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Chair

Mr. Leon Benoit

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● (1105)

[*English*]

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

We're here today, of course, to continue our study on energy security in Canada, including looking at what the federal role may be in unconventional oil and gas development, such as deep-water offshore drilling, shale gas exploration, and oil sands development; regional economic impacts of oil and gas development; and the National Energy Board's role in the development and export of unconventional resources. So we're continuing our study on that.

We have two panels today, the first from eleven until noon, and the second from noon until one.

On the first panel, from Edmonton, Alberta, by video conference we have, from the Oil Sands Developers Group, Don Thompson, president. Welcome, Mr. Thompson.

Mr. Don Thompson (President, Oil Sands Developers Group): Thank you for having me.

The Chair: We have, from the Athabasca Chipewyan First Nation, Lionel Lepine, traditional environmental knowledge co-ordinator, industry relations. Welcome, Mr. Lepine.

And we have, as an individual, Ezra Levant.

We'll take the presentations in the order listed on the agenda—up to seven minutes, if you could, with your presentations—starting with Mr. Thompson, from the Oil Sands Developers Group.

Go ahead, please, Mr. Thompson.

Mr. Don Thompson: Thank you, Mr. Chairman.

I trust my presentation materials made it here and they're in front of you. I've no intention of going over them in detail. I wanted to give you the highlights.

First of all, to introduce Oil Sands Developers Group, we began in 1997. You can see from our committee structure, on the first page, that we are primarily focused on local issues impacting oil sands, but we will deal with issues wherever they exist with respect to our industry.

I think the first thing people should know is that there are two things driving the need for energy, whether around the world or in fact in Canada: the number of people and their lifestyles. They are growing in all dimensions. I think I want to see improvements in people's lifestyles all around the world, including in Canada.

Our population continues to grow. Therefore energy demand continues to grow, as shown on page 3. You will note that it particularly grows in non-OECD nations.

Even including oil sands, the global energy picture requires that about 64 million barrels a day of new capacity be found by 2030. Global depletion rates are in the order of four million barrels per day per year. Finding rates are about half of that.

In the global energy mix dominated by oil, Canada has a slightly different energy mix, primarily because hydroelectric power, which we happen to be blessed with in certain regions of Canada, has offset coal. But you will notice that our requirements for oil are not dissimilar to other countries around the world, with some 32% of our energy mix being from oil.

Page 7 I think is instructive, in that it lays out reserves positioned around the world. You will note that Canada, at 178 billion barrels, is second in terms of global oil reserves. You should note that 95% of those, or 170 billion barrels, are in fact oil sands.

The question you should ask yourselves is this: If we did not have the oil sands, from where would we be getting our oil? I draw your attention to Saudi Arabia, Iran, Iraq, Kuwait, and Venezuela. These are the places to which we would be turning if we did not have oil sands.

Leaving aside the issues that I'm sure Mr. Levant will talk about, you also should know that increasingly, these countries are turning to the non-OECD nations for their markets, since they are closer and have a higher net back. Interestingly enough, Saudi Arabia's shipments to North America seem to be dwindling in favour of those other markets. That is certainly true for Venezuela.

I want to draw your attention to two things. First, only 20% of the resource in the oil sands is minable. This is the resource that is less than 70 metres deep. This is the resource that was initiated first, because the technology was available. It has only been about 12 or 13 years since the bulk of the oil sands, that being the in situ portion—80% of the resource is too deep to be mined—was in fact commercialized.

If you look at the existing and proposed projects, right now operating projects have a capacity of 1.7 million barrels a day. Last year that capacity expressed itself in the production of 1.4 million barrels. A number of new projects were not fully ramped up. Under construction there are another 600,000 barrels. Those that have regulatory approval or are under regulatory review have sufficient capacity to take us into the range of three and a half to four million barrels a day.

The oil sands is a huge driver of Canada's economy. I need not underscore that. The bottom line, from the Canadian Energy Research Institute, shows that it contributes about $1.7 trillion of GDP and 456,000 jobs across all markets in Canada.

