



House of Commons
CANADA

Standing Committee on Natural Resources

RNNR • NUMBER 025 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Thursday, November 23, 2006

—
Chair

Mr. Lee Richardson

Also available on the Parliament of Canada Web Site at the following address:

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•(1535)

[English]

The Vice-Chair (Mr. Alan Tonks (York South—Weston, Lib.)): Good afternoon, members of the committee and our deputants. Welcome. I just have the opportunity to welcome you and hope you enjoy your time before the committee, and to say that the real chairman has come in and he will probably take over.

Mr. Chairman.

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): Thank you. We'll get under way.

I'm sure you've been ably welcomed by Mr. Tonks, but let me welcome you as well. I'm delighted to have you here. I'm sorry we didn't have an opportunity to see you earlier in the week in your town. It was a great experience for all of us, as I'm sure you've heard.

I think without further ado we're going to proceed right into it, and I am sorry for being a little tardy.

We have been simply asking for a point of view to be expressed by you. I think the committee's going to be very interested in hearing from you and then asking questions, for enlightenment really. Again, it's not to put you on the spot in any way, but just simply to try to get a better understanding of the situation up there at this time. We're very much looking forward to hearing from you.

I don't know if you've spoken among yourselves with regard to presentation, Ms. Blake, as to whether you are going to start and the others are going to join in.

Mrs. Melissa Blake (Mayor, Regional Municipality of Wood Buffalo): Thank you very much.

Good afternoon, Mr. Chairman and members of the panel. We really appreciate this opportunity to be here with you today. My name is Melissa Blake and I'm the mayor of the Regional Municipality of Wood Buffalo, which tends to throw some people off. I'm also the mayor of Fort McMurray, which more people tend to be familiar with. We represent 80,000 people up in that region, and on behalf of them, it is a pleasure to convey to you some of the experiences we've had.

What I'll do is just start into my dialogue and tell you that we've really come a long way since our early European traders to the region noted that natives were using a tar-like substance to waterproof canoes. From that aboriginal population that has called Wood Buffalo home for eons, to the fur traders who plied our pristine waterways 300 years ago, today we're now home to the world's energy giants, and it has been a remarkable transformation. It

is a compelling story as well, but that's going to have to wait for another day.

I've come today to address the key question engaging your committee: is the development of the Athabasca oil sands sustainable? My perspective today comes from our experience as the municipal bedrock on which the oil sands development is based, and that basis includes a strategic look at three pillars of oil sands development sustainability, including economic, environmental, and social pillars.

But to get straight to the point, we embrace the knowledge that within the municipal boundaries of Wood Buffalo is contained the energy security for Canada and North America. Alberta's oil sands established reserves amount to about 177 billion barrels, behind only Saudi Arabia. But our known reserves, ultimately recoverable with current technology today, amounts to 311 billion barrels, which is by far the largest source worldwide. If we extrapolate Alberta's total reserves in place, including oil sands that will need new technology for future recovery, the number skyrockets to 1.7 trillion barrels.

The Regional Municipality of Wood Buffalo, working with the regional issues working group, produced a business case in 2002 and again in 2005. In this brief account of economic impact, I'll refer to data either contained in the original, or updated from that work. To begin recovering just a small percentage of oil from these reserves, the capital investment had topped \$37 billion between 1996 and 2005. Between 2006 and 2011, which is just a five-year window of opportunity, industry expects to invest an additional \$56.6 billion conservatively. That would bring the 15-year total to nearly \$100 billion.

The development, of course, has tremendous spinoff. It will generate 240,000 new jobs in Canada by 2008, and although we anticipate 60% of those will fall in Alberta, or about 144,000, that means there are nearly 100,000 new jobs that will ripple across Canada for oil sands development. What we expect as we go forward is that those numbers will continue to build in future years. For perspective, we produce about one million barrels of crude oil today. That additional \$56 billion would get us to two million barrels per day, and projections or the vision for Alberta looks to be on tap for three million and five million respectively in 2020 and 2030 potentially.

From that business case in 2005, the revenues that flow to the federal government, using only a \$30 oil scenario, amount to about \$69 billion over 20 years, and certainly that is conservative with higher world oil prices, which are included in the 2005 business case. All of this investment, along with accelerating development and revenue creation, has stretched our municipal challenges to past capacity. Six years of explosive growth at more than 8% per year far exceeds that of any other major municipality in Canada.

What that means to the citizens in our region in practical terms is that we're spending \$160 million for a new waste water treatment plant that's going to open with an immediate need for expansion, and we're currently exceeding our production capacity. We have \$40 million for an expansion to the water treatment plant, which will reach capacity next year; \$107 million for a MacDonald Island recreation centre redevelopment; \$24 million for new landfill; and \$51 million for a new RCMP facility, and that budget, in fact, started at \$30 million for two facilities, not just one.

We experience significant cost escalations on most of the projects we face. We have the most expensive rents in Canada and the most expensive housing in Alberta. It's \$483,000 now for an average-price single family home in our region. We also have problematic road congestion, with a strong need to increase capacity and routing operations, and it means we suffer a host of other serious growing pains as well.

So when thinking about economic sustainability, based on the current pace of oil sands development, Wood Buffalo's ability to deliver core infrastructure needs in Fort McMurray has been stretched beyond our means to keep pace. Without additional help, the simple reality puts into jeopardy the sustainability of oil sands development.

• (1540)

On the second pillar of sustainable oil sands development, there's a focus on environmental realities and stresses. Our environmental conscientiousness, as oil sands development accelerates, is routed in the country's billowing concerns over greenhouse gases driving climate change, clean air, and clean water. In that regard, the Regional Municipality of Wood Buffalo supports the Federation of Canadian Municipalities' submission to the Minister of the Environment, addressing the planning and design initiatives on clean air and climate change.

We know that northern climates such as ours are particularly vulnerable to rapid degradation from climate change and pollution, and that's why Wood Buffalo has taken an active stance as an environmental steward for our region. We know that the province of Alberta has primary jurisdiction over environmental standards and practices, and we know that the federal government has significant jurisdiction over waterways and climate change in our region.

Our part in the equation guides us to invest heavily in improving water quality for our communities and population, and we enthusiastically endorse LEED Canada certification. Our next residential community, called Saline Creek, will set new standards for sustainability, incorporating measures from innovative design to the application of energy alternatives.

We're committed to all measures and efforts designed to keep northeastern Alberta's airsheds as clean as possible. In that regard, we support the efforts of our region's environmental watchdogs, and we know that we need to do more, increasing our level of environmental vigilance.

This brings me to the third pillar of sustainable oil sands development that overlaps with economics and challenges our municipality beyond its current capacity. It is squarely grounded in accumulated social impacts, resulting from years of sustained high growth in oil sands development.

Currently we are gripped in a losing battle to address the cumulative effects of this explosive expansion in oil sands resource development, driven by accelerating global demand.

Here's what that means to our 80,000 citizens and residents. Six years of explosive population growth, at more than 8% per year, far exceeds that of any other municipality in Canada. In fact it is more than three times the rate of the national population growth, and it's more than twice the rate of the next fastest growing municipality in Alberta. Another six years of growth at this rate, which may be a conservative estimate, means that the population for Fort McMurray could nearly double again by 2012.

The social stresses this creates are widespread. Our housing deficit grows with each additional approved oil sands project that drives the workforce to our region. Supply is limited by a provincial timetable in releasing crown land surrounding Fort McMurray and by an available building workforce. Demand for housing in all categories, from affordable to the market norm, continues to sore. Costs are the highest in Alberta, and likely in Canada. New housing subdivisions will quickly cover land that can be serviced at a reasonable cost, which pushes us into areas where servicing costs will also soar, due to topography and muskeg conditions.

We are adding RCMP resources constantly to provide the requisite public safety. Our health care system needs a 100% increase in on-site doctors, a new funding formula, a new continuing care facility, and more than 150 additional staff. We need more schools, teachers, and education resources. Also our social programs, services, and facilities don't meet the current needs for child care, addictions, family violence, and homelessness. When you stop to consider this picture, I think you quickly realize that our cup is indeed overflowing.

To fund current needs, Wood Buffalo has had to increase its debt limit to two times the total revenue, with the province's approval, as compared to other municipalities at one and a half times. Yet in a province that prides itself on its debt-free status, our debt level exceeds the tolerance limit imposed by regional council and is now the highest in the province—three times higher than the debt level currently carried by the cities of Edmonton and Calgary. Council does not believe this is prudent financial management, but our needs dictate that we must proceed under these circumstances.

As responsible stewards of our municipal mandate, council has undertaken a number of measures—some mandatory, some typical, and some that are creative and unusual—to address our unique challenges and our community shortfalls.

