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Chair

Mr. James Maloney

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•(1605)

[English]

The Chair (Mr. James Maloney (Etobicoke—Lakeshore, Lib.)): I call the meeting to order.

Good afternoon, everybody. I hope everybody is doing well. I know that everybody's quite excited about today's events and the fact that this is our last official act before we can all go home.

Before we get going, Minister, I want to say thank you to a number of people, starting with our clerk and our analysts.

Some hon. members: Hear, hear!

The Chair: We all started this journey three years ago. Richard, Shannon, T.J. and I were all original members of this committee and gang. We've come a long way since then.

Speaking for myself, I know that I never would have made it this far if it weren't for the support of everybody on this side of the table. Thank you very much. I honestly can't thank you enough. You've been tremendous. There were lots of times, I will readily admit, when I wasn't sure what I was doing.

A voice: We were going to point that out.

The Chair: Yes, I know. Actually, sometimes you did.

I also want to say thank you to all the committee members. For four years now, we've prided ourselves in having a committee in which we worked incredibly well together. We disagreed at times, but we did so respectfully.

As a result, we've had a committee that other people have looked at with envy, I think, and it's something that we should all be very, very proud of. Thanks to all of you. It's been my pleasure to work with all of you. Honestly, it has. I hope to see all of you again in the fall, and I know you feel the same way too.

Also, there are the other people behind us. They're the ones who really add a lot to this equation as well. Without all of you, none of us could do our jobs, so I want to thank everybody who's on the perimeter of this room.

Voices: Hear, hear!

The Chair: You make it all happen.

An hon. member: Except for the water people.

The Chair: Except for the water people. They want to make sure we get out of here quickly, David.

Voices: Oh, oh!

The Chair: Minister, I want to thank you. I know you've had a busy schedule for the last couple of days. We've had to move the time for this meeting a number of times, and you've been quite gracious in accommodating us and making yourself available. I believe you're in Calgary right now. We're grateful that you were able to make some time to do this.

You only have an hour, we know, so I'm going to stop talking now and turn the floor over to you. Thank you for joining us, Minister.

Hon. Amarjeet Sohi (Minister of Natural Resources): Thank you, Mr. Chair, and good afternoon, everyone.

I first of all want to acknowledge something that is on everyone's mind today, which is the passing of a colleague and a friend to many. On behalf of our government and my family, I want to extend my deepest condolences to the family of Mark Warawa, my colleague, and to our colleagues from the Conservative Party and many others who have lost a friend today.

I would also like to take a moment to recognize that I am speaking to you from Treaty No. 7 territory. Such acknowledgements are important, particularly when we are meeting to talk about doing resource development the right way. Our government's approach to the Trans Mountain expansion project and the start of the construction season is a great example of that—of resource development done right.

Let me also begin by recognizing that I know this expansion project inspires strong opinions on both sides—for and against—and with respect to both sides of the debate, I want to assure everyone that our government took the time required to do the hard work necessary to hear all voices, to consider all evidence and to be able to follow the guidance we received from the Federal Court of Appeal last August.

That included asking the National Energy Board to reconsider its recommendation, taking into account the environmental impact of project-related marine shipping. It also included relaunching phase III consultations with indigenous groups potentially impacted by the project, by doing things differently and engaging in a meaningful two-way dialogue.

On that note, I would like to take a moment to sincerely thank the many indigenous communities that welcomed me into their communities for meetings over the last several months. I appreciate your openness, your honesty and your constructive ideas and sincerity of views.

Honourable members, no matter where you stand on TMX, this decision is a positive step forward for all Canadians. It shows how in 2019, good projects can move forward when we do the hard work necessary to meet our duty to consult indigenous peoples and when we take concrete action to protect the environment for our kids, grandkids and future generations.

When we came into office, we took immediate steps to fix the broken review system the Conservatives left behind. When the risks made it too difficult for the private sector to move forward, we stepped in to save the project. When the Federal Court of Appeal made its decision back in August of 2018, we made the choice to move forward in the right way.

When we finished this process, we were able to come to the right decision to deliver for workers in our energy sector, for Albertans and for all Canadians, a decision to support a project that will create jobs, diversify markets, support clean energy and open up new avenues for indigenous economic prosperity in the process.

Where do we go from here, now that the expansion has been approved? While these are still early days, we have a clear path forward for construction to begin this season and beyond. The Prime Minister laid out a lot of this on Tuesday afternoon as he announced our decision. Minister Morneau expanded on some of these details when he was in Calgary yesterday, talking about the road ahead and about launching exploratory discussions with indigenous groups interested in economic participation and about using TMX's revenues to ensure Canada is a leader in providing more energy choices.

We have also heard from the Trans Mountain Corporation about both its readiness and its ambition to get started on construction. Ian Anderson, the CEO of the Trans Mountain Corporation, made this very clear yesterday.

• (1610)

That's also what I heard when I visited with Trans Mountain Corporation workers yesterday in Edmonton. There were a number of contractors there. They are ready to proceed on the expansion of the Edmonton terminal, as well as on many of the pumping stations that are required to be built in this expansion.

The message is clear. We want to get shovels in the ground this season, while continuing to do things differently in the right way.

The NEB will soon issue an amended certificate of public convenience and necessity for the project. It will also ensure that TMC has met the NEB's binding pre-construction conditions. The Trans Mountain Corporation, meanwhile, will continue to advance its applications for municipal, provincial and federal permits. We stand ready to get the federal permits moving.

As all of that is happening, our government continues to consult with indigenous groups, building and expanding our dialogue with indigenous groups as part of phase IV consultations by discussing

the potential impacts of the regulatory process on aboriginal and treaty rights and by working with indigenous groups to implement the eight accommodation measures that were co-developed during consultations, including building marine response capacity, restoring fish and fish habitats, enhancing spill prevention, monitoring cumulative effects and conducting further land studies.