We value, as an industry, development of strong business relationships. One of our objectives is to increase participation locally, and certainly with aboriginal businesses. When we first were formed, we did a survey—this was in 1997—showing that our members did about $80 million a year in aboriginal business. We have almost increased that by a factor of ten. Last year it was $711 million. Similarly, on direct employment with my members, we have moved from 80 in 1998 to over 1,600 self-reporting aboriginals who are now employed directly by my members, and of course there are many more in those businesses.

This is an industry that donates substantial amounts to the community for hospitals, recreation, and cultural education.

Page 13 shows this is an industry that by any measure has world-class environmental monitoring and management. I know of no other air monitoring network as large in terms of scope or in terms of geographic extent as the Wood Buffalo Environmental Association. You may take a look at their website and see the air quality from any area in the region.

Similarly, the aquatics monitoring program, $4 million a year spent on monitoring chemical, physical, and biological properties of the river, and all the cumulative effects, management frameworks developed and recommended through the cumulative environmental management association....

Benchmarked by Cambridge Energy Research Associates, this is also an industry that has world-class regulatory processes in place, including agencies from the Government of Alberta, quasi-judicial regulatory agencies from Alberta, and from Canada.

On page 15, I draw your attention to the fact that technology development will continue to be a key enabler of growth. That 170 billion barrels of reserves is USSEC-qualified, which is to say that it is produceable with today's economics and technology. It is about 10% to 17% of the geological resource. Particularly in the in situ, but also in the mining area, new technologies are coming aplenty. The focus in the in situ business is to drive down the energy and water use and drive up recovery. We can explore a tremendous range of new technologies, but not in seven minutes, so if you have questions, I'd be pleased. The mining area of research focuses particularly on tailings use—moving, of course, toward drier tailings—and on minimization of water use, not to say there aren't other focuses.

On slide 16 I get to the recommendations, my comments.

First of all, in terms of what the OSDG members will continue to do with respect to advancing responsible development in the oil sands, we will do what we do best, which is to continue to seek and develop economic investments, and then operate the facilities we have in a safe, reliable, and environmentally responsible manner. That is our primary contribution to the energy security and economic prosperity of both our province and our nation.

Secondly, we will continue to communicate and discharge our responsibility for consultation, particularly with respect to aboriginal consultation.

Thirdly, we will continue to focus on technology development and innovation, primarily to increase the proportion of the resource that can be produced, and also to improve our environmental performance. I would draw your attention to the fact that I have at least four members who have their own internal research priorities and who fund that to the tune of over $100 million a year. There are also many very entrepreneurial in situ companies who are pushing the technology envelope very hard.

We will continue to work with the regional municipality and the province to ensure the physical and social infrastructure is in place to support the requirements of our industry. In that regard, we particularly focus locally on transportation, infrastructure, housing, health care, and the like. That is evident in the structure of our organization.

We will continue to contribute to the ongoing development of the communities we operate in: donations and support of our employees; educational, recreational, and cultural facilities. Similarly, we will continue to develop the workforce of the future. We have created and supported many organizations to do so. I particularly draw your attention to CAREERS: The Next Generation, and also to funding in support of things like Keyano College, NAIT/SAIT—Northern Alberta and Southern Alberta Institute of Technology—and apprenticeship programs. We will continue to ensure that monitoring and reporting in the region is state of the art and transparent.

Finally, we will continue to engage and contribute to the ongoing dialogue in Canada about energy and environmental policy generally, and the oil sands specifically.

● (1110)

In terms of what I think governments should have as their key elements going forward, I would say, first and foremost, leading and contributing to honest conversations about energy and the environment. The fact is, we all need to be willing to be transparent about the real-world choices that are available and the timeframes within which these choices may be operative. We need to make sure that people understand the impacts and implications of these different policy choices and how they will impact energy consumers across Canada.

I seek a policy environment for Canada that recognizes our specific geographic and energy circumstances. We are a nation founded on an export-based economy. It is not warm in Edmonton today; I don't know what it is like in Ottawa. We also have a country with a low population density, large distances, and the like. We need energy policy that not only advances but balances the three key dimensions of our interests: firstly, economic interests; secondly, energy security and reliability of supply; and thirdly, of course, environmental performance.