I'll finish today by pinpointing some ways that the natural resources committee and the federal government can make a major difference overall in supporting our municipal effort to sustain this major economic engine for the entire country.

•(1545)

First, the Regional Municipality of Wood Buffalo needs a new, formal, and recognized working framework with the federal government. Therefore, Wood Buffalo requests a tripartite regional development agreement with federal and provincial governments to plan for and share required investments in future growth, including infrastructure and services in Wood Buffalo.

Second, the municipality needs \$1.9 billion for infrastructure investment to address capital requirements for basic community services over the next five years. Going forward from there, a sustaining infrastructure fund is needed. Therefore, we request immediate special funding instruments from both the federal and provincial governments to help bring existing infrastructure and services to the standard that other municipalities enjoy. This outcome would recognize the region's unique characteristics, its strategic importance to Canada's overall economic strength, and its key role in delivering energy security for the country and the continent. In addition, we request the federal government's creation of a long-term infrastructure fund for use in this aggressively growing region.

Third, the municipality is keenly aware of the need to accurately forecast and monitor the effects of cumulative socio-economic impacts from the accelerated pace of oil sands development. This is an outcome that currently suffers from a significant vacuum in terms of predictability, joint commitment, and resources. Therefore, we request the federal government's cooperation in creating and maintaining a system to analyze and monitor the cumulative socio-economic impacts of oil sands development, including verification of predictions and support for regular public communications.

Finally, at least for today's purposes, the municipality advocates for the development of a much closer relationship with the federal government at the level of elected officials and with the public service. We therefore request the federal government's ongoing support and engagement in a bilateral intergovernmental relations program, based on common interests, outcomes, and opportunities flowing from oil sands development and operations.

That concludes my presentation to your committee today. I do thank you again for this opportunity, and I look forward to your questions and any support that you're able to give.

Thank you.

The Chair: Great. Thank you very much, Mayor Blake.

I think we'll proceed to the other presentations, and then we'll have a general question period.

We will move then to Mike Allen, who is the president of the Fort McMurray Chamber of Commerce.

Mr. Allen.

Mr. Mike Allen (President, Fort McMurray Chamber of Commerce): Thank you, Chairman Richardson, committee members. I'm pleased to be here to present to your committee on behalf of the Fort McMurray Chamber of Commerce.

First of all, we acknowledge that we have no expertise in either environmental or social matters, and we defer to other stakeholders to represent issues in these spheres.

To begin, I wish to share with the committee members what should be obvious. Our mandate is to support sustainable economic development in our community. To that end, we adopted a position statement this past summer, which is included on page 2 of our formal brief. In summary, it says that the Fort McMurray Chamber of Commerce believes in responsible and sustainable economic development achieved through working with the full complement of community stakeholders. We wish to be clear. We do not dispute that there are challenges related to oil sands development that require bold thinking and innovative approaches. The chamber believes that Wood Buffalo can be a model for the integration of the industrial and knowledge economies for the benefit of Alberta, and indeed all of Canada. We are hopeful that all levels of government will receive contributions from the chamber that are focused on a practical solution to the challenges with which they are faced. In this case, let me add that we believe the federal government has a significant role to play.

There is more the federal government can do than just adjust its tax and environmental policies, although those are certainly measures within its jurisdiction through which it could address some of the issues in Wood Buffalo to the benefit of all Canadians. However, the constellation of issues in Wood Buffalo is enormously complex and requires a more concerted effort of will from all orders of government.

We encourage the committee to remember its interview with Pierre Alvarez, the president of the Canadian Association of Petroleum Producers, who said:

The markets send signals and companies clearly respond by reducing costs and doing things more efficiently. It's not appropriate for governments to decide what goes ahead.

Significant oil sands players have already adjusted their schedules to respond to market conditions.

Finally, with respect, we urge this committee to resist the urge to let its recommendations devolve into inter-jurisdictional wrangling, a cognitive and procedural logjam that is entirely too familiar to Canadians when the spheres of the federal government and the provinces intersect. It is true that in the approval it granted only last week to Suncor Energy's expansion proposal, the Alberta Energy and Utilities Board said:

The EUB believes that additional infrastructure investment in the Wood Buffalo region is needed, and it believes there is a short window of opportunity to make these investments in parallel with continued oil sands development.

However, this statement, which directs the provincial government to respond appropriately within its jurisdiction, does not absolve the federal government from its moral and financial responsibility in the region that benefits the rest of Canada. In fact:

The EUB recommends that coordinated action be taken *at all levels of government* [emphasis added] to ensure that the Regional Municipality of Wood Buffalo has the ability to service the anticipated level of sustained growth in the region.

We believe this committee can help the federal government to consider how it can best address the following issues in support of a sustainable oil sands development in the 21st century.

In June 1996 the Government of Canada and the Government of Alberta jointly issued the "Declaration of Opportunity" in Fort McMurray. The declaration was endorsed by both senior orders of government and 18 representatives of the oil and gas industry with an interest in oil sands development. The chamber believes that this document, although implemented by the previous government, is consistent with the principles of the new Canadian government and is worthy of its support, both in word and action.

The private sector is expected to invest \$125 billion in the Wood Buffalo region over the next decade, as developers seek to triple the current output of synthetic crude oil. That is a five-fold increase over the investment projections estimated in 1996 in that "Declaration of Opportunity".

Wood Buffalo is indisputably the most robust regional economy in the world. Madam Mayor spoke briefly on the tax revenues that come forward. I would expand on that a little bit. At \$30 a barrel, it was projected the federal government would receive approximately \$54 billion in taxes. At \$40 a barrel, the total government revenues will increase nearly 50%, yielding the federal government revenues of \$84 billion. Of course, last week, we just closed at a record low for the year at \$55 U.S. a barrel. In other words, those revenue projections did not account for the real world prices. We believe the federal government benefits tremendously from oil sands development, and the contribution to federal coffers of the oil sands revenues will only increase. The federal government must look to match its commitment to the region more closely with the benefit it receives.

● (1550)

Among the greatest regional challenges resulting from oil sands development is the recruitment and retention of skilled personnel, not only in the oil sands but in all economic sectors. Wages are high; companies offer signing and monthly loyalty bonuses and still they cannot fill the vacancies for skilled workers.

In May 2004, the Governments of Canada and Alberta signed a memorandum of understanding for the entry of temporary foreign

workers for projects in the Alberta oil sands to allow for the targeted entry of temporary foreign workers to meet the urgent need for skilled oil sands employees.

Just last week, the federal government announced changes to the temporary foreign worker program to make it easier for employers in Alberta to hire foreign workers more quickly when there are no Canadian citizens or permanent residents available to fill those vacancies. The range of employees was also increased to 170 different occupations, which further demonstrates the extreme labour pressures in the region.

The willingness of the new Canadian government to build upon and improve existing agreements is encouraging. The MOU and related commitments align Canada's immigration practices with Alberta's labour force strategy, which recognizes immigration and foreign workers as the province's third most important labour source.

Although the MOU supports the recruitment of skilled employees, challenges still remain within the labour market. Among them is the accreditation of potential recruits who have received their education and training in other countries. Stories of the foreign-trained doctor or engineer supporting his or her family by driving a cab are well established.

Both the federal and provincial governments must work together to improve the recognition of foreign education or assist trained immigrants to elevate their skills sufficiently to meet Canadian standards. Most importantly, despite the MOU's narrow scope and application only to labour pressures, it has evolved under the leadership of the new Canadian government to demonstrate increasing collaboration between two orders of government where there is a demonstrated, indisputable need.

The chamber believes that ongoing efforts to address persistent labour pressures can provide the model for other tripartite agreements that are badly needed to support sustainable development in our region. There is no question that municipalities across the country are struggling with infrastructure, and since 2004 the federal government has responded by rebating GST and sharing the gasoline tax.

While those programs and others are important, they do not adequately address what is being called the fiscal imbalance in the nationwide debate over the distribution of tax dollars. The chamber merely wishes to note that out of every tax dollar collected from Canadians, roughly 65¢ goes to the federal government, 30¢ to the provinces, and 5¢ or less goes to municipalities.

The Regional Municipality of Wood Buffalo also boasts, if such a word is appropriate, unique demographics. We have virtually doubled in size over the last decade. The municipality must also provide services to a shadow population that fluctuates between 7,000 and 15,000 at any given time.

These pressures combine to create a situation in which the regional municipality has been advocating for increased investment in municipal infrastructure since 2004. The municipality pegs its share at \$814 million of the \$1.9 billion that has been mentioned in the RIWG's business case with the municipality. That figure still needs to be tested against continuing infrastructure requirements, inflationary increases, recent municipal commitments, and recent funding provided by other orders of government to transportation projects with municipal impacts.