We are also moving forward with the NEB's 16 recommendations for enhancing marine safety, protecting species at risk, improving how shipping is managed and boosting emergency response.

What is the bottom line? There is no doubt that there are a lot of moving parts. This is a project that stretches over 1,000 kilometres, but it is moving forward in the right way, as we have already proven with our \$1.5-billion oceans protection plan, our \$167-million whale initiative, our additional \$61.5 million to protect the southern resident killer whale, and our investment of all of the new corporate tax revenues, as well as profits earned from the sale of TMX, in the clean energy projects that will power our homes, businesses and communities for generations to come.

Before making a decision, we needed to be satisfied that we had met our constitutional obligations, including our legal duty to consult with indigenous groups potentially affected by the project, upholding the honour of the Crown and addressing the issues identified by the Federal Court of Appeal last summer.

We have done that. We accomplished this by doing the hard work required by the court, not by invoking sections of the Constitution that don't apply or by launching fruitless appeals, both of which would have taken longer than the process we brought in.

While Conservatives were focused on making up solutions that wouldn't work, we focused on moving this process forward in the right way. We have confirmation of that, including from the Honourable Frank Iacobucci, former Supreme Court justice, who was appointed as a federal representative to provide us with oversight and direction on the revised consultation and accommodation process.

I will close where I began, which is by saying that we have done the hard work necessary to move forward on TMX in the right way, proving that Canada can get good resource projects approved and that we can grow the economy and deliver our natural resources to international markets to support workers, their families and their communities, all while safeguarding the environment, investing in clean growth and advancing reconciliation with indigenous peoples.

Mr. Chair, I think this is a good place to stop and invite questions.

Thank you so much once again for having me here today.

• (1615)

The Chair: Thank you very much, Minister.

Mr. Hehr, you're going to start us off, I believe.

Hon. Kent Hehr (Calgary Centre, Lib.): Just prior to my asking questions of the minister, I'd like to applaud the chair for his exceptional work and leadership for this committee. You've done excellent work.

Some hon. members: Hear, hear!

Hon. Kent Hehr: Minister, it's a thrill to have you back. I was in Calgary yesterday for Minister Morneau's presentation and his address to the Economic Club of Canada in Calgary. The excitement was present in the air, and there was a hop in the step of people in the room, which was good to see.

I think it's fair to say that last year's Federal Court of Appeal decision came somewhat out of the blue. The court said—and it was clear—that we needed to do our indigenous consultation better and our environmental considerations better.

I was chatting with Hannah Wilson in my office this morning, and I learned that this is happening not only here in Canada but also in the United States. In the case of Keystone XL, Enbridge Line 3 and other energy projects around the United States, the courts have been clear that this is the way things need to be done. Our government is trying to see that through, with indigenous consultation and environmental protections being at the forefront.

What was done differently this time, in consideration of the court decision that we were working with?

Hon. Amarjeet Sohi: The process we put in place this time was quite different from what was done in past consultations.

First of all, we co-developed the engagement process with input from indigenous communities. We provided proper training to our staff and we doubled the capacity of our consultation teams. They worked tirelessly to engage in a meaningful two-way dialogue.

We also provided participation funding to indigenous communities so they could properly participate in the consultation process. We held more meetings and we met with indigenous communities in their communities. I personally held 45 meetings with indigenous communities and met with more than 65 leaders to listen to and engage with their concerns.

I am very proud of the outcome. We are offering accommodations to indigenous communities to deal with their concerns over fish, fish habitat, protection of cultural sites and burial grounds, as well as issues related to oil spills, the health of the Salish Sea, the southern resident killer whales, underwater noise and many others.

The accommodations we are offering, Mr. Chair, actually go beyond mitigating the impact of this project and will also go a long way toward resolving some of the issues and repairing some of the damage that has been done through industrial development in the Salish Sea. They will respond to many of the outstanding issues that communities have identified, related not only to this project but also to many of the other cumulative effects of the development that communities have experienced.

Hon. Kent Hehr: Thank you for that, Minister.

The Trans Mountain Pipeline is important to Calgarians. In fact, it's in the public interest. It not only provides jobs for Albertans but also provides us an opportunity to get fair prices for our oil. None of that is possible without shovels being in the ground, so to speak. What steps must take place before that can happen? Will shovels be in the ground this construction season?

Hon. Amarjeet Sohi: Mr. Chair, as I said in my opening remarks, the National Energy Board will issue the certificate in the next couple of days. I was in Edmonton and had a chance to meet with workers and some of the contractors. They're ready to get down to work and they're preparing some of the work that does not require regulatory approval. The company can start mobilizing the contractors and subcontractors. They can start mobilizing their workers. They can start bidding for reconstruction work that is necessary and they can start applying for permits.

As we heard from the Trans Mountain Corporation, they're planning to put shovels in the ground by September. The goal is to complete the construction by mid-2022 so that we can start flowing the oil to markets beyond the United States.

It is very important, Mr. Chair, to understand that 99% of the oil we sell to the outside world goes to one customer, which is the United States. It is a very important customer for us. We need to expand our market with them, but we need to have more customers than one, because we are selling our oil at a discount and losing a lot of money. Over the last number of decades, the situation has remained the same. We want to make sure that this situation changes. That is why getting this project moving forward in the right way and starting construction is very important, not only to Alberta workers but also to all Canadians.

• (1620)

Hon. Kent Hehr: Part of the approval of the pipeline was deeply linked to meaningful consultation with indigenous peoples. Are there ways we are ensuring that indigenous peoples meaningfully benefit from Trans Mountain in terms of jobs and other opportunities?

