's right. We have just made a compilation.

Mr. David Anderson: Okay. That's interesting.

You spoke about the Beaufort Regional Environmental Assessment. I'd like you to talk a little bit more about BREA. There are a couple of statements I'd like you to address. You talked of bringing a whole group of parties together to work to identify priorities and fund research and about your being funded for \$20 million over four years. Can you talk about how big an area that covers geographically?

Also, you talk about it strengthening “the relationship between environmental assessment and integrated management and planning in the region”. Can you give us some details about what that means?

Mr. Michel Chenier: Thank you.

The Beaufort regional environmental assessment actually covers the entire Beaufort Sea. From the beginning, there was a sort of common understanding from parties that there were certain issues that really didn't lend themselves very well to being assessed on a project-by-project basis. As you probably know, our environmental assessment regime in Canada is generally driven by specific applications or projects. There are some efficiencies to be gained and actually there is some value in looking at certain environmental indicators or environmental components on a more regional level. There was sort of an understanding of that by all of the partners. We all came to the table by trying to identify what those priorities were, which ultimately led to development of the work program that BREA ended up being.

This may sound a little bit abstract at this point, so I'll provide one specific example. We often hear discussion, and we heard some earlier about the pace of development and cumulative effects and how you exactly then measure on a scientific level how the environment is reacting to development. In the case of BREA, matters around the evaluation of cumulative effects are actually undertaken in the program. So we have a program set up that will intake information from specific projects and then have it assessed more on a regional level.

The Chair: Thank you, Mr. Anderson.

We'll go now to Mr. Julian for up to five minutes.

Mr. Peter Julian: Thank you, Mr. Chairman.

I'm going to share my time with Ms. Liu.

I'm going to start off with Mr. McGowan. In the first round of questions, he wasn't able to complete his answer about the loss of jobs with the fall in upgrading from 62% to below 50%.

Mr. McGowan, you talked about Keystone. If we include Keystone and some of the other proposed “rip it and ship it” pipelines, Northern Gateway and Kinder Morgan, raw bitumen for export, what would be your estimate of the total loss of jobs from not having that upgrading done in Canada and not having the refining done in Canada? What are we losing from these raw resource export projects?

• (1030)

The Chair: Go ahead, Mr. McGowan.

Mr. Gil McGowan: Thanks for the question.

Honestly, it's a little bit difficult to quantify. We've made estimates based on each pipeline that has been approved or proposed. We estimated that Keystone 1 would result in the loss of about 18,000 jobs; Keystone XL about 30,000, between 30,000 and 50,000; and similar numbers with Alberta Clipper. The numbers are even larger with the proposed Gateway pipeline. To put it in a nutshell, to help people understand, the transport volume that's being built right now would allow the energy industry to export all the expected increases in production over the next 20 or 30 years. These pipelines would give the industry the capacity to send out every new drop of new production over and above what we already have.

So what we're talking about is virtually no job creation in upgrading or refining for the foreseeable future in Alberta. As the volume increases, the percentage of raw exports is going to jump dramatically, so we're looking at the potential loss of thousands and thousands of direct jobs and even more indirect jobs.

Mr. Peter Julian: Thank you, Mr. McGowan.

We're probably talking in the neighbourhood of 100,000, just based on the very rough estimates that you're giving us.

Mr. Gil McGowan: That's over a period of time. Because these are potential jobs, it's hard to pin down a number, but we're basically shutting off a future for Alberta's energy industry that includes upgrading and refining. We will probably keep the existing downstream production, refining, and upgrading that we have, but there's going to be very little more of it in the future if we continue with this approach to development.

Mr. Peter Julian: We've seen the same thing in British Columbia, with the shift to raw log exports as opposed to value-added production.

I'm going to direct a question now to our other witnesses. Thank you, Mr. McGowan.

Mr. Gil McGowan: Thank you.

[Translation]

Mr. Peter Julian: An agreement was announced yesterday between Taseko Mines and the Tsay Keh Dene first nation. Mr. Nicholls asked you a question earlier about agreements between aboriginal communities and companies. Is your department at all involved in those types of agreements? Please answer with a yes or no because I will then yield the floor to Ms. Liu.