In a speech to the Federation of Canadian Municipalities in June 2006, Prime Minister Harper said, "The federal role"—with respect to infrastructure—"must be defined to deal with projects of national significance."

We cannot imagine a region in which infrastructure to support economic development is of greater concern to the nation. In particular, we emphasize that the government identified among its five principles, number four, the support for, "More competitive economic union", and number five, "Effective collaborative management of the federation."

Our brief, to which I direct you, outlines an area of particular concern, and that is our water and waste treatment plant.

At this time, we wish to repeat that the Alberta Energy and Utilities Board has recommended that there is a short window of opportunity for all levels of government to make the necessary investments in infrastructure to ensure that the region can handle sustained growth.

The Chamber of Commerce believes that an MOU between the Governments of Canada and Alberta to provide necessary municipal infrastructure in the Wood Buffalo region through the Canada Strategic Infrastructure Fund or other programs is not only appropriate, it is just. Such an agreement would help the federal government determine the levels of infrastructure investment in the region proportionate to the benefit it receives, would help to make oil sands development both more competitive and more sustainable, and would be consistent with the federal government's commitment to collaborative management.

The chamber also believes that the federal government must work with the provinces to remove remaining interprovincial trade barriers. More details on that issue are in my brief as well.

• (1555)

In closing, I would like to thank the Standing Committee on Natural Resources for the invitation it issued to us. We cannot overemphasize the degree to which we believe that addressing the sustainable development issues in the Wood Buffalo region requires the collaboration of all levels of government, and that an opportunity exists for the federal government to display leadership in this area.

The research conducted by the Canadian Energy Research Institute clearly demonstrates that the federal government is deriving

tremendous benefit from the oil sands, and it is our contention that the government has not made a commensurate investment, either through taxation policy or direct investment in the region, to that benefit. We encourage you to work with your colleagues at the Government of Alberta, perhaps using the 2004 memorandum of understanding as the model for future cooperation.

The chamber has also conducted surveys with our members to ensure that the interests of the regional business community, whose products and services are precisely those that make Fort McMurray more than just a company town, are considered in decision-making. We would be happy to share with this committee our findings and to forward to you any new information or statistics we gather in pursuit of the sustainability action plan.

Once again, thank you, and we're open for business.

• (1600)

The Chair: Thank you, Mr. Allen. That was an excellent presentation.

I'd now like to call on Pat Marcel, former chief of the Athabasca Chipewyan First Nation.

Mr. Marcel.

Mr. Pat Marcel (Elder, Athabasca Chipewyan Tribe): Good afternoon, Mr. Chairman, members of the committee, ladies and gentlemen. My name is Pat Marcel. I am a former chief of the Athabasca Chipewyan First Nation. I am chair of the Athabasca Chipewyan First Nation elders' committee, and I am an elder.

I thank you for the opportunity to speak today. What I have to say is important. What I have to tell you is serious. After I speak, ask yourselves whether or not you think the lives of our seniors, our elders, are sustainable. Ask if you would want your parents living in the conditions described. Ask why these conditions exist amidst the prosperity of Canada's Athabasca oil sands, where, in Fort McMurray, the average annual salary is \$91,000. The after-tax low-income cut-off—Statistics Canada's fancy words for the poverty line—says a person living alone in a rural setting and making less than \$10,718 per year is living in poverty.

Mr. Chairman, the majority of our elders live in Fort Chipewyan, where a litre of milk costs 53% more than it does in Fort McMurray. A one-pound bag of apples costs 209% more. A head of lettuce costs 333% more. Overall, food in Fort Chipewyan costs 121% more than it does in Fort McMurray, where prices are already inflated. This all means that just to buy the basics, the elders are paying about \$500 per month for food.

Mr. Chairman, on some winter nights in Fort Chipewyan, the temperature can dip to minus 40 degrees Celsius. We heat our homes with heating oil. That oil costs about \$190 per barrel. We use about four barrels of oil a month during the winter months, from October to April. There are rebates, thankfully, but even after rebates, our heating costs still consume a significant portion of our small income.

Up until now, elders were living rent-free because of our first nations housing policy. But due to the high cost of capital and maintenance, due to inadequate housing subsidies from Indian Affairs, due to the age of our homes and their poor condition, our chief and council are forced to charge rent to elders. A recent inspection found mould growing in the homes of some elders. The first nation says its 80 homes need \$1 million worth of repairs.

Here is the problem, Mr. Chairman. The average elder's income is only \$13,228 per year. On average, each elder is more than \$4,000 in debt by the end of every year. And those are the lucky ones. Four of our elders have an annual income of less than \$10,000. We are living well below the poverty line, Mr. Chairman. We are poor.

Eleven years ago, the average income for an aboriginal person in Canada was over \$16,000. That was eleven years ago, Mr. Chairman, and we are nowhere near that meagre amount yet.

There will be some who whisper in your ear to ask us about the honorariums we get from oil companies for attending meetings about oil sands development. That great honorarium is \$150 a meeting. Often that money goes to help out our families, to pay unexpected bills, or to buy a small Christmas present for our loved ones. That honorarium gives oil sands developers the proof that they have consulted with us about their never-ending projects and expansions. As one elder said, industry is here when they need something. They feed us. They give us small gifts. They talk about their own needs.

I could go on, but I think you get the picture. That picture shows that near Canada's Athabasca oil sands, where purchases are measured in the billions and the average annual salary is approaching six figures, there is a group of people living as if they live not in Canada, but in a third-world country. To be clear, our elders are struggling to put food on the table while industry is getting their approvals and government is getting billions in royalties from our traditional lands. Why is this? Elders should not have to live this way. If we were your parents, would you tolerate these conditions? Is this way of life sustainable?

• (1605)

Mr. Chairman, maybe the most difficult part of all is that we were not always poor. Once, we lived off the land. We had plenty of meat, fish, and berries. Even our medicine came from the land. We were rich because of what that land gave us. Now we read the white man's consumption advisories that tell us we can only eat fish once a week. They tell us there is arsenic in the moose. We are afraid to eat the traditional foods that have sustained us for thousands of years.

We did not ask for our lives to be changed. We did not ask for the moose to disappear, for the fish to be poisoned, for the furs that we trap to become worthless and scarce. We did not ask for our cost of living to go up because Canada can sell its oil to the United States, India, and China. One of our elders said that we have been approving the old sands project since 2000, and we are as poor as we can be.

Finally, I have two last questions for the panel. What will Canada's legacy be with respect to the aboriginal elders who live in one of the most prosperous economies in Canada? What will each one of you tell your grandchildren when they ask you what your role was in forming that legacy?

Thank you very much, members of the committee and Mr. Chairman.

The Chair: Thank you very much, Chief. We appreciate the sincerity of your remarks.

It is 4:10. We do have a little business to discuss at the end of the meeting, so I'm going to try to get through this and get everyone's questions in, in one hour. We'll adjourn this portion at 5:10, and then we'll go into some committee business at that point.

I'll begin with Mr. Cullen for our question period today.

Hon. Roy Cullen (Etobicoke North, Lib.): Thank you, Mr. Chairman, and thank you, Ms. Blake, Mr. Allen, and Mr. Marcel.

There's something I find amazing with this oil sands study. I have been here for a few years and I've never witnessed a project or an initiative that's crying out to be dealt with, yet every witness who comes here talks about their powerlessness. It seems that no one can do anything.

Mr. Allen, in your presentation you started off by saying you have no expertise in environmental or social matters. I understand that, but, with respect, we know there is a lot of money to be made on the oil sands. That's a good thing if it can be done in a sustainable and environmentally responsible way. But we know there are some huge challenges there with respect to water, with respect to CO₂, with respect to the pressure on the infrastructure, and with social problems. We've heard some of that today from Mr. Marcel and Ms. Blake.

Why is that? Are you so powerless? We're going to be having the Alberta government come here, because if one wants to deal with this.... There have been proposals for a moratorium or to regroup a bit before we proceed with all these new projects and a desire to deal with some of these issues of infrastructure, social problems, water, CO₂, and the use of natural gas, before we just start on the next phase. Jurisdictionally, the province clearly could do that. I'm not sure if they have the political will to do that.

The federal government has certain levers it could use. I don't know if the federal government has the political will to do that. I'm hoping this committee has the political will to make some strong recommendations that something be done to deal with these problems, because the bitumen is going to be there for years to come.

We were just up there, and I must say that Albertans and Canadians should be proud of what's going on up there in some respects. But unless we deal with the environmental and social issues, the phrase has been coined that we have our heads in the sands—although I know it's a very poor pun.