Also, I've heard some exciting things around possible equity stakes. Can you inform us about any of those conversations?

Hon. Amarjeet Sohi: Yes, and a large number of indigenous communities have signed benefit agreements with the company. Those amount to close to \$400 million of economic opportunities for indigenous communities. There are other communities that are still in discussions about economic benefits.

As Minister Morneau stated here in Calgary, he is launching a process whereby indigenous communities can explore options to purchase the pipeline or make other financial arrangements. This is something that I have personally heard, Mr. Chair, from a large number of communities that are interested in seeking economic opportunities for their communities to benefit from resource development. We see a lot of potential in that, and Minister Morneau is going to be leading that. Ownership by indigenous communities could be 25% or 50% or even 100%.

We are also providing funding for indigenous communities so that they'll be ready to participate in that process.

The Chair: Thank you, Mr. Hehr.

Ms. Stubbs is next.

Mrs. Shannon Stubbs (Lakeland, CPC): Thank you, Chair. I too want to express that I've really enjoyed working with you and with all the members of this committee over the past four years.

Thank you, Minister, for joining us in committee today in response to my request, through a motion that was supported here, to give some concrete details about the Trans Mountain expansion, which your government has approved formally for the second time now in two and a half years.

I want to start with something you mentioned. The backgrounder indicated, and you have just stated as well, that the government-owned Trans Mountain Corporation is required to seek approvals from the National Energy Board for construction and continued operation. I understand there will be several hearings required by the NEB in relation to the route of the pipeline before construction can start. Can you tell us exactly what the timeline will be for those hearings?

Hon. Amarjeet Sohi: As many of us will remember, the National Energy Board imposed a number of conditions on this project. Trans Mountain Corporation, like any other private company, would have to comply with those conditions and respond to the NEB, and would need to apply for those permits. As you heard from CEO Ian Anderson, they are putting a process in place to work with the NEB to get those permits issued in an expedited way. The construction is supposed to be starting in mid-September.

Mrs. Shannon Stubbs: Thank you, Minister. Of course, the Trans Mountain expansion used to be owned by a private company, but now, of course, it's a wholly owned subsidiary of the Government of Canada, which is why I'm asking you. It's also one reason, I assume, that your government delayed by a month your decision, which was supposed to have been made by May 22. I think it would have been reasonable for Canadians to expect all of those authorizations required by the NEB, as well as permits and construction contracts, to be firmed up by the time you gave your second formal approval, after spending billions of dollars and promising that it would be built immediately.

Something else that Ian Anderson said was, as you've indicated, that construction may start in September at the earliest, but that there could still be delays in the construction and completion of the pipeline caused by anti-energy activists and legal challenges. Unfortunately, those are the same risks that were posed to the project when you first approved it in 2016.

Can you tell us specifically what your government's plan is to deal with multiple legal challenges that will be filed by the project's opponents and other levels of government?

• (1625)

Hon. Amarjeet Sohi: Mr. Chair, first of all, we have done the consultations in a way that reduces the chances of litigation. If somebody does challenge this decision in the Federal Court of Appeal, we are in a very good position to demonstrate that we have discharged our duty to consult by having extensive consultations and by keeping a record of the consultations.

It's also very important, Mr. Chair, to understand that unlike Conservatives, we will not undermine the due process that needs to be followed. We will not cut corners on the regulatory steps that need to be taken by the proponent in this case in relation to the NEB. Conservatives wanted us to cut corners at every step; we refused to do that. That is why we have reached this decision.

We owe it to Alberta workers. We owe it to the energy sector workers to do this.

Mrs. Shannon Stubbs: It is not the case that Conservatives have ever advocated for any steps at the NEB to be skipped. Those steps, of course, were all followed and completed when Kinder Morgan, the private sector proponent, was advancing the Trans Mountain expansion, after which you failed to provide the legal and political certainty for them to go ahead.

Ian Anderson has also indicated that the court injunction remains in place, so what is your government prepared to do if foreign-funded or domestic anti-energy protestors seek to hold up construction?

Hon. Amarjeet Sohi: As I said earlier, unfortunately energy sector projects such as [*Technical difficulty—Editor*] controversial because of the steps taken by the Stephen Harper government to polarize Canadians by not respecting Canadians' right to participate and by gutting the environmental protections that were put in place. We will do whatever we can to ensure that this project moves forward in the right way.

In the case of an injunction, I understand that an injunction is in place and we expect anyone who is going to participate in any form of activity to do that within the rule of law. The rule of law will be respected, but I'm not going to speculate on something that has not happened. Our goal is to reduce the tension. Our goal is to reduce the polarization.

I'm confident that the work we have done over the last seven months will allow us to demonstrate to Canadians that we followed due process and are offering accommodations that appropriately deal with the concerns of indigenous communities.

Mrs. Shannon Stubbs: Part of the concern is that literally last year, one week before the Federal Court of Appeal said you failed in your indigenous consultations last time around, you said you believed that your process would hold up. Then the Prime Minister, the finance minister and the natural resources minister all promised legislation to give the legal and political certainty needed for the private sector proponent to proceed. Then you didn't deliver, and then you attacked anyone who suggested the very thing your own Prime Minister promised.

Let's just look at costs quickly, since this is a really important aspect to taxpayers now that you've put them on the hook. The Parliamentary Budget Officer says that if you miss this year's construction season, it will cost taxpayers billions of dollars more and that these increases in construction costs will reduce the sale value of the pipeline and drop the value of the asset.

Can you explain exactly what the cost to taxpayers will be for the construction and completion of the Trans Mountain expansion?

• (1630)

Hon. Amarjeet Sohi: It is very important that we see moving forward on the Trans Mountain pipeline expansion as an investment in Alberta's economy, in the Canadian economy, in the workers of Alberta. They deserve that support. We are providing them that support because having not a single pipeline to get our resources to non-U.S. markets has hurt our potential in Canada.