We need a policy environment that maintains open borders and trade with, and market access to, our largest trading partner, the United States, but also offshore markets. And we need a policy environment that is founded on economy-wide solutions, ensuring competitiveness and stimulating investment particularly in the use of technology and innovation.

Mr. Chairman and members of the committee, I thank you for your time. I look forward to your questions.

● (1115)

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

We now go directly to Mr. Lionel Lepine from the Athabasca Chipewyan First Nation.

Go ahead, please, for up to seven minutes.

Mr. Lionel Lepine (Traditional Environmental Knowledge Coordinator, Industry Relations, Athabasca Chipewyan First Nation): Thank you, Mr. Chairman, for giving the Athabasca Chipewyan First Nation the opportunity to address this committee on this important topic, which concerns our people today. I am honoured to come here and tell you about some of the pressing issues that may severely affect energy security in Canada.

As you may know, the Athabasca Chipewyan First Nation's traditional territories cover much of the minable and non-minable oil sands in the Athabasca region of northern Alberta.

On his famous voyages, guided by the Dene people, Alexander Mackenzie used one of those same tar sands, exposed along the shores of the Athabasca River, to waterproof his canoes, as did the Dene people.

Now, some 230 years later, estimates put the oil reserves in the tar sands at hundreds of billions of barrels, making it the second-largest deposit of oil in the world next to Saudi Arabia. Although estimates may vary, there is certainly enough oil to meet Canada's foreseeable security needs and allow significant exports of oil as well. These reserves are so attractive that companies and governments from all corners of the world are rushing to Alberta, especially to ACFN's traditional territory, to participate in this bounty of petroleum wealth. This rush of activity has been called the largest and most destructive industrial project in the world. The lands torn apart are clearly visible from space with the naked eye.

You might think this is all good and economically safe. Unfortunately, it is obvious that this greed for oil has created huge impacts in the region and, more importantly, impacts on our aboriginal and treaty rights to continue the use of our traditional territory.

Now there are proposals to double or triple again the number of oil sand projects in our area, which will significantly increase the impacts and erase our ability to practise our treaty rights granted to us 100-plus years ago.

Unlike previous debates, we have enough oil to meet our oil security demands. Instead, the problem is the safe, proper, and fair development and production of existing oil reserves. The question is, what environmental and human cost must Canadians pay for this oil, and will this price be excessively loaded on the backs of the ACFN and other first nation peoples of the area?

Our governments cannot tell you the answers to these questions because they simply do not know the answers. The Alberta government is taking a minimalist approach with respect to our treaty rights to securely use our traditional territory. As a result, the ACFN's rights are being eroded and the Government of Canada has been standing back and allowing this breach to occur.

Face-to-face consultation with governments on oil sands impacts is non-existent, leaving ACFN little choice but to mount challenges such as court actions and media campaigns.

As we speak, recent technical reports have shown large holes in the existing monitoring processes for chemical exposure, and no resolution of the cumulative impacts is being sought.

The honour of the crown is at stake here. Instead of making absurd legal arguments, the provincial and federal crown representatives have a duty to properly engage the ACFN with proper face-to-face, government-to-government consultation, which must include mitigation and accommodation of environmental and economic impacts.

If proper consultation is not undertaken, oil sands projects may be threatened and the resulting oil production put in question. If proper consultation is not undertaken, the negative environmental impacts may be irreversible and ultimately devastating to the aboriginal communities in northern Alberta and up into the Northwest Territories.

If you ask what the energy security issues are in the Canadian oil sands, the answer is dealing with the huge impacts on aboriginal rights and on the environment.

Currently, the consultation support process is in a dividing line. The provincial government is attempting, with success, to delegate its responsibilities to consult with industry, even on regional issues, even on issues that involve regional non-specific effects.

Despite continuous appeals to both levels of government, there has been no direct crown consultation. As a result of this lack of consultation, ACFN rights are being eroded and our ability to use the lands is completely impaired; Athabasca River water testing has come under a lot of scrutiny because of questionable monitoring practices; human health impacts, particularly with respect to high cancer rates in Fort Chipewyan, have become a crucial issue; and endangered species, wildlife habitat, and their food sources are now threatened without mitigation processes.