Let me start with you, Ms. Blake. In terms of your role, you have certain levers that you can use in terms of permitting. I'm not an expert on municipal affairs, but are you obliged simply to respond to every single demand that's put on your system? Do you have any power to say you are not permitting that because you don't have the infrastructure to deal with the sewage, to deal with the traffic, to deal with the drug addicts, to deal with whatever? Do you have any powers, and are you using them?

● (1610)

Mrs. Melissa Blake: I would tell you, from our historical perspective, that in 2002 we collaborated with industry to create what was called the business case. It was an assessment of the type of investment we would see, the impacts on the community, and the investment required to address the population growth we were facing.

Our advocacy role with the province was very publicly done in 2005. It was an update to the original from 2002. We've given a subsequent update in 2006. We're seeing cost escalations that are influencing that.

Our intent was to get the necessary players to support the infrastructure requirements, to welcome oil sands, frankly. We, as a municipal council, came to the point this June of unanimously supporting a determination to intervene in all subsequent oil sands hearings, on the basis that we have not seen the kind of progress... and we need to deal with that. Our own municipal instability in relation to our ability to finance that infrastructure growth is simply that with our population doubling and tripling in the next few years, those infrastructure requirements are bearing down on us all at once. Our taxation ability is insignificant to be able to address that. We're financially crippled in what we're able to do.

Hon. Roy Cullen: Well, good for you for at least doing that. I encourage you to do more.

We know the oil and gas industry is powerful. I'd try to appeal to their self-interests, in the sense of the cost escalation that's occurring. Their reputation as an industry is at stake here, too. I don't think the market is going to solve all these problems. Even though I'm a big believer in the markets, there are some things the markets don't do.

Mr. Marcel, when we met with Syncrude and Suncor, we were told of the many jobs that were created and the care and attention they're paying to involving aboriginal Canadians in the work and the projects. Are you seeing this? You paint a somewhat different picture in your brief, in terms of the impact on aboriginal Canadians.

Mr. Pat Marcel: What I presented today is what you see as the plight of the elders in the community. We are part of Syncrude and Suncor and we have companies that operate on site, but it does not address the need we have at home. We're talking about houses that are 80 years old, about to be demolished. We're trying to talk to industry and government to say that we need a lot more. I don't know how you can put a dollar figure on the total destruction of our heartland and our traditional lands where there are still trap lines.

They're being overrun by recreational vehicles and everything, and that grows every day; it doubles every year.

Even though we have socio-economic benefits from industry in the approvals—we do the EIAs—that's where it stops. We have to bid for jobs on site like anybody else in Canada. There are only one or two specific jobs you get when you do the approval—menial work like janitorial or something. We're talking here about self-efficiency for the band, and I don't see anything happening in my lifetime.

I've talked to the Alberta government about sustainability, and it's the most argumentative government I've seen in my life. I say that to them every time we meet. I say, "Why can't you see me at my level? You're up here with industry." Yet when we talk about environmental impacts, it's as if you know you're going in there to negotiate something. But even if you didn't, if you went against them on intervention, just short of going to the courts, you still wouldn't stop anything. We have to put pressure on industry and come with an MOU, so that for the life of the project they have to talk to us. It's only now starting to come together, where we're actually talking to industry.

If you were to see my community and the conditions in which my people live, you would realize what I'm talking about. We don't see any benefits from the oil sands here. It's not happening for my people. There might be 10 or 12 young people who benefit because they've got work and education, but there are a lot of people back home who cannot survive in Fort McMurray by working for \$15 an hour. Unless you've got a good paying job, you'll never live in Fort McMurray. The cost of living is terribly high—the price of food and everything. People have to live in Chip and try to commute back and forth. Then the trouble starts. When a family man leaves for an extended time, you create more tension and anguish in that family.

We're slowly putting things together, but we need some help in telling the Alberta government not to forget the people whose land it is they're getting the tar sands from and all the development there. They're my traditional lands. We can't go anywhere beyond the socio-economic and environmental agreements we have. That's as far as we go. The contracts are menial, and we won't see a self-sustaining people for a long time.

That's all I have to say for now.

● (1615)

Hon. Roy Cullen: Thank you for that.

We heard when we were up there that to deal with the expansion they're buying up trap lines and paying compensation. But obviously, as you've said, unless you're into one of the really big paying jobs, you can't afford a house or property in Fort McMurray. So you're in this very difficult position.

Thank you.

The Chair: Thank you, Mr. Cullen.

Monsieur Ouellet.

[*Translation*]

Mr. Christian Ouellet (Brome—Missisquoi, BQ): Thank you, Mr. Chairman.

Mr. Marcel, I am moved by your speech. I will come back to that in a moment.

Mr. Allen, your presentation talks a little about the point Mr. Cullen just raised. You said, and I quote:

—we urge this committee to resist the urge to let its recommendations devolve into inter-jurisdictional wrangling—

Clearly, we are on complete agreement on that point. However, federal jurisdiction is extremely limited. There are a number of things in your presentation that fall much more under provincial rather than federal jurisdiction.

You are making recommendations to the federal government on how it can improve environmental policies. As Mr. Cullen mentioned, you are saying that you have no jurisdiction over the environment, but you will address sole matters related to economic sustainability. Here, you are talking about sustainable development.

Personally I quite agree with what you are saying about economic sustainability. This morning, at a meeting of another committee, witnesses demonstrated that there was a direct link between green house gases and economic development. If green house gases are not taken into consideration, innovation will decrease and other countries will enjoy greater profitability than us. In other words, if we push companies to deal with green house gases using technological innovation, they will become more efficient. If those companies are more efficient, they will be able to drop their prices, instead of thinking that this will cost more.

In your area, what is your capacity for making manufacturers and corporations understand this economic dimension which means that economic sustainability can only come from technological innovation. I am not talking about the environment, because this is more a municipal and provincial jurisdiction than a federal one. I am talking about green house gases.

• (1620)

[*English*]

Mr. Mike Allen: Thank you for that.

Certainly we believe that industry has a major role to play there in all of the environmental policies within their companies. I know there are some initiatives going forth right now, capturing CO₂ gases. They're looking at pumping that into old wells, for example.

But I believe that if we all work together, or if the companies are working together, to solve some of these greenhouse gas emissions... I know they're committed to doing it, if they can. Once we get a handle on how to do that properly, those are technologies that we could sell internationally. Not only would Canada benefit, but these technologies would benefit other countries.

But as far as the actual technology with greenhouse gases, this is certainly not an area that I can speak on.

Mr. Christian Ouellet: So you don't push too hard on it? Maybe you should.

Mr. Mike Allen: We are a business advocacy group, but we do work very closely with our members. If there is technology or something we're aware of, we would certainly be working with our members to work on it.

[*Translation*]

Mr. Christian Ouellet: Ms. Blake, I found your presentation very interesting, particularly when you said and I quote:

And we know that the federal government has significant jurisdiction for waterways and climate change in our region.

You have hit upon something that concerns us a great deal, I am talking about climate change caused by this energy source. Personally, I was also moved by the facts that you said you had adopted the LEED standards. I was involved personally in the implementation of the standards some 15 years ago. So I was very moved to see that you have adopted this. I think this is fantastic.

What are your expectations of the federal government with regard to climate change in your region? What do you want it to do?

[*English*]

Mrs. Melissa Blake: As a Canadian citizen, I have an expectation that the federal government will create the proper direction for climate change within our country. As a first nation country, we have a greater responsibility, even greater than those that are developing.

Coming from a region that produces energy, it's almost in diametrical opposition to what I believe in personally. My municipal vehicle is a hybrid because I believe in reducing our impact. The LEED certification costs me an extra \$6 million, but I insist on having it. When we look at our new development, we want to have geothermal and solar. I want landfill gas reclamation. I want us to be able to capture that and reuse it.

The challenge I face as a municipality.... My council is prepared to make those decisions on behalf of our citizens. When it costs us extra money and we're up against the financial wall that we are, as a nation we should be looking to find ways to support the initiatives that will help us reduce that, because inevitably, oil is going to be a commodity that is desired for a very long term into the future. Again, we need to set the appropriate standards as a nation, but we also need to support initiatives that can help us achieve those.

• (1625)

[*Translation*]

Mr. Christian Ouellet: Thank you. That is a good answer.

Mr. Marcel, I was extremely moved by your presentation. It is extremely shocking to see first nations living in poverty, particularly near areas such as the one where we live, where there is so much wealth. It is dramatic.

Earlier, you said that you had not always been in this situation, that you had been a rich people, a strong civilization. As a matter of fact, this made me think of us, the whites. This made me to think of our civilization, which is totally dependent on oil. Some 88,000 objects on the table are oil based. When oil disappears, our civilization will fall.

I am extremely sensitive to what you said in your presentation. However, I think that whites are not sensitive enough to what environmentalists are saying. You just taught us an extraordinary lesson, that all we have can easily be lost when sole profits and the economy are considered. This is probably what is happening to us.