Mr. Michel Chenier: Generally speaking, the department is not involved. We have various levels of agreement. The one you are talking about is between the communities and companies. The department has other types of agreements. I have learned through experience that it is best for those agreements to be negotiated between communities and companies.

Mr. Peter Julian: Thank you very much.

I yield the floor to Ms. Liu.

Ms. Laurin Liu: Thank you. According to information provided by the CPSA, 480 jobs will be cut at the Department of Aboriginal Affairs and Northern Development following the tabling of the latest budget. I would be curious to know what kind of impact this budget will have on your branch in particular.

[English]

The Chair: Mr. Chenier.

[Translation]

Mr. Michel Chenier: Thank you for your question.

As all other departments, we had to implement the government's decisions regarding public service. Specifically regarding the management of our program, we had to implement an efficiency program to be able to reach the government's objectives. Yes, a few positions in our group have been affected.

Ms. Laurin Liu: I would like to know which specific positions you are talking about.

Mr. Michel Chenier: We are currently identifying those positions. As you may know, it's a matter of timing. I would not like to rush any final decisions, but I can assure you that—

• (1035)

Ms. Laurin Liu: If my understanding is correct—

[English]

The Chair: Excuse me, Ms. Liu. Your time is up.

Mr. McGuinty, up to five minutes, please.

Mr. David McGuinty: Thanks, Chair.

I'd like to go back to our witnesses from the department for a second. I just wanted to get on the record that it's impressive to see the BREA approach to designing an appropriate pathway. It's unfortunate the government killed the National Round Table on the Environment and the Economy in its budget bill, which was set up precisely to do the same thing at the national level. I think Canadians should know that. In fact, I think BREA was in part inspired by the work of the national round table over 25 years.

I want to come back to the work, particularly the policy work, as director, Mr. Chenier, you are responsible for. It hearkens back to questions I've been asking of many witnesses and many studies here. It goes back to the comments made by the Commissioner of the Environment and Sustainable Development.

I'm trying to find out how what you do factors in the government's plan to reduce greenhouse gases absolutely by 17% in the next seven and a half years. I'm just trying to get a sense of how that's factored into your decision-making. For example, let me ask you a couple of specific questions. In the issuance of new petroleum licences, how does the government's stated reduction target factor into the process?

Ms. Mimi Fortier: Environment Canada is largely leading the Government of Canada's policy for GHG emissions and climate change, so we take a broader policy direction from the Government of Canada.

To date, it really has not yet affected that pace of development and rights issuance yet, but those policies continue to be formulated. We continue to engage our federal colleagues as we move forward every year in our consultations on rights issuance.

Mr. David McGuinty: So there will be a major rights issuance this June, for example, and in the applications, tenders, and competitive bidding process that goes on, the question of greenhouse gas effects is pretty much ignored.

Ms. Mimi Fortier: I can't say that Environment Canada has ignored it. We approach Environment Canada every year and mostly what we get from them is input on sensitive areas, conservation areas, areas that might be withdrawn in the future. We try to create that certainty for industry that we don't put out those areas that may be conserved. That's largely the input we get to date.

Mr. David McGuinty: What about at the working level then for BREA? How does BREA factor into its planning, its contributions toward a 17% reduction in greenhouse gases in the next seven and a half years?

Mr. Michel Chenier: Prior to addressing your specific question on BREA, I'd like to mention in a somewhat counter-intuitive way that oftentimes, when there are developments and there are finds in the north, it actually benefits the communities. In a specific case, there was a natural gas find outside of the town of Inuvik, which enabled the town to have a cleaner supply and source of energy.

Mr. David McGuinty: Absolutely right.

Mr. Michel Chenier: So in that particular example, it's actually a benefit.

So sometimes counter-intuitively, our program—and it's not something that we control, obviously—can lead to some local sources of energy that are much more economic and better for the environment.

Mr. David McGuinty: And with fewer greenhouse gas emissions.

Mr. Michel Chenier: That's right.