Lack of consultation will result in more court battles, such as the West Moberly First Nations case in our Treaty 8 area, where a coal mining project has been stopped due to lack of consultation with respect to endangered caribou. Woodland caribou are now threatened, and they're on the verge of extinction in northern Alberta. It is very important to the ACFN in the oil sands area, as that is traditionally part of our main subsistence diet.

In summary, the ACFN submits that oil energy security is not a matter of having enough oil, but a matter of the proper development of huge existing reserves.

● (1120)

Canada's energy security is challenged by the failure of the crown to properly consult on the massive impacts of the largest industrial project in the world. This development is in our backyards. It's in the ACFN's front yard and backyards. This is the type of intensive development that the Supreme Court of Canada referred to when it required the crown to consult intensively with aboriginal peoples.

We are asking that the governments of Canada and Alberta live up to those constitutional responsibilities. If they did, they would also protect the security of Canadian energy.

I'd like to thank you for this time to allow me to speak.

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

We go finally to Mr. Ezra Levant. Go ahead, please, Mr. Levant.

Mr. Ezra Levant (As an Individual): Thanks for the invitation to be here.

One day we might discover a fuel source with no environmental side effects that's affordable and practical; but until that day comes, we need oil. It's not just for us, but for the United States, to whom we sell 1.4 million barrels of oil sands oil every day.

Last year, for the first time, more cars were sold in China than in the U.S., and they all want to be two-car families too. The same goes for India and the rest of the developing world.

So the choice isn't oil sands oil versus some fantasy fuel of the future. It's oil sands oil versus the oil that comes from other places, mainly OPEC countries. I don't know what God was thinking when he was handing out oil, but he gave it to all the world's bastards—Saudi Arabia, Iran, Venezuela, and Nigeria. Out of the top ten countries ranked by oil reserves, Canada is the only western liberal democracy on the list.

That doesn't matter if all you care about is driving your car; it all burns the same. But what about the ethics of oil? In my book *Ethical Oil*—which I'd be happy to give everyone a copy of afterwards, courtesy of my publisher—I suggest four liberal values by which we should judge the morality of a barrel of oil: respect for the environment; peace; fair wages for workers; and human rights. I compare oil sands oil with OPEC oil using these four measures. I come to the conclusion that oil sands oil is the fair trade coffee of the world's oil industry.

Take the environment. Greenpeace propaganda pictures make the oil sands look like something out of the Land of Mordor in *The Lord of the Rings*. But in only 2% of the area, where there is 20% of the resource, is the oil close enough to the surface for it to be mined that way. The rest of it has to be obtained underground, or in situ, with methods that don't tear up the surface. They don't use any river water, and even the 2% that's mined has to be reclaimed afterwards. Already more than 60 square kilometres have been. Compare that with the 2,000 unremediated toxic oil spills in Nigeria that will never be cleaned up.

Then there's carbon dioxide. Using the Obama administration's well-to-wheels analysis, oil from the oil sands has the same carbon footprint as oil from Nigeria or Iraq, because the latter waste so much natural gas. But we have a lower carbon footprint than U.S. imports from Venezuela, and much less carbon than oil from Nancy Pelosi's own state, which is actually called “California heavy” for a reason.

So if you're concerned about carbon emissions, shouldn't we replace higher carbon oil from Venezuela and California with our lower carbon oil from the oil sands? Since 1990, the carbon footprint of the average barrel of oil from the oil sands has fallen by 38%. I can hardly wait to see where it's going to be ten years from now.

But the environment is not the only measure of ethics. What about peace?

Canada invented peacekeeping. Saudi Arabia invented 9/11. Iran is using its oil profits to build a nuclear bomb. Sudan uses its oil profits to buy weapons to prosecute the genocide in Darfur. If you multiply 300,000 murders in Darfur by 185 ounces of blood per human body, and you divide it into the number of barrels of oil exported by Sudan over the same period of time, it works out to 6.5 millilitres of blood in every damn barrel. That would fill a lipstick tube.