I know that it may not be very comforting for me to say this to you, but there is not much else that I can offer you. Nevertheless, I can say that I am very aware of poverty. I am the Bloc Québécois critic on poverty, and I am very sensitive to this issue. I hope that all my colleagues will realize that we could also end up living in poverty if we do not take care of our planet Earth.

I have no further questions.

[English]

Mr. Pat Marcel: That's good.

Thank you.

The Chair: Thank you.

Mr. Bevington.

Mr. Dennis Bevington (Western Arctic, NDP): Thank you, Mr. Chair, and welcome, of course, to you from Fort McMurray.

I come from a community just a ways down river from you. I've had plenty of time over the years to visit your community and experience the growth of the tar sands personally and see the issues that surround it.

I know that the Municipality of Wood Buffalo was expanded in the nineties to give you tax control over the resource development. In this day and age, as the price of oil goes up, that seems to be one opportunity that the municipality has to achieve some balance in your fiscal structure.

Are there limitations on what you can do in the tax system to—

Mrs. Melissa Blake: I would just explain that what I face in our municipality is related to taxation. We have two streams of revenue: one is user fees, the other is property taxation. Independent of output or the levels of profitability for these oil sands companies, we can only assess the value of the project. Projects are not valuable until they are producing. We have a time lag between when they are producing and when the infrastructure is required.

When we look at our Municipal Government Act and what we're entitled to do, machinery and equipment is the bulk of industry-type assessment. What happens in our region—despite the amalgamation, which is a very positive move and we're glad it happened—is that I can't distinguish between Mr. Allen's businesses versus industry. If I escalate tax rates, I will potentially harm the small businesses, to the point of unsustainability. As much as I would love to be able to acquire more from the major cause of our growth and development, I am restricted by the effect I'll have on other businesses in the region.

That's one of my hindrances; it's not one of the principles our government is based on.

We have made application to the provincial government to change that in the Municipal Government Act. They're going to give it consideration the next time they do a major restructuring.

• (1630)

Mr. Dennis Bevington: Okay.

Mr. Allen, at this committee and the new special committee that is being struck on climate change, we're looking very seriously at the CO₂ emissions issue. Of course, within that, if we look at real emissions reductions in Canada, it's going to come down on the expansion of the oil sands. My sense is that in the operation you're conducting at a regional level right now, your economic opportunities are escaping, just by the magnitude of what you're dealing with.

Have you done studies to determine the expansion you need to maintain a certain level of growth and prosperity in your community? We went from 1990, at 300,000 barrels a day, to 2000, at 900,000 barrels a day. We're now talking about hitting 3.5 million barrels a day by 2015. Those were the figures given to us by the National Energy Board, CAPP, and a number of the others.

Have you done that work, to understand where the profitability of the region and the businesses and the economy would be best served by expansion in the industry?

Mr. Mike Allen: I don't believe there have been any studies done specifically on that—not that I'm aware of. I know that the Regional Infrastructure Working Group, RIWG, has the tools to do those types of studies. Perhaps that's something we could look at.

Mr. Dennis Bevington: Even if there were CO₂ limits imposed on the industry and you had to look at something like sequestration, with the expansion in the industry, the changing environmental standards you'd be required to accommodate would be substantial. The expansion of the industry seems to be the major problem to the region, not the long-term viability of the industry. Certainly I think we can safely say that it's going to be around for a while.

In 1990, when you were taking out 300,000 barrels a day, you had a 500-year supply. At 3.5 million barrels a day, you're down to a 170-year supply. That works out to about a billion barrels a year at 3.5 million barrels a day. And that's only by 2015. What are we looking at in the future as we continue to ramp up?

The long-term viability of the oil sands industry is strictly dependent on how many barrels per day you produce. At some point in time, somebody has to ask the question, how much should we produce? What is the reasonable limit for a resource like the tar sands? I don't know if that work has been done, but certainly I think this committee has to aim at understanding that.

Mr. Mike Allen: Yes, I think there certainly are some opportunities. As they capture CO₂ and come up with other byproducts—for example, what they're doing in fertilizer, with sulphur and that type of thing—there are opportunities. It's just a matter of setting those limits.

Mr. Dennis Bevington: Mr. Marcel, having travelled through there over the years, I've seen the ambient air conditions that sometimes come from the plants. I've seen the impact, the black particles in the snow and so on. Could you describe how you feel about the air quality conditions that come from expansion? We're going to see a steadily increasing expansion of those facilities, and I don't think this is something this committee has really come to grips with yet.

• (1635)

Mr. Pat Marcel: In terms of expansion and new projects coming on stream, we are part of the environmental group that does the assessment. We are also part of the committees that monitor these CO₂ emissions and so on.

The thing that strikes me the most about industry in Alberta is that it's still going flat out, saying, let's approve this stuff, when they have the technology to reduce the CO₂ from Syncrude and Suncor. Suncor has already gone from about 500,000 tonnes a day to about 120,000 tonnes. Syncrude is still one of the biggest polluters in Canada. Are all of these other projects that have been approved in the expansion going to be any better?

It's committees like this one that have to lay down the rules and say that if the technology exists, then use it. The technology has to be implemented when you say, you get the permit, go ahead and build. It has to be there. It's not there now. I don't see it. But my people have to live there after everybody else is gone.

They're talking about reclamation, but I don't see any money there, identified specifically to reclaim all that land. They talk about \$90 million or some other figure that they will all put into a pool. When you look at projects like Uranium City, that's a federal responsibility. When there's a big outcry in the media, you'll see action come from the federal government. They put \$2 billion into a cleanup. It hasn't even touched Eldorado. You have radioactive material blowing into Lake Athabasca, and this and that.

You're saying industry should be doing this, but what about the person who gives them the permit to do it? Eldorado and all those uranium mines were federal initiatives, because they needed the uranium. When they pulled out, they left homes and everything. Everybody was given \$9,000: goodbye, and put the lights out.

Is it going to be any better at Fort McMurray? We have no certainty there. My people are saying they still have to live there, but is the land going to be sustainable 500 years from now? Look at the pollution that's there already from 60 years of mining the tar sands. After 60 years I can eat fish only once a week. Right now the moose are being tested for arsenic. They are showing 453 times the acceptable level of arsenic. My people at Fort Chip have freezers filled with their yearly supply, and a lot of them are not even eating that.

We need answers. We need responses from the federal government to do the study. A lot of times my elders say that we have treaty rights that need to be protected. Well, you have to protect my health. That's a guarantee.

Mr. Dennis Bevington: With the expansion of the tar sands, the 60 years of pollution that you've suffered so far will be replaced with about six years.

The Chair: Thank you, Mr. Bevington.

Mr. Trost.

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

Thank you to our guests for coming.

I'll start with Mr. Allen, Ms. Blake, and move to Mr. Marcel again.

When I listened to your presentations, you defined the challenge. Underlying this for our committee is how we solve some of the challenges and how we prevent the problems.

To get to those latter two points, I am curious. How did we get here? Was it poor infrastructure planning? Was it just, shucks, no one saw this boom coming, or did people see it and ignore it? Different people have different opinions. I'm curious, both of you individually, what you think it was. Eight percent growth in nine years—that's a doubling of the population, by the rule of 72.

Could you give me your opinions as to what has led to this infrastructure crunch? I've heard various other ones, but since you're both close to the ground there, it would be appreciated. What got us into this bottleneck?

• (1640)

Mr. Mike Allen: From my perspective, and from that of many people I know, we didn't know it was coming. We were unaware of this boom. The price of oil went up so dramatically so quickly that it brought a lot of investment.

Mr. Bradley Trost: Even with the timelines, this isn't like Shell and natural gas, where you know it's there and you just pop it in and pop it out. These are big infrastructures with long leads, looking for long timelines.

Mr. Mike Allen: At \$60 a barrel, it became very viable for an operation to invest the money to go after that development. Only five years ago, the projection was \$30 billion in investment over the next 15 years. It's now sitting at about \$125 billion. And I believe \$9 billion per year is being invested right now.

Mr. Bradley Trost: Do you share the opinion there was nothing anyone could have done to have foreseen it?

Mrs. Melissa Blake: Mike started to touch on it. We struck a deal in 1996 that was intended to bring additional oil sands development. The regime was established to entice businesses into the marketplace. That gives us the royalty structure that currently exists. The projection at the time of the signing was \$25 billion over 25 years. So \$1 billion a year over that period is a heck of a nice pace of growth and development for any community.

The conservative approach was applied to articulating what that might mean in terms of population growth and impact. Oil companies were using \$20 to \$25 a barrel for the projected scenarios, and, granted, in 1998 we had oil at ten bucks a barrel.