We—

Mrs. Shannon Stubbs: Of course, Minister, the vast majority of

The Chair: Your time is up, Ms. Stubbs—

Mrs. Shannon Stubbs: —product shipped through TMX will go to U.S. refineries, and the only two export pipelines have been cancelled by your government.

The Chair: Ms. Stubbs, your time is up. Thank you.

Mr. Cannings is next.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you, Minister, for being with us today.

I'm going to pick up on that commentary about first nations consultation and accommodation. It was this aspect that caused the Federal Court of Appeal to rule against the government last year.

After the announcement that you were okaying the permit, I heard an interview with Chief Lee Spahan of the Coldwater band on CBC, and I've read interviews with him in the press since then. He said that "the meaningful dialogue that was supposed to happen never happened". This is since the court case, and in that court case, the appeal court said that "missing from Canada's consultation was any attempt to explore how Coldwater's concerns could be addressed." This was a band that really wanted accommodation and demanded meaningful accommodation, as the courts have said, and they're saying that it hasn't happened.

I talked to Rueben George of the Tsleil-Waututh recently. They're not happy either.

How confident are you that we're not going back to litigation? It seems that the hard work that needed to be done still has not been done.

Hon. Amarjeet Sohi: First of all, we acknowledge and appreciate the diversity of opinions on this project among indigenous communities, as among other Canadians.

I have met with Chief Lee a number of times. I have met with leadership of the Tsleil-Waututh, with the former chief and with Chief Leah, who is the current chief, to talk about these issues. As far as Coldwater is concerned, our discussions with them are continuing. There are a number of options we are exploring with them to deal with their outstanding issues.

Our consultation doesn't end because the approval of this project has been given. We will continue to work with them.

Mr. Richard Cannings: They're saying that the questions they asked last February—February of 2018—still haven't been answered.

You've just said, I think twice—both in your introductory remarks and in your responses to Ms. Stubbs—that really the only reason we need to build this pipeline.... We've gone through a heck of a lot in this country to try to get this pipeline built, and apparently the only reason is to get our product to tidewater so that we'll have access to Asia and we'll get better prices.

You know this isn't true. This is just a false narrative. Nobody in the industry is saying that we're going to get better prices in Asia. The best prices for our product are in the United States, and they will be for many, many years to come.

Why are we doing this?

We have these price differentials that happen occasionally. They have nothing to do with the fact that the U.S. is our only customer. It's because there are temporary shutdowns of pipelines to fix leaks or because refineries are getting repairs. That seems to be the reason we have this price differential, which covers only about 20% of our oil exports. Eighty per cent of them get world prices because they're exported by companies that are vertically integrated and have their own upgraders and refineries.

Why are we continuing with his false narrative that we're going to get a better price by getting oil to tidewater when that is simply not true?

Hon. Amarjeet Sohi: I know that this issue has been raised by the NDP before. If you talk to industry folks and to premiers in Alberta who have been advocating this project, from Premier Notley to Premier Kenney, 80% of the capacity of the expansion has already been booked by shippers for up to 20 years. That demonstrates to you that there's a demand. The existing pipeline has been full for the last number of years. There's a capacity that is required, and we believe that building this capacity will allow us to get those resources to the global market.

I'm really disappointed to hear the Conservative members saying that TMX will not get our resources to global markets. I hope that the Conservative members will have discussions with Premier Kenney and will be better engaged on that file. The premier has been advocating for this project because it allows us to get a better price and expand our markets beyond the U.S.

• (1635)

Mr. Richard Cannings: I want to get one more question in before my time is up.

Basically, you're admitting that we're not going to get a better price and that the reason we're building this pipeline is that it's an expansion project because the industry wants to expand its operations in the oil sands.

None of the risks that caused Kinder Morgan to walk away from this project have been alleviated. B.C. is still asserting its rights to protect the environment. Many first nations are still steadfastly against it. Vancouver-Burnaby is against it. The Prime Minister has said repeatedly that the government can give the permits, but only communities can give permission. How are you going to convince them that this pipeline is in the national interest?

It's a project that will fuel expansion of the oil sands and increase our carbon emissions when we're desperately trying to reduce them. This isn't about getting a better price for our oil; it's about expanding our oil production.

I think this is an opportune time... When you were considering this decision, you could have said, "Let's join the rest of the world and move toward a no-carbon future." Building a pipeline is locking us into a future that just won't be there in 20 or 30 years, so why are we doing this?

Hon. Amarjeet Sohi: The building of the Trans Mountain pipeline expansion does not undermine or hinder our ability to meet our Paris Agreement commitments. We are putting a price on pollution. We are phasing out coal. We are supporting investment in public transit. Every dollar earned from revenue from this project will actually be invested back into a greener and cleaner economy so that we can accelerate our transition to a clean economy.

We all know that as the world transitions, there will still be a demand for oil, and our oil resources are developed in a sustainable way. The intensity of the emissions from the oil sands is continuing to decline, and we are supporting the industry to further reduce that intensity. We want to be the supplier of the energy that the world needs and at the same time use the resources and the revenue to accelerate that transition. It's a win-win situation for our economy: creating jobs at the same time as protecting our environment and dealing with the impacts of climate change.

The Chair: Thank you, Mr. Cannings.

Mr. Whalen is next.

Mr. Nick Whalen (St. John's East, Lib.): Thank you very much, Mr. Chair.

I also wanted to pass along some thanks to the interpreters in the booth, the technical folks and the staff who sit behind us and prepare us for these meetings. This wouldn't be able to happen without you.