What about fair wages, though? Fort McMurray is Canada's wealthiest city—and the most generous, according to the United Way. The working poor there, the lowest quartile, have 77% more purchasing power than in other cities, like Edmonton. Compare that to Saudi Arabia, which uses poorly paid migrant labourers who have no civil rights; or Nigeria, where over $300 billion has been stolen by dictators from bureaucrats, leaving the country one of the poorest on earth.

Then there are human rights. The mayor of Fort McMurray is a young woman named Melissa Blake. How many women mayors are there in Saudi Arabia? There are none. It's against the law. In Iran, women are stoned to death if they're accused of adultery. Ahmadinejad says there are no gays in Iran, and you know, he's not lying, because when he finds them he kills them.

Then there's the fact that the oil sands are Canada's largest employer of aboriginal people, not only providing 2,000 direct jobs but also billions of dollars to aboriginal-owned businesses.

If you don't care about morality, then buy oil from Iran or Sudan. It's just as good as Canadian oil. But if you believe in making the world a better place, then the moral imperative is to replace unethical OPEC oil with Canadian green oil, conflict-free oil, fair wage oil, human rights oil.

The leader of the opposition says it's important to increase trade with China and India. I agree. Right now those countries are forced to buy terrorist oil, dictatorship oil, Darfur oil, because we only let Americans buy our oil right now. I love our American neighbours, but it's dangerous to have just one customer for our product. We're at the mercy of protectionism and taxes, and sometimes we're taken for granted. That's why the pipeline to the west coast makes so much strategic sense. It makes us an independent country with options.

I find it very irritating that so many of the anti-oil-sands activists are taking their funding from U.S. lobby groups like the Tides Foundation. Of course it's in America's interests that no other customers are able to buy our Canadian oil, but it's in Canada's interests that we are able to sell it to whomever we choose, and if you care about industrial ethics, it's in the world's interests too.

● (1125)

A lot of people are watching how Canada is handling the oil sands—not just Canadians, the American ambassador is watching too. He hopes the pipelines shut down so he can have the oil all to himself. The Saudi ambassador is watching too. Maybe they're watching together, I don't know. He also hopes the pipeline is killed, so he doesn't lose any market share in Asia, the way he's lost in the United States. But for those who love Canada, expanding the oil sands is the right thing for our country and for those who think globally and act locally, because every barrel of oil sands oil we can sell to Asia or the United States is one less barrel sold by the world's terrorists and dictators.

Thank you.

The Chair: Thank you for your presentation, Mr. Levant.

We've heard the presentations. We will go directly to questions or comments.

Monsieur Coderre.

Hon. Denis Coderre (Bourassa, Lib.): I love Canada, I'll build a pipeline. All right.

[*Translation*]

Mr. Roger Pomerleau (Drummond, BQ): That's about the size of it. Oh, oh!

[*English*]

Hon. Denis Coderre: *Oui*.

I want to be nice, because you might say bad things like you said about Julian Assange in the *Toronto Sun*. I might have a contract on my head.

Mr. Thompson, it is a serious issue, a strategic resource. Before asking questions, I felt it was appropriate for me to visit Fort McMurray. I spoke to most of the stakeholders, including the first nations. There is an issue of perception. There is a lack of inclusiveness, or, as some people think, a lack of monitoring. I saw all your numbers. I heard about your numbers.

Why do you think that some people might feel that your figures regarding the toxicity and all that are not accurate? Is there something more that you should have done? When I spoke to the first nations, they said they're not part of the deal. The answer from your group is, “Well, we hire more aboriginal people and they're a part of it”. They talk about Fort McKay and all that.

It is clearly a strategic resource, but you cannot do it at any cost. The environment is also important. It's not a menu à la carte, it's a one-two punch. What do you feel, for the sake of our study, that the industry should do better to make sure that from coast to coast to coast people might think it is important to expand?

The Chair: Mr. Thompson, go ahead.

Mr. Don Thompson: I think the number one thing is that we need to communicate much more broadly. It's fair to say that while we were developing the technology, while we were making it robust and investable, we did not spend much time talking to our stakeholders, particularly stakeholders beyond Fort McMurray. Into that void leapt others. I will continue to work on that issue myself. I made over a hundred speeches across North America last year on the topic of oil sands reputation and educating people on what we do, and when they find out about things like the Wood Buffalo Environmental Association, they are impressed.