Mr. Bradley Trost: I was a geophysicist in school at that time. I understand.

Mrs. Melissa Blake: A conspiracy of events led to under-projections, and that's the data we've used. Our municipal development plan anticipated 52,000 people in Fort McMurray. That happened two years ago, so we had a 20-year plan that expired quite rapidly.

The series of events Mike described, where the price per barrel of oil became that much more of a catalyst for development in the region and the general free market that existed enticed an awful lot more activity in the oil sands.... Leases on behalf of the province starting going at a quicker pace than probably even I was aware of. Every time I look at the map, that many more leases have been let.

So our municipal council has said we need to get a holistic picture of what's happening, when it's happening, and what the mitigations are.

Mr. Bradley Trost: Okay. Fair enough.

As far as some practical things, you laid down \$1.9 billion, and you said—my understanding, listening to testimony—I think it was, \$800 million or \$800-and-some-odd million the municipality is planning for, so it's roughly \$1.1 billion. But looking at other things, other than direct cash infusions from the feds or the provinces, what other things can help unbundle the infrastructure bottleneck in broad ways? Is it a different targeting of human resource programs?

One example I hear anecdotally, and maybe this isn't true, is that teachers are selling out after having been there for a few years—and I've run into a few of them in Saskatoon—so it's hard to attract teachers and certain targeted occupations up there, not just for the industry but for the social well-being of the town. Are there any other, shall we say, creative ideas like that or suggestions you may have, other than more infrastructure cash?

Mrs. Melissa Blake: One of the biggest challenges we face is housing. If you consider any teacher coming into the marketplace, the market for housing is inaccessible. We find that with our RCMP. We find that with our government service providers.

You really need an oil sands income to offset any other employment in the community. The turn of events has been such that companies are now proposing fly-in/fly-out operations. We have that shadow population that Mike referred to, this year 10,000 to 12,000 living in temporary dwellings, with a commute home. In 2008, that goes to 20,000 people. So if you consider that a solution.... We don't like it from a community perspective because it has all kinds of detrimental effects within the community.

But housing is the foremost issue we face in dealing with getting people into the community and producing the results we're looking for.

Mr. Bradley Trost: Could some of that be solved through the provincial government? There are problems with it. You don't want to do something where you lease a lot of land from the provincial government and then all of a sudden everyone has a mortgage. You'll be mortgaged to the hilt if you buy a house there and are newly out of university with a great job. Boy, I can see disasters with that too. But would that help? What can one do to unwind this tightly coiled spring?

●(1645)

Mrs. Melissa Blake: Land is another thing that has not kept pace with development. The province is the majority landholder in our region, and the municipality has nothing to offer in the way of developments for people. I'm not sure if there's much federal ownership there, but part of the exacerbating factor.... For those of you who are able to fly over Fort McMurray, it's a beautiful area. We have river valleys, slopes, and plateaus. The challenge with each of those is access points, so we've developed as much land as we reasonably can up to this point. Any new access point is going to cost us even more in getting services out there and providing roads to do it.

At the minimum, we're looking at \$60 million just to get into an area. Forget the infrastructure once you get there; it's just the access point. So if there are opportunities that might be useful in creating an environment where those folks you're talking about can come in.... We have established a housing development corporation with a wait list of 400 people on it, but they are the ones with not enough income to pay market rates.

On the next part of my concern, even if I had land and infrastructure, I don't know how we would get enough capacity to deliver the housing required for those folks. Mike talked about one of our companies utilizing foreign labour supply. Realistically, I don't know how much that's going to come into play in the future. I really get concerned about having the finances to be able to deliver the assets, but it's going to take people and human resources to actually create them. That's our next big hurdle, and we've yet to explore fully the impacts that will have.

Mr. Bradley Trost: I'd like to come back later, but before I run out of time, I have a few questions for Mr. Marcel.

I appreciated your presentation. The notes we have for today say your band has approximately 600 members. Is that the size of the community you represent?

Mr. Pat Marcel: No. Our band membership is about 853.

Mr. Bradley Trost: How many actually live in the community?

Mr. Pat Marcel: In the community of Fort Chip there are approximately 250, and maybe a little better than 300 in Fort McMurray. There are some in Fort Smith, some in Edmonton, Australia—you name it, they're all over the place.

Mr. Bradley Trost: I wouldn't mind being with the Australian ones come Christmas.

Mr. Pat Marcel: That's a tough call.

Voices: Oh, oh!

Mr. Bradley Trost: I've worked in the northern parts of Canada, quite a ways north of Fort Chip, and some of the issues you described are very common and not unique to Fort Chip. There's poor housing and brutally high costs, especially when you have a town where everything has to be flown in or brought in by barge or winter road. How do you do it specifically? Your community is not unique, so it doesn't just need a unique solution. There needs to be a solution applied for many communities all across the north.

What would you view as being completely unique about your community due to the oil sands and the oil sands development? I know it's almost impossible to do what I'm asking you, but how do the oil sands specifically impact you differently from other northern communities?

Mr. Pat Marcel: I would have to say, from the top of my head, that we do not have the capacity to compete with a major company that deals in heavy equipment. We don't have the personnel to even negotiate better deals for us. We have to do all these things ourselves because we don't have the funding or the resources. But we're learning. We stumble, get up, and go again. That's the process we've been going through.

Seeing where the development is taking place, in one way it's great for the people who need to work. I have no problem with development, as long as you make it sustainable on my land. That's where I'm coming from. The Richardson back country is the hard land of my people, and it's where we practise our treaty rights to hunt, fish, and trap. It's being overrun by four-wheelers in the summer and ski-doo's in the winter. There's total disruption and no policy in place; no government to control anything like that.

• (1650)

Mr. Bradley Trost: I appreciate your remarks. Having lived in some of the northern communities that don't have the competition from a megaproject that's putting economic and social pressures on, I can see how your situation would be unique.

Mr. Chair, how's my time coming?

The Chair: You're over by just about a minute.

Mr. Bradley Trost: Then I will graciously yield, after having had a gracious minute.

The Chair: Thank you for doing so.

Mr. Russell.

Mr. Todd Russell (Labrador, Lib.): Thank you, Mr. Chair.

My thanks to all of you for coming to appear before us today.

Ever since we started this oil sands study, I have had lots of conversations with my father. He consistently says to me that man is the greediest animal on earth. I don't know if that's fair in the context of this study, but it ever comes to mind when I think about this huge machine grabbing more land and basically rolling over people. It's almost out of control, it seems. I guess part of what we're trying to do is ascertain if it is out of control, if it is sustainable, and I have real questions about that.

Your perspectives today, particularly those of Ms. Blake and Elder Marcel, have started to provide some balance to what we're hearing from other witnesses. And Mr. Allen also has a perspective, one that

we've heard much of over the last number of weeks. I question whether the development as it exists—let alone expansion of it—is sustainable. There are enormous questions that we have to come to grips with as a committee.

My personal feeling on this is that the perspective you gave around infrastructure, about the environment, Chief Marcel, and your people—I would agree with Mr. Trost—and your community is probably not unique. But what it tells me is that we've done a piss-poor job of dealing honourably with our aboriginal peoples wherever the hell we live in this country. That's what this tells me. We've done a bad job.

I'd like to ask a direct question. Would you like to see a moratorium on this development until we come to grips with some of the challenges we have, until we have an honourable relationship with our aboriginal people, until we have the infrastructure, plans, and some money in the bank, so to speak, to help out with the burgeoning of your community, and until we come to grips with putting some caps on CO₂ emissions, greenhouse emissions, and these types of things? Do you think we need to have a moratorium? That's not saying we'll stop it altogether forever, but just so we can come to grips with some of these challenges. I think the federal government has a role to play, particularly with aboriginal people. Under section 91, class 24, of the Constitution, we have a responsibility for "Indians, and Lands reserved for the Indians". We have a responsibility to uphold "existing aboriginal and treaty rights of the aboriginal peoples" under section 35. We have responsibilities, and I think our committee is going to have to make some tough recommendations as we go forward.

I'd like to have comments from all three of you on that issue of a moratorium.

Mrs. Melissa Blake: I would start.

Only because the regional council has given us a mandate to intervene in project applications as they come forward and had given due consideration to what we believed was appropriate for our region—trying to take into perspective all of those interests, including the business interests and development pace that we're facing—we've been very careful not to use the word "moratorium". When we were facing a proliferation of airstrips, we said "moratorium". We got that resolved in short order.

With the oil sands, we're talking about delay. The reason for delay is to put into place appropriate mechanisms for responsible development of that asset to the benefit of people in Wood Buffalo, to the benefit of Alberta, and to the benefit of Canada. We think there is going to be a perpetual need for the commodity. We also believe there's a better way to do what we're doing. So with respect to what we have requested as a council, it's a delay that we use, but for the intents and purposes, we want to find the right solutions to the situation.