Mr. David McGuinty: So how is that factored into the decision-making going on at BREA?

Mr. Michel Chenier: For BREA specifically, climate change was identified, as I mentioned earlier, as one of these broader kinds of regional issues, and we do have a climate change working group under BREA. They are starting to work to identify specific projects that will not only assist in the planning and the decision-making in the future, but will also help us to better understand specifically.... I think all members of the committee appreciate that it's a very broad and complex issue, and to relate it back to a specific activity is fairly tenuous on certain occasions. So we have a group that is led by Environment Canada that has been funded to actually explore and address this matter.

Mr. David McGuinty: I'm going to take it from your answers that it's a work in progress and that presently, in terms of the way in which the licences are being issued or in terms of the way in which a creative group like BREA is doing its job, frankly, the 17% target to be reached in the next seven and a half years isn't really being factored in in a meaningful way. It's a work in progress. Environment Canada is trying to help you think it through, but there's nothing implemented.

Can I go to the question then of competitiveness? Madame Fortier, you have talked about competitiveness—

•(1040)

The Chair: Mr. McGuinty, it will have to be a very focused question. Your time is up, but I'll allow a short question.

Mr. David McGuinty: I have a very quick question on commodity prices. If Canada moves to implement the Prime Minister's promise of pricing carbon emissions at \$65 a tonne in

the next six years, what kind of bearing will that have on our natural resource exploitation writ large in the north?

Ms. Mimi Fortier: I think that's a better question to ask the private sector. The fundamental policy that drives our mandate that has been in place for decades is that it's a market-driven process, and the markets respond according to.... In our case, the commodities are geopolitical global commodities, so we respond to that market interest.

The Chair: Thank you, Mr. McGuinty.

Mr. Trost, you have the last three or four minutes.

Mr. Brad Trost: Thank you, Mr. Chair.

One of the things we've heard from previous witnesses at this committee, more in reference to hard-rock mining exploration, is their frustration with the regulatory system. They've compared it to places like Newfoundland, where there's one-stop shopping—or that is in the process of being developed—and Greenland, etc. So I was wondering, talking about BREA and some of the other regulatory organizational programs or approaches that are being taken, are you hearing that same frustration from the oil and gas industry in the north? Are they expressing the same frustration about regulatory overlap, uncertainty, etc.?

Yes or no, and elaborate from there, please.

Mr. Michel Chenier: Thank you for your question. I appreciate the offer to answer yes or no. I guess I'll simply answer yes.

We often hear about barriers to investments surrounding the regulatory process. That was actually one of the drivers to the creation of the BREA initiative—that is, unloading some of the broader issues that were actually asked of specific proponents, for example, asking very broad questions on climate change of one specific well that is proposed is not necessarily fair, in our opinion, so we have off-ramped this to the broader initiative. We have also in our department undertaken a number of consultation processes and a number of initiatives to try to continually improve the regulatory process.

We have very good foundational relationships in the north that have been actually developed by the settlement of modern land claims. Those continue to be our road maps in the north, and have led to the creation of a number of regulatory bodies. Unfortunately, at the same time, they have also led to some complications and some design issues that we're currently discussing with groups, looking for ways to continually improve.

Mr. Brad Trost: So I guess in answer to one of my questions in the previous round, this was one of our weaknesses, discouraging people from investing in the north.

Mr. Michel Chenier: One way to measure or benchmark our relative success is to look at the results of our call for bids. We've had great success recently in terms of attracting industry. You've had some specific numbers to that, so I would say—

Mr. Brad Trost: So as we coordinate and streamline regulation to make it clear, simple, and upfront so people have certainty, the market responds positively.

Mr. Michel Chenier: That's a fair statement, yes.

The Chair: Thank you, Mr. Trost.

Thank you very much to the witnesses: from the Alberta Federation of Labour, Gil McGowan, president, with us by video conference; from the Department of Aboriginal Affairs and Northern Development, Ms. Fortier and Mr. Chenier.

We'll be back on Tuesday to continue this study on resource development in the north.

Thank you, everyone, for your questions today.

The meeting is adjourned.

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