I can take credit for it, because one of my colleagues at Suncor and I began the Wood Buffalo Environmental Association many years ago, and we did so with a couple of primary points. One, we wanted to combine what was then two separate air-monitoring networks, with me at Syncrude and him at Suncor. Two, we wanted to make it much more inclusive and transparent. So we formed an organization, and we invited stakeholders to participate. In those days, as it is today, all stakeholders in the region could participate, including first nations. That is also true of the regional aquatics monitoring program. In fact, first nations can participate in the water monitoring programs in the region.

So these two organizations are very inclusive. The same goes for the Cumulative Environmental Management Association. First nations have been and continue to be members. And when it comes to influencing programs, that's also true.

So I think what it comes down to is that people either don't wish to learn or don't understand what's going on there. I cannot anywhere in North America find a trio of broader monitoring management organizations.

● (1130)

Hon. Denis Coderre: Mr. Thompson, there are some issues, though. Some are scientific. I think it's in the interest of the industry to address some of these points. I'm trying to understand. Dr. Schindler provides some other numbers, and there are experts who disagree with you. Do you believe we need better monitoring? There is the issue of toxicity, and there's also the issue of water. You said we addressed that. How would you perceive the role of the federal government? There's already a convention between the Government of Canada and the Government of Alberta, which is doing its own monitoring. Do you believe that we should have a better role to play? What should we do as a government?

Mr. Don Thompson: The federal government has been a member of the regional aquatic monitoring program since day one and has influenced its scope and its study since day one. What we have is a paper by Dr. Schindler, which is narrow in terms of time and geography. We have that versus 13 years, 2.5 million data points, and the regional aquatic monitoring program, which is broad in terms of scope and geography.

We also have two panels looking into it right now. If we need to change as a result of the recommendations from those panels, we will do so.

Hon. Denis Coderre: Mr. Lepine, obviously I wanted to ask him the question first so you would be able to react, because this is an important issue. Inclusiveness and transparency demand that the first nations would also be part of it. Now some of the people in the industry say they're doing what it takes. You don't. How would you react to what Mr. Thompson just mentioned?

Mr. Lionel Lepine: He mentioned RAMP, which is the regional aquatics monitoring program at CEMA. ACFN was at one time a member of those organizations, but we have since pulled out, because in our opinion the results that were coming back to us were inadequate.

Where I come from, the elders live off the land, and they see the changes out there. There are fish coming out of that lake and fish coming out of the river that are deformed. The animals are getting sick. The medicinal plants are getting sick. So our whole traditional way of living is becoming pretty—

Hon. Denis Coderre: I don't have a lot of time left, but the issue of cancer is clearly a sensitive one for me.

Mr. Lionel Lepine: Yes, that's a big issue.

Hon. Denis Coderre: We're saying there's more cancer. Do we have some monitoring? Do we have some numbers that prove that?

Mr. Lionel Lepine: Right now the only proof we have, aside from RAMP, is David Schindler's report. His study is, in my opinion, one of the most thorough investigations that were done. I think we need more of that. Right now we can't point fingers at oil sands development or anybody else. Right now, because the cancer rate has gone up so much in the last 20 years, it's only obvious that it's coming from directly south of us, which is the oil sands development area.

● (1135)

The Chair: Thank you, Mr. Lepine. Thank you, Monsieur Coderre.

We go now to Madame—

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Point of order, Mr. Chair.

The Chair: On a point of point of order, Mr. Cullen.

Mr. Nathan Cullen: Just for the committee's sake and because I want to understand our process as a committee, we've sought a number of times to have other committees televised. This is such an important and national issue affecting many millions of Canadians. Yet today—and I don't wish to cast aspersions, Chair—I'm confused as to the process that led to us being televised today when we have a former Conservative candidate and a former Conservative employee with us, when on other days we've sought television coverage so that Canadians can better understand our hearings, and we've seen nothing.

What I'd like to understand, for the sake of all committee members, is how the process works so that we end up in these circumstances, which as you can expect are somewhat murky for me and perhaps for other committee members and Canadians watching.