Minister, this is a great week for Canada. I'm really excited about the prospect of Trans Mountain. You've been a leader in our party not only on the infrastructure file, but since you've taken over this very delicate but economically vital matter of twinning of the Trans Mountain pipeline. You've been a very steady hand at the wheel.

I just want to get a sense from you of how important it is not only to you personally but also to Albertans to have this significant victory in finally getting an opportunity to triple the capacity of this pipeline.

Hon. Amarjeet Sohi: This is a very important project for our country. This is a project that is in the public interest. This is a project that will create thousands of jobs in Alberta, in British Columbia and in the Atlantic provinces.

As we all know, the growth of the energy sector in Alberta has provided opportunities for many people throughout this country from the Atlantic provinces through Ontario, Quebec and the prairie provinces. When we were in Fort McMurray the last time with the Prime Minister, we met with workers from British Columbia who were working in Fort McMurray.

This is about prosperity for all Canadians. It's very important for us to recognize and communicate this. This is about expanding our global markets. It's very disappointing that the Conservatives say that we don't need to expand our global markets and that we can continue to rely on the U.S. The U.S. is a very important customer for us, but we did the hard work necessary to get to this stage and we will continue to do the hard work necessary to ensure it gets to completion.

• (1640)

Mr. Nick Whalen: Thank you very much, Minister.

In your opening remarks, you chastised the Conservatives for wanting to do appeals and for taking the legislative route. I must admit that I was also nervous about the path that had been chosen. You and the Minister of Finance convinced me that it was the right way and, of course, I guess now I have to admit that I was wrong on this and you were right, so congratulations on that.

I also have found that some of the opposition rhetoric on this project—including at today's meeting, when the member suggested that somehow we should have begun the process of obtaining permits and entering into construction contracts prior to the completion of the process—demonstrates a fundamental misunderstanding of how this process is meant to work. How irresponsible would it have been to prejudge the outcome or to have rushed this court-required and constitutionally required process?

Hon. Amarjeet Sohi: I think it is very important that we make sure to follow the proper processes and procedures put in place for the NEB and our proponents. Whenever you undermine them, whenever you undercut them, you get into trouble and good projects get delayed.

Going back to why the Trans Mountain pipeline expansion got into this situation in the first place, in 2013 and 2014, when the initial review was started, the decision was made by the Stephen Harper government to not do the review to understand the impact of marine shipping on the marine environment and to—

Mr. Nick Whalen: I'm sorry, Mr. Minister, but were all those decisions and mistakes that were highlighted in the Federal Court of Appeal decision made when the Conservatives were in power?

Hon. Amarjeet Sohi: No. I think we need to take some responsibility as well. They made the mistake of not including the marine shipping and its impact on the marine environment, and we did not do a good job on the consultation. I take full responsibility for that. That's why we need to do better. We need to improve our process to ensure that good projects can move forward.

Mr. Nick Whalen: We've had a lot of difficulty until very recently on clearing exploratory drilling on the east coast, and of course we have the injunction on TMX. Bill C-69 seems to achieve the right balance and seems to push us beyond the mistakes that existed in CEAA 2012 to ensure these types of mistakes don't happen again. Are you confident that's the case?

Hon. Amarjeet Sohi: I am a firm believer that if Bill C-69 had been in place in 2013 when this review was started, the Trans Mountain pipeline would have been completed by now and would have been in operation, delivering our resources to non-U.S. markets. It is very important, because we are fixing a broken system.

As far as the exploratory oil wells in the Atlantic provinces are concerned, having a regional review done actually expedited some of that work.

Mr. Nick Whalen: We were very excited to see that completed in December to provide an off-ramp from exploratory drilling and massive environmental assessments on a well-by-well basis. That's a great initiative from your and Minister McKenna's departments.

Another concern that's been expressed to me is that we want to make sure the Canadian building trades have access to as much of the work on the Trans Mountain expansion as possible. I know there are different thresholds and limits in other projects. How can we ensure that Canadian workers benefit as much as possible from this megaproject?

Hon. Amarjeet Sohi: When we're creating jobs, we want to make sure that Canadian workers are able to benefit from that job growth. The building trades have been engaging with Minister Morneau's officials to see what role they can play. They have the expertise and the know-how, and they are workers who have been building pipelines for a long time. We want to tap into their expertise, and Minister Morneau is exploring options with them to see what role they can play in the construction of the pipeline.

Mr. Nick Whalen: As a final very short question, there's been some scuttlebutt at the table here about whether or not a constitutional right is implicated in this process. I'm perhaps not as close to this issue as you are, but do you feel that the section 35 rights of indigenous peoples are implicated by the expansion, and was that something that we were trying to make sure we got right with Bill C-69?

• (1645)

Hon. Amarjeet Sohi: In the work we have done on the consultation of late for the Trans Mountain pipeline expansion, in the thoroughness and the meaningful two-way conversation and engagement that we had, and the assurance from Justice Iacobucci that we have corrected the defects and remedied what the Federal Court of Appeal wanted us to by engaging in meaningful two-way

dialogue, I am confident that we have fully discharged our duty to consult with indigenous communities.

I know some people, particularly Conservative politicians, wanted us to make consultation with indigenous communities optional in Bill C-69, which could have been devastating for energy sector projects. Then people would have taken us to court and we would have lost every time we went to court, because you cannot fail to fulfill your duty to consult and to meet the constitutional obligation for meaningful consultation with indigenous communities.

Mr. Nick Whalen: I agree.

The Chair: Thank you, Minister. Thank you, Mr. Whalen.

Mr. Schmale, you have five minutes.

Mr. Jamie Schmale (Haliburton—Kawartha Lakes—Brock, CPC): Thank you, Chair.

It seems the Liberals want it both ways here. They want to criticize this process, yet they approved the pipeline a few years ago in 2016.

I cannot understand how you want to have it both ways. You talk about indigenous consultation. Kinder Morgan had 51 indigenous groups that had signed benefit agreements. Because of your government's handling of this file, it went down to 42, and now you're expecting us to pat you on the back because it's at 48. I can't figure this one out.

Hon. Amarjeet Sohi: I think it is very important, and I will encourage the honourable member to look at the Federal Court of Appeal decision. The appeal was very clear that when the decision was made to not undertake the study of tanker traffic and its impact on the marine environment, it was done completely under the Stephen Harper government.

We were in a good process—

Mr. Jamie Schmale: We're talking about consultation. You could have used the transport report as your transportation study. You chose not to. We're talking about consultation here.

Hon. Amarjeet Sohi: You cannot do that. You have to discharge your duty to consult, which means that you have to engage in a two-way meaningful dialogue. Relying on a transportation report is not a substitute for discharging your section 35 obligations.

Mr. Jamie Schmale: Now that the pipeline is owned by the Canadian taxpayer, the finance minister says that your government will sell it only once it has been built. Are Canadians on the hook for any cost overruns? According to the PBO, the cost to build the twinning is around \$14 billion.

Hon. Amarjeet Sohi: As I said earlier, through you, Mr. Chair, this is an investment in Canada. This is an investment in Canadian workers and Canada's energy sector. This is a commercially viable project. We have professionals at the Trans Mountain Corporation who will undertake further analysis and refine cost estimates now that approval has been given. They will refine construction timelines. This is a project that's going to generate close to \$70 billion in revenue for Alberta oil producers. This is a project that will generate close to \$45 billion of additional revenue for governments. This is a project that will generate half a billion dollars for the federal government, which we will use to transition and accelerate investments in green technologies and green products to make sure that other future generations have clean water, clean air and clean land, and to make sure that we are reducing the impact of climate change.

From every angle you look at it, this is a good investment in Canada and in Canadians.

Mr. Jamie Schmale: It didn't have to be an investment in Canadian taxpayer dollars. It could have been private sector dollars that wouldn't cost taxpayers a cent or put them on the hook for these cost overruns that are potentially very real, considering that dozens of permits still need to be given before construction can start.

How much longer will it take to get the permits? How much will it cost?

This week you announced for the first time that Trans Mountain will have to purchase offsets for construction emissions. How much will that cost Canadian taxpayers?

• (1650)

Hon. Amarjeet Sohi: As far as the offsets for the emissions are concerned, that was part of the NEB conditions that were imposed earlier on and part of the commitments the company has made.

As far as permits are concerned, there is a process to get those permits issued. NEB is going to work with the Trans Mountain Corporation to issue those permits.

I think it's very important that we follow due process. I know Conservatives don't respect due process. They don't respect the rule of law and they always encourage us to cut corners, and that's how you get into trouble. We will not cut corners. We want to get the construction going on this project in the right way.

Mr. Jamie Schmale: Under the Conservative government, four pipelines were built and three more were in the queue. Now none of those major companies that build pipelines are doing business in Canada. They are now doing business in other countries, but you keep going on with your line of answer.

Going back to federal permits again, you didn't really give me an idea of how many more permits need to be administered and given before construction can be built. Also, will Canadian taxpayers will be on the hook for the overruns, and have you budgeted for that possibility?

Hon. Amarjeet Sohi: Mr. Chair, for large projects such as this, there are always municipal, provincial and federal permits required, and there's a process in place to get those—

Mr. Jamie Schmale: Since you've had nine months since the court order was given, how come you did not instruct your department to start work on applying for these permits and getting them ready to go so that you could start construction immediately?

Mrs. Shannon Stubbs: After the NEB recommended approval, it was just two months.

Hon. Amarjeet Sohi: Mr. Chair, what the honourable member is saying would have been devastating for this project. The member is suggesting that we should have approved permits prior to having approval—

Mr. Jamie Schmale: It's in response to the NEB recommendation.

The Chair: Mr. Schmale, your time is up. I'm going to let him finish.

Hon. Amarjeet Sohi: Mr. Chair, it's very important to understand that giving approval to permits prior to the approval of the projects would have undermined administrative justice and would have undermined the due process. It is irresponsible for anyone to suggest that we not respect the process for proper approval of this project, because that is very important and it would have been devastating for energy workers.

Mr. Jamie Schmale: That's an NEB problem.

The Chair: Thank you, Minister.

Thank you, Mr. Schmale.

Ms. Damoff is next.

Ms. Pam Damoff (Oakville North—Burlington, Lib.): Thank you, Chair, and thank you to the members of the committee for letting me join you today.

Minister, I'm proud to be part of a government that takes climate change seriously and knows that pollution can no longer be free. We can't just sit back and do nothing, which is what the Conservatives are doing. We know that a price on pollution is recognized globally as the most effective way to reduce greenhouse gas emissions and change behaviours.

Minister, I've heard from constituents in my riding who are expressing concern over the approval of TMX and the fact that the government is building a pipeline at the same time that we declared a climate change emergency. People like Chris, a young man who's passionate about climate change and feels we need to be doing more to transition from a carbon economy, has spoken to me a number of times. I know that he was very upset about the TMX approval. I have constituents in Oakville North—Burlington who are passionate about climate change and the environment. Groups like Halton Environmental Network, the Halton Climate Collective, Citizens' Climate Lobby, OakvilleGreen and BurlingtonGreen work tirelessly in our communities to combat climate change.

Minister, could you explain to these groups and to my constituents like Chris how we can justify TMX while also seriously tackling the climate change emergency that we face in Canada?

Hon. Amarjeet Sohi: First of all, I'd like to thank the member so much for her leadership on sustainability. We've often discussed how we can provide options for people so that they can make choices that are sustainable.