Mr. Todd Russell: Mr. Allen.

Mr. Mike Allen: On behalf of business groups, we certainly don't believe a moratorium would be the way to go. There's a negative context behind that. In fact, while—

Mr. Todd Russell: What about a little bit more measured pace, or a slowing, or—

Mr. Mike Allen: Again, we believe that intervention and interference.... Government getting in there and putting in place those regulations environmentally is very important, but we believe the market will work itself out and that industry will work with the market forces to make it sustainable economically. But environmental policy is certainly where we see the government's role. It's also integral to sustainable and managed growth.

● (1655)

Mr. Todd Russell: I disagree with you to some extent. We have a role. Some people might think we're just there as great good-looking guys and gals, but we have a role. From my perspective, I'm elected, so I'm bloody well going to exercise it to the best of my ability. But I'd just like to hear from the elder.

Mr. Pat Marcel: As far as my band is concerned, we have never called for a moratorium on projects. All along, the elders have said that if it is sustainable, then we will support it. That's why we go through the EIA process. We approve. We make the recommendation to the chief and council to approve a project.

Having said that, when we look at the air pollution that we're getting through the air emissions, and the water and the lack of water.... The Alberta government right now says that river can sustain fish, but the first nations are saying no. The river is so low this year that they shouldn't be producing as much through the winter months. But we didn't get that. Nobody gets that recommendation. But this is what has to be looked at. You have to look at how much water is there in the river. You have to tell the Alberta government, "All right, it's your land. You say it's yours. You own the resources and the water and the fish and everything. You have to manage those things a lot better than you're managing them right now."

First nations have always been stewards of land. For thousands of years we did not leave a footprint. But that's what you see around Fort McMurray today. Before that gets cleaned up, I am the person who has to live with it in the future. I have grandchildren and great-grandchildren who will have to live the way I did. When we look at that, we can honestly say we do not mind seeing a delay in projects here, until a lot of our questions are answered on the sustainability of our environment and where our young people are going with all this fast-paced development.

Mr. Todd Russell: Mr. Chair, am I doing okay?

The Chair: You have another minute.

Mr. Todd Russell: You're generous today, I tell you.

The Chair: I am. But I do want to get concluded by about 5:10. And I think Mr. Tonks has a question.

Mr. Todd Russell: I will defer to my friend here, but I do want to thank you for your presentation.

Mr. Alan Tonks: As do I, Mr. Chair.

I'll try to make my question as concise as possible, because I am—and I'm sure the committee has been—taken by the challenge that we face.

When there is an application for a new development, there is an environmental assessment. The problem that I think the committee has seen is that there are environmental assessments, joint assessments, that take place, and there is a cumulative impact. Both need to be part of that equation that equals sustainability. I think the committee is attempting to understand how we can help and can make recommendations that will address that.

As one who comes from a municipal background, my question is on the quantum of the issue with respect to all the royalties and taxes that are gathered. They are not being redirected into the municipalities' capacity. Whether it's your water and sewage treatment or whether it's your waste water, there are a number of social and heavy infrastructure investments that need to be made.

The Vancouver agreement is a tri-level agreement. There is a similar agreement in Winnipeg. The cities of Montreal and Toronto are attempting to develop these tri-level agreements. Would that be the kind of structure, Madam Mayor, that you've referred to in terms of regional tripartite agreements? Are you familiar with that concept or that framework? Is that the kind of application that this committee could be helpful with in terms of at least putting in the structure to institutionalize or functionalize that kind of dialogue? Then out of that comes absolute recommendations with respect to investments. Is that the kind of thing you're looking for?

● (1700)

Mrs. Melissa Blake: Thank you.

I believe it is, and that's an issue that fell from our 2002 business case. We actually did a lot of work on it. I'm sure we considered Vancouver and Winnipeg, and I thought there was one in Saskatchewan that existed as well. It was on the foundation of that that we thought we would create a memorandum of understanding that would be beneficial to the inclusion of federal, municipal, and provincial sharing of project costs on a strategic basis.

In some respects, it may be bilateral between us and the province, or it may be bilateral between us and the federal government, depending on where the best interests lie and on what is appropriate in those jurisdictions. We did advance that, and we did have a warmth and receptiveness from the previous government on proceeding that way. In our home province, we ran into a stumbling block. The deal did not progress the way we intended. The intention was to have the province invite the federal government to participate, and that just didn't happen, so it stalled. I just don't know how to reinvigorate that, but we do have an excellent working foundation, if it were to be re-initiated, to springboard from.

Mr. Alan Tonks: There are a lot of questions, but I would suggest that our researchers could look at that as a template that we might wish to incorporate into our recommendations, Mr. Chairman.

I appreciate that response. I have just one question.

In your present fiscal operating bylaws, do you have the capacity to levy development charges against the companies?

Mrs. Melissa Blake: I do not. There are very nominal fees that are applicable for the development process, but they're related to the....

Mr. Alan Tonks: Thank you very much.

The Chair: Thank you, Mr. Tonks. As usual, that was direct and precise.

I have one question that's more on a technical point, and I'll ask for your advice.

The committee has heard a number of witnesses and is now going to look at the remaining witnesses for this session. It seems to be that one of the recurring matters that comes up is the responsibility of the Alberta government. It's not, of course, our jurisdiction to tell them what to do, but it might be useful for this committee to hear from somebody from the Alberta government. Without putting you on the spot—but you know the area better than we do—is there a particular department you think might be helpful for us to hear from more than others, if we were only able to hear from one or two? I understand that Minister Boutilier is your provincial MLA, the Minister of Environment, and he may be one we would be interested in hearing from if he's available. Are there others that would occur to you, such as Municipal Affairs?

Mrs. Melissa Blake: Absolutely, and there are two recommendations I would make. Municipal Affairs has been a key contact for us in trying to advance some of the things we've talked about, from changes to the Municipal Government Act right down to comparisons between the infrastructure in our community and in other communities of our size. We are actually working quite actively with Municipal Affairs. The challenge we run into is that it's difficult to treat us differently than other municipalities in Alberta, so we run into that as a constant deterrent from progress.

The other recommendation I would make is.... As recently as the end of August, Minister of Justice Ron Stevens was appointed chair of the Oil Sands Ministerial Strategy Committee. He is currently going through a process to create a report due out in December that will be a foundation for the new premier. Then hopefully, individual budgets will reflect whatever recommendations they have. Based on the nature of the work he's completing, that would be another excellent contact for you.

The Chair: Thank you very much.

I should mention as well that we're inviting former deputy minister—we're in conversation right now—Vance MacNichol, head of the stakeholder committee, to come down, and we're hoping he'll be able to see us within a couple of weeks. I think he would be able to provide a broad picture as well.

With that, I want to thank you.

[*Translation*]

Mr. Christian Ouellet: It being 5:10 p.m., may I make a brief comment?

[*English*]

The Chair: I was hoping you wouldn't ask, but go ahead.

[*Translation*]

Mr. Christian Ouellet: Thank you. It is not a question, just a comment.

• (1705)

[*English*]

The Chair: We know how long your questions take.

[*Translation*]

Mr. Christian Ouellet: In fact, the Bloc québécois does not think it is realistic to believe that one day, someone could limit your production or the capacity of companies to produce more than a certain number of barrels per day. As you say, the market will dictate this, that is what we believe. So, we do not believe in imposing a moratorium nor a quota. However, we need to realize that we have just one planet and we have to take care of it.

As I was telling you earlier, in economic terms, you would both win, both the Chamber of commerce and the municipality, by forcing companies to make an effort that would not cost them a lot per barrel so that greenhouse gases can be eliminated. This would create jobs in your region but it would not cut the volume of production. On the contrary, this would allow production to increase. This would mean more business. At the same time, you would have a clear conscience and the satisfaction of having helped save the planet. The companies would be the ones taking action, but you have an important role to play on the ground to help us make them understand this. Business would improve. Perhaps you could also help out the local community.

The seat of the federal government is far from your region. As Mr. Russell said earlier, clearly the federal government made mistakes in how it has dealt with the First nations. But you live next to them. I don't want to hear that you are too poor to identify their needs and give them a hand. It is not just about giving them money, but also about giving them a way of life or adopting regulations. When the First Nations complain that their property rights having been violated, you could intervene. In my opinion this would be the least you could do. As has been said earlier, they will still be there after you leave.

Thank you very much.

[*English*]

The Chair: Thank you, Mr. Ouellet.

And again, I want to thank the committee, and for the record, our witnesses, and also Brian Jean, our member of Parliament for Fort McMurray. He was unable to be here today. He is Parliamentary Secretary to the Minister of Transport, and his committee is meeting at the same time.