The Chair: Thank you, Mr. Cullen.

Actually, the process is very clear. If any member of the committee requests that a meeting be televised, it will be if we can find an appropriate room. The clerk does his best on every occasion to do that. It's that simple, really.

This was actually the first meeting in this series for which there's been a request to have it televised.

Mr. Nathan Cullen: It was also good fortune, because for this committee's meetings a number of requests to be televised were submitted and were not accepted. So was it just fortune that this room was available?

The Chair: Were there other requests for meetings?

The Clerk of the Committee (Mr. Andrew Lauzon): I haven't had an official request.

The Chair: We haven't had a request.

Mr. Nathan Cullen: That was on this particular study, but we've made previous requests before, obviously.

The Chair: Thank you, Mr. Cullen.

Mr. Anderson.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Mr. Chair, I'm not sure why Mr. Cullen.... I think we've raised this issue before. He knows full well if he asks to be on TV we try to accommodate that. I'm not sure that he's not trying to filibuster something here, so we should get back to our witnesses.

Mr. Nathan Cullen: It's the shortest filibuster in parliamentary history.

The Chair: Mr. Cullen, please just let the clerk know if you'd like a meeting to be televised. If there's any way the clerk can get a room that will allow that, we will do it.

Mr. Nathan Cullen: As I said, Chair, and I mention this to the clerk—casting no aspersions on his good work, of course—I was just curious as to our process.

The Chair: He does his best.

Mr. Nathan Cullen: He does his very best.

The Chair: I'm sure he will try to get a room in which we can be televised if the request is sent.

Mr. Nathan Cullen: Thank you.

The Chair: Go ahead, Madame Brunelle, for up to seven minutes, please.

[*Translation*]

Ms. Paule Brunelle (Trois-Rivières, BQ): Thank you, Mr. Chair.

Good day, Mr. Lépine. I'm disturbed by what you are telling us today. Really, we know...

[*English*]

The Chair: Please hold on a minute.

Can you hear the interpretation?

Good.

[*Translation*]

Ms. Paule Brunelle: Let's start over again.

[*English*]

The Chair: Great.

[*Translation*]

Ms. Paule Brunelle: Good day to everyone following these proceedings on television. Oh! oh!

Voices: Oh, oh!

[*English*]

The Chair: Continue, Madame Brunelle.

[*Translation*]

Ms. Paule Brunelle: Good day, Mr. Lépine. I am deeply disturbed by what you said about first nations.

Of course we have heard about Mr. Schindler's research on the Athabasca River. News of this research travelled all the way back to Québec. Can you tell me just how polluted the river has become and how you use this waterway?

There is one other thing I'd like to know. You stated in your presentation that the rights of the Athabasca Chepewyan First Nation are gradually being eroded and that your ability to use your lands is being erased.

Help me to understand. Did you sign a land use agreement with the federal government? When was it signed? What did you mean when you said your rights are being eroded?

[*English*]

The Chair: Mr. Lepine, go ahead.

Mr. Lionel Lepine: That's a good question.

Going back to 1899, Treaty 8 was signed and it gave us the right to hunt, fish, and trap. Today it's pretty much impossible to go into areas where we went forty years ago. Twenty years ago there were lakes that don't exist any more. There are signs of contamination along the river shores, and you can see this odd foam-looking, weird substance that the elders cannot describe because they haven't seen it before.

The main channel that comes through Lake Athabasca has a silver streak going across it. There are various tributaries that go into the Peace-Athabasca Delta, which is the one of the largest freshwater deltas in the world. There are a lot of tributaries that go into areas where we used to go before, but they are inaccessible today because of lack of water.

The industry uses four barrels of water to extract one barrel of oil from the ground. So if you do the math, in one day I'm pretty sure about a million barrels of water come out of that river. If that Athabasca River is gone.... It has been one of the main sources for rivers that we've used for centuries upon centuries. I foresee that river becoming a creek; it's going to be the Athabasca Creek. So if mining continues at this fast and furious rate, I see that Athabasca River becoming a creek, and there won't be anywhere to get the water.

Now they're resorting to underground streams. They say they're not going to contaminate the underground water, but