I want to assure Chris and I want to assure the environmental leaders and people in your constituency that building the Trans Mountain pipeline does not in any way compromise or hinder our ability to meet our Paris commitments. As a matter of fact, it will help us accelerate our investments into a clean economy, into a green economy, and allow us to meet our Paris commitments. The revenue we will generate from this project will be half a billion dollars once the construction is completed. Multiply that over the next 20 or 30 years. On top of the billions of dollars we're already investing into fighting climate change, that will allow us to do more.

At the same time, we also understand that the production that is happening in the oil sector now needs to move. The best way, the safest way and the most cost-effective way to do that is through pipelines, not through railways, as railways cross so many urban centres. As I heard from many of my colleagues, they would prefer oil moving by pipelines, not rail, because rail, even though it's safe, is not as safe as pipelines, so this is a very good investment. It will allow putting a price on pollution, and it's leadership that our government is demonstrating.

Investing in a thousand public transit projects throughout this country, having better fuel standards, investing in new technologies that allow emissions to go down, building RV electrical vehicle charging stations and investing millions of dollars in incentives for people to buy electric vehicles—all of those things are making a real difference and giving people choices so that they can reduce their impact on the environment.

We are committed. I can tell you that I am so excited about what we are doing. With the building of this pipeline and taking action on climate change, we can grow our economy. We can create thousands of jobs for hard-working Canadians and at the same time make a real difference in the protection of the environment.

• (1655)

Ms. Pam Damoff: Thank you, Minister. I have only about a minute left.

When the previous government talked about consultation, it really just meant showing up, telling people what they were doing and then moving ahead anyway. From a number of meaningful conversations I've had with your parliamentary secretary, I know you went into communities, talked to stakeholders and indigenous communities, and took that feedback. How did those consultations result in changes to what we're doing with TMX?

Hon. Amarjeet Sohi: I think one of the fundamental differences is how we engaged with the communities, and also how we responded to their concerns. There are more accommodations offered in this than ever was done in the past. We're actually dealing with the cumulative impacts of development. We are engaging in how we better respond to spills; how we prevent spills from happening; how we protect water, fish, fish habitat, southern resident killer whales; how we protect cultural sites and burial grounds and all of those things that have been identified by indigenous communities.

Another thing that we have done differently is that we have engaged at the political level. You know, pipelines are controversial. The northern gateway was controversial. Energy east was controversial. The Trans Mountain pipeline expansion was controversial and is still controversial, but I compare the effort that we have put in and the effort that I have personally put in through the 45 meetings that I have held with indigenous communities. I compare that effort with the few meetings the Conservative ministers held with indigenous communities. For 10 years under Stephen Harper, ministers made no effort to actually meet with indigenous communities and listen to their concerns and then work with them to resolve those concerns. We have put our time in and we are very proud of the work we have done.

The Chair: Thank you, Minister. Thank you, Ms. Damoff.

We can go for about 10 more minutes. We're in a five-minute round. What I propose is to go four minutes, four minutes and two minutes. That way Mr. Cannings gets to finish it off. I think that's fair under the circumstances.

Ms. Stubbs, you have four minutes with a hard cap.

Mrs. Shannon Stubbs: Thanks, Chair.

Minister, as a person who is part Ojibwa and as a person who represents nine indigenous communities in Lakeland that are all involved in oil and gas and support pipelines, I really hope that this time the indigenous consultation process implemented by your government holds up. I did want to say this: I thought the one that you guys implemented in 2016, before you approved it, would have held up too. I mean that sincerely, and I hope, for the sake of all Canadians and for the execution of the project, that this remains the case. There was of course a missed opportunity in cancelling the northern gateway and losing the opportunity to redo it.

I just want to clarify what we are saying in terms of your government's mismanagement of the timelines around ensuring certainty around the permits, the contracts and the hearings, and why this is a detriment to the project.

What we are talking about is that when the NEB recommendation for approval was made in April—for the second time—your cabinet was supposed to have responded on May 22, and I suggest to you that every Canadian would think it would be utter insanity to think that your cabinet was even considering rejecting the Trans Mountain expansion, given that you spent \$4.5 billion on it in tax dollars last year.

What we are talking about is the timeline that elapsed between the NEB's second approval of the Trans Mountain expansion and the announcement your cabinet made on Tuesday. That is when all of the details and all of the specifics should have been firmed up and certain so that the Tuesday announcement was not just literally the same announcement you made in November of 2016, after which literally nothing got done. Construction could have been able to start immediately. You could have been accountable to Canadians and taxpayers by giving the precise start date, end date, completion date, operation and cost.

It's mind-boggling to me that a federally owned project with a federally owned builder, with a federal government decision, failed to secure the federal government authorizations, as well as the provincial and municipal authorizations that surely you would have known were required for construction to start. That is the certainty you must provide Canadians so that they believe you that the Trans Mountain expansion will actually be built.

I think it's very clear that there never has been a concrete plan for construction to start.

• (1700)

Hon. Amarjeet Sohi: I think that—

Mrs. Shannon Stubbs: I want to tell you I've heard from drillers in my riding that banks are revoking their loans—

The Chair: Ms. Stubbs, if he does want to answer the question, I suggest you give him an opportunity.

Mrs. Shannon Stubbs: It wasn't a question. I was just clarifying that point.

Hon. Amarjeet Sohi: With due respect, your understanding is completely wrong. With the utmost respect for you, MP Stubbs, what you were suggesting would have actually gotten us into trouble, because when the Federal Court made the decision in August of 2018, they quashed the decision. There was no project.

We gave new approval on Tuesday to this project. Issuing any permits prior to Tuesday's decision would have been in violation of the procedures under NEB. It would have been taken to court, and we would have lost. We would have done more damage with what you were suggesting.