I'm sorry he couldn't be here. It was his suggestion that you come, and I think it was a very good suggestion.

The committee has very much appreciated your testimony today. Again, thank you very much for appearing.

We will take a minute. As they're packing up and carrying on, I just want to get the attention of the committee, to talk very briefly about where we go from here. I'll just run down the list of witnesses we have scheduled until the end of the session and then ask your advice on where we proceed from here.

Next week, we will begin on Tuesday with a session on land reclamation and the boreal forest. It was one issue that was particularly evident to those of us who had the opportunity to visit Fort McMurray, and it's one we want to pursue. Obviously it came up again today. We're going to have a representative of the industry, the manager of land reclamation from Syncrude, and we're going to have Mary Granskou of the Canadian Boreal Initiative, which is an NGO that looks at this initiative across the north.

We'll be away on Thursday, because of the convention in Montreal. We won't have a meeting.

We'll return on Tuesday, December 5. Again, we will be discussing the environmental impact of the oil sands and the community. We will have the Canadian Environmental Assessment Agency appearing with the Cumulative Environmental Management Association, CEMA. That will take up the first hour.

In the second hour, we are hoping to have Vance MacNichol, who is the chairman of the Oil Sands Multi-stakeholder Committee. This is a committee that is very similar to what we're trying to do here. It was established in Alberta, and I understand they've done some very good work. Rather than us recreating the wheel, we'd like to hear from them.

It may be as well that from that testimony we will find other areas we wish to pursue, to delineate information we have heard. That will be a busy day on December 5.

On Thursday, December 7, we're going to hear about prospects for nuclear power to recover oil sands. We did hear from some people in Fort McMurray about this prospect. It has come up a few times. That is about perhaps replacing the use of natural gas with nuclear power.

We'll hear from the Energy Alberta Corporation, which is making a proposal in that regard. Also, we think we will hear from a leading expert in it, Dr. Keith, from the University of Calgary, who has a different point of view from our first witness. That should be an interesting discussion of the possibility of using nuclear power in the oil sands. Also, we'll hear from Dr. Angus Bruneau, who is the chair of the R and D working group on the oil sands.

That, to this point, concludes the witnesses.

Then we will have two more days before the Christmas break. That's what I wanted to talk to you about. My sense is that we may want to use one more day for some wrap-up witnesses—not in terms of blue-skying or going out looking for new witnesses—to focus on areas on which you want more information. They may derive from some of the witnesses we've heard to date, or from those we will hear subsequent to this. I thought maybe on the last day before we have the Christmas break we might look at our direction, maybe just to have a blue-sky meeting, where we could talk about the direction our committee wants to go.

•(1710)

I'm going to ask our researcher to outline a draft to see if that captures where we think we'd like to go with the report, with the thought of giving direction to your input. When we adjourn for the Christmas break, we would leave the researcher with all this data and hearings, plus your input, and ask for a draft report to be made in the break. We'll give you five weeks to prepare a report from the

information the committee has given you and in February we will begin a point by point analysis of that draft to come up with a report within a couple of weeks, I hope.

That's the sense I've been getting from speaking with you. I welcome your comments.

Madame DeBellefeuille.

[*Translation*]

Mrs. Claude DeBellefeuille (Beauharnois—Salaberry, BQ): Mr. Chairman, I apologize for my absence, but I had to give a speech in the House on the Bloc motion. I did not want this to be taken as a sign that I was not interested in what the witnesses had to say. I have read the documents and they are extremely interesting. They have given me a different perspective.

Since we have the time to meet with other witnesses, I would say that, out of everything I have heard, once subject was addressed at the end and that we have not explored enough. I am talking about CO₂ sequestration technology. When we visited Fort McMurray, we learned that this technology existed and that it is not being used because it is too expensive. I was surprised to hear this, since witnesses had previously told us that the technology was not ready and still at the embryonic stage. Yet, suddenly, the industry itself is saying that this technology is available.

I would like to know more about this technology.

[*English*]

The Chair: Thank you for that.

Madame DeBellefeuille has raised this point before. We had scheduled the entire meeting next Thursday to talk about sequestration and we had some very good witnesses lined up. Subsequent to that, the House agreed to adjourn on Thursday, so we've asked those witnesses to stand down.

Could I have your leave to ask them to come back on December 12, which would be our last meeting for consideration of witnesses? My understanding from the clerk is that we had three excellent witnesses prepared to speak at that meeting. And if you could bring them back on the agenda for the 12th, if that's possible, and if not, perhaps alternatives, so we could have a full discussion of the possibilities of CO₂ sequestration....

D'accord?

•(1715)

[*Translation*]

Mr. Christian Ouellet: Mr. Chair, it seems to me that we are spending a lot of time trying to figure out what we are going to do in the second week of December. I have heard that your government intends to adjourn before that date. So, we're maybe wasting our time talking about what we would be doing that week. Supply voting has been moved to November 28 because the House is going to quickly conclude its business. So we won't be here at that date.

[*English*]

The Chair: That's news to me.

[Translation]

Mr. Christian Ouellet: I'd also like to say that the need to improve the state of the planet and the environment are questions which fall under provincial rather than federal jurisdiction.

I personally would not want us spending too much time on these issues, because that will not enable us, at the federal level, to develop a national energy policy, far from it. I would like us to cut back on these discussions. I think nuclear energy however would be interesting to discuss, because that is an area we could potentially make recommendations in. Also, I think it would be interesting to meet with some people, specifically Canadian manufacturers and exporters. These people hold very specific opinions on climate change and sustainable development. We've had one example from the mines and oil sands industry representatives. Between 1990 and 2003 there was a 103 per cent increase in greenhouse gas emissions. These people may be in a position to inform us a great deal about the actual potential of technology and innovation.

Moreover, we could also consider hearing from the international Institute for sustainable development, because our committee will not be here to meet with Ms. Gendron, as planned, on November 30th. So, perhaps we could invite somebody else, I wouldn't really count on the committee sitting until December 12, 13 or 14.

[English]

The Chair: Yes, I heard that.

Mr. Bevington, just briefly.

Mr. Dennis Bevington: I agree that the sequestration issue could be moved forward on the agenda over the reforestation. It's a solution issue that links back to the Clean Air Act and to a number of other things that are going on in this Parliament. It's a good plan, I think, to bring that forward and make sure we get it in before Christmas.

Mr. Alan Tonks: I agree with that.

I think we have consensus on that, Mr. Chair.

The Chair: The difficulty is that it seemed like a good idea at the time. It was on the list, or on more than one of the lists we received, because initially people thought it would be a good thing to see what could be done as part of the environmental concerns up there, whether it's within our jurisdiction or not. Frankly, not very much of this stuff is the jurisdiction of the federal government, let alone of this committee. Many of these things are of particular concern to the environment committee; this is the natural resources committee, after all.

I say that only because it is just four days away, and the clerk has made arrangements to have these people come. If it were a little

further down the road, I think it would have been easier to change them around. We've had these people prepare for this meeting. Even at our last meeting we discussed that they were coming, and there wasn't any objection at that time. I just think this could be a little difficult.

I don't mean to suggest that by allowing the reclamation and boreal forest people to come next Tuesday it would preclude further discussion in other areas. I think we can still get that in by Christmas. We do have a date available.

This is news to me about breaking. I mean, we're pretty clear that we're going to be here until December 15, but there may be something.... If in fact there is an earlier break, we're going to have to reschedule these people to the new year in any event. I was just hoping we could get it all done before Christmas. But I will take that into consideration.

To the clerk, in terms of seeing to the requests of the committee, do the best you can to do that, because I think there is clear interest in the sequestration particularly. We'll ask you to give us an updated report on Tuesday at the start of the meeting so that we know where we go from here.

Tuesday is not going to be a long meeting in any event. Maybe then we could even try to get somebody to start discussion on other areas for consideration. We only have about an hour and a half on land reclamation and boreal forest, so we could probably put in half an hour on a different topic. Perhaps the clerk could get some thoughts from Mr. Ouellet as to who might come. We could put them in on Tuesday, if they could come on short notice.

Yes, sir.

● (1720)

Mr. Alan Tonks: On behalf of the committee, Mr. Chair, I would think it appropriate to thank the clerk, on the record, for the arrangements that were made with respect to our trip to Fort McMurray. The arrangements were excellent. It was very quick, but we appreciated the tremendous effort that was made to accommodate us and to keep the program going.

Thank you to the clerk and to you, Mr. Chairman, for the hospitality we received. We appreciated that. You did a good job.

On behalf of the committee, I'll put this on the record.

Some hon. members: Hear, hear!

The Chair: Thank you.

With that, ladies and gentlemen, we are adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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