

35. Supporting Canada's Responsible Resource Development

Canada's resource development projects, and associated infrastructure, are an economic enabler for its economy, allowing value added sectors to develop, create jobs, and compete.

Canada's natural resource prosperity is the foundation of our economic success. Our Gateways play a vital role as the nation's transportation link to global markets. Canadian producers of oil, gas, coal, lumber, minerals, grains and other agricultural products rely on our Gateway ports to get their products to market.

Safe, well-regulated and responsible natural resource development is one of the defining features of the Canadian economy. The wealth created by natural resources enables provinces/territories to serve as a net contributor to Canada's national economy in support of vital services, such as health care and education.

If Canadians are to prosper in the decades ahead, however, the federal government and the provinces/territories should also take steps to support private sector investments in responsible resource development and transportation.

Pipeline Infrastructure

An example of the risk to our ability to efficiently prosper from our natural resource sector is the controversy around the Northern Gateway Pipeline and the Trans Mountain Expansion Project. The Trans Mountain project is a timely, shovel-ready opportunity to show international investors that Canada is open to multi-billion-dollar business investments that satisfy Canadians' high expectations for environmental sensitivity, regulatory compliance and safe, responsible operation.

Despite this, the public debate threatens to overtake the regulatory process. Criticism of any project should be part of a healthy review process. But much of the criticism of both Northern Gateway and Trans Mountain Expansion Project, and now Energy East, is driven by a conviction that projects should not proceed regardless of the proponent's ability to meet regulatory requirements for responsible development.

The original Trans Mountain Pipeline has been in operation for more than 60 years. Trans Mountain proposes to nearly triple the capacity of its existing 1,150-kilometre oil transmission pipeline between Edmonton and Burnaby and expanded shipping capacity at its Westridge Marine Terminal in Burrard Inlet.

A \$6.8 billion private sector investment, the expansion project it creates thousands of jobs for both the short and long term, and provides billions of dollars in new revenue for all levels of government. Small business operators, individuals and communities are among those who will gain from this project.

The Canadian economy would gain the equivalent of 9,500 jobs per year for 20 years. In communities along the proposed pipeline corridor, annual property tax payments to at least 20 local governments and 24 Indigenous communities would more than double to \$52.4 million from \$25.9 million per year. There would be 1,100 jobs created through expanded Westridge operations alone.

The Trans Mountain Expansion Project is one of many resource-related infrastructure projects that create tremendous opportunity, prosperity and job opportunities for Canadians in both the short and long terms.

In addition to an estimated \$81 billion in tax revenues and a \$270 billion in national GDP uplift over 30 years, construction of the Northern Gateway Pipeline will benefit communities throughout the country. In total, the project will generate 558,000 person years of employment yielding \$48 billion in labour income and will provide \$28 billion of value to industry in the first 10 years alone.

At the same time, the Energy East Pipeline continues to progress through the regulatory process it started with its NEB application in October 2014. Connecting Alberta and Saskatchewan oil with refineries in Eastern Canada and a marine terminal in New Brunswick, the Energy East project will create 17,000 FTE jobs per year across Canada during development, construction and the 20-year operation of the pipeline. This project will add \$55 billion in GDP and over \$10 billion in addition tax revenue with every province benefiting.

Mining

Mining and mineral processing supported approximately 375,000 jobs across Canada and contributed \$57 billion in national GDP. This economic activity resulted in \$71 billion on federal and provincial/territorial revenue over the past 10 years.

The value of mining can be seen throughout the Ontario Ring of Fire, which supports 5,500 FTE jobs annually, \$9.4 billion in GDP and nearly \$2 billion in government revenue between all three levels during the first 10 years of development. Over the next 30 years, mining projects in the part of the country will generate a further \$6.7 billion.

In B.C., the \$1.3 billion KGHM Ajax Mining copper-gold project could alone provide 1,800 jobs in a 2.5-year construction phase, 500 full-time positions, \$500 million in estimated tax revenue and \$60 million in annual payroll.

LNG

Though a final investment decision has been delayed, a positive decision by LNG Canada will lead to a \$40 billion investment. The first phase of Pacific NorthWest LNG, an \$11 billion commitment, could come as early as the end of 2016, but both projects face a potentially shifting regulatory landscape.

Forestry

Meanwhile, the forest industry remains a significant contributor to many provincial/territorial economies. Across Canada, forestry is the principal economic driver for more than 200 communities in which it operates. It annually contributes over \$20 billion in GDP, supports over 288,000 direct and indirect jobs and each year sends billions of dollars in revenue to all three levels of government.

Conclusion

Canadian resource producers, in particular oil producers, will not thrive without greater access to global markets. For oil producers, their only export customers at present are in the United States Midwest, where a supply glut has pushed the market price for Canadian oil below its potential value to refiners in other markets.

For Canada, there is no better time to allow the private sector to take the initiative as a long-term creator of jobs and government revenue. Each additional dollar earned on the sale of a barrel of

Canadian oil keeps people working and brings more tax dollars for government with no additional investment of public money.

Regulatory review of resource and infrastructure projects addresses a broad range of environmental, health and safety, socio-economic, community, and Indigenous issues to ensure that the concerns of all interested stakeholders are taken into account. Potential environmental effects of a proposed project are identified and evaluated, providing the opportunity for the proposed project to be modified, if appropriate, before detailed design and construction starts.

Through the regulatory review process, potential projects are endorsed, modified or rejected depending upon whether significant adverse effects, following planned mitigation measures, are predicted.

The Canadian Chamber believes that it is critical that Canada maintains its reputation as a jurisdiction open to investment and take actions that sustain and expand the ability of our Gateways, in particular the Pacific Gateway, to generate prosperity for Canada.

With additional layers of NEB and CEAA criteria and review processes being proposed, inefficient and unpredictable processes are turning away potential investors and prevent businesses from being able to make informed location and logistic decisions. For example, the World Economic Forum has cited “inefficient government bureaucracy” as one of the biggest impediments to improving Canada’s economic competitiveness.

The Canadian Chamber welcomes changes to improve the efficiency of the regulatory review process for major infrastructure projects – whether it’s a pipeline expansion, an LNG export facility or a new mine.

We encourage all levels of government to continue to build on these improvements to ensure that Canada develops a world-class regulatory system that effectively supports economic competitiveness while protecting Canadians and the environment. This system must remain stable and consistent.

Recommendations

That the federal government:

1. Improve the efficiency and consistency throughout the regulatory review process for major natural resource projects, providing clarity regarding the associated timelines from introduction to final decision, to provide the needed certainty, predictability, and stability that encourages capital investment.
2. Recognize the national significance and jurisdiction of federally regulated projects, working to ensure clarity and specificity and a reasonable approach from provincial/territorial governments regarding any conditions they put in place on federally regulated projects.
3. Continue to support establishment of a world-class marine tanker safety regime with enhanced marine spill response capability, and a world-class terrestrial safety system.