Mrs. Shannon Stubbs: The reality is that you spent \$4.5 billion tax dollars last year and promised Canadians that the expansion would be built immediately.

Here we are today. You have given a second approval and you have not a single concrete detail or specific plan to assure Canadians when it will start being built, when it will be completed, when it will be in operation and what the costs will be.

The Chair: Thank you, Ms. Stubbs. That's all of your time.

Mr. Graham is next.

Mr. David de Burgh Graham (Laurentides—Labelle, Lib.): Thank you, Minister.

Very quickly, Mr. Chair, I just want to add to the comments. This is the fifth standing committee that I have joined in this Parliament, and you have been a very easy-going chair, very easy to get along

with. When things get tense, you just go zen. It's a really good skill to have. Don't lose it.

Minister, when Kinder Morgan owned Trans Mountain, where did the profits go?

Hon. Amarjeet Sohi: They went to their shareholders.

Mr. David de Burgh Graham: Where will they go now?

Hon. Amarjeet Sohi: Now, as long as government owns it, they will remain with the government, so Canadians will benefit from those profits.

Mr. David de Burgh Graham: That money will go to the green transition, as we've talked about.

Hon. Amarjeet Sohi: That is the goal. The half billion dollars that government will earn in additional tax revenue and corporate revenue will go into a green fund to accelerate our investments into a clean and green economy.

Mr. David de Burgh Graham: How many conditions are attached to this approval? Can you give us a sense?

Hon. Amarjeet Sohi: There are 156 conditions by the NEB, and there were 16 recommendations made by the NEB that we have adopted that allow us to deal with the cumulative impact of the project.

If I may say so, I think it's very important, Mr. Chair, to note that what MP Stubbs was suggesting would actually have gotten us into trouble. Issuing permits or even talking about permits prior to the approval would have been a violation of the procedures, and they would have been challenged.

We do have a plan in place to start construction, and the NEB is going to issue a certificate. They're going to put a process in place for the permits to be issued, and the construction is going to start. The preliminary work can start any time and the construction is going to start on this project in September.

• (1705)

Mr. David de Burgh Graham: What kind of pressure is not having this expansion in place putting on our rail system, and is it affecting, for example, our grain shipments?

Hon. Amarjeet Sohi: Thank you so much for actually raising that question. It is very important, because if we don't build the pipeline capacity, oil going to be transported and it will be transported by rail. We have at least seen more oil being shipped by rail, putting pressure on other commodities that need to be shipped. There are not only issues around safety, but growth in other natural resource sectors such as forestry and mining is being hindered, and farmers have also identified issues with not being able to ship their products because of the lack of capacity in the rail system.

Mr. David de Burgh Graham: Thank you.

We were talking about the green transition earlier. Norway, as an example, managed to put a trillion dollars into their heritage fund, and their debt-to-GDP ratio is negative 90%.

Is investing our revenue and investing in the green transition good for our economy?

Hon. Amarjeet Sohi: It is, absolutely. Investing in a green economy—in wind, solar, tidal, and geothermal, all of which we are doing—supports and creates green jobs. Those allow us to actually have a better energy mix. Oil and gas will continue to be our energy mix for decades to come, but as we transition, we need to build more renewables. This investment of half a billion dollars ongoing every year will allow us to do that.

Mr. David de Burgh Graham: Thank you very much.

The Chair: Thank you, Mr. Graham.

Mr. Cannings, you get the last questions and you have only two minutes to do it.

Mr. Richard Cannings: I get the last questions of the Parliament. Okay.

The Chair: No pressure.

Mr. Richard Cannings: On Monday we passed a motion here in the House of Commons to declare that we are in a climate crisis, a climate emergency. The IPCC, the Intergovernmental Panel on Climate Change, says that we have to act immediately, right now, to tackle climate change.

You talked about spending the profits of this pipeline, \$500 million a year, on green initiatives. We've spent \$4.5 billion buying this pipeline. That's where the profits of that pipeline went. They went to Texas when we bought that pipeline. Now we're going to spend another \$10 billion building it over the next two years. That's about \$15 billion we could invest right now in fighting climate change, instead of spending all that money and then waiting two years and then dribbling it out over the next 10, 20 or 30 years. We have to do this now.

I just wonder what sort of economics you are using to try to spin this as a win for climate change. It's just Orwellian.

Hon. Amarjeet Sohi: Through you, Mr. Chair, we are investing today. We are investing \$28 billion in public transit over the next 10 years, and that started in 2016.

Mr. Richard Cannings: That has nothing to do with the pipeline.

Hon. Amarjeet Sohi: We are investing \$9 billion in green infrastructure, also starting in 2016. We have put a price on pollution that is actually reducing emissions; you have seen that in British Columbia. We are bringing in better fuel standards.

I was in my province supporting a solar farm, where two-cycled capturing of energy is tested. We were in my province a couple of months ago, where we are investing in geothermal energy. If that demonstration is commercialized, it will create 50,000 jobs in Alberta. We are doing all those things. We want to accelerate that by investing this additional revenue.

The Chair: Thank you, Mr. Cannings.

Minister, thank you. You get the last word.

Thank you all again.

Minister, I appreciate your making the effort to accommodate us today. Your schedule has been tight, to say the least. We wish you a safe journey back home.

Hon. Amarjeet Sohi: Alberta is my home, so I am home.

The Chair: You've always been very gracious in accommodating us and coming to the committee too, so thank you for that.

A voice: And thank you for sparing us for tomorrow morning.

The Chair: Yes, thank you for sparing us for tomorrow morning. There's ending on a high note.

Thank you, everybody. We will see you when we see you. Good luck to all.

Let me just say again that it's been a real honour to do this. Thank you.

Some hon. members: Hear, hear!

The Chair: We are adjourned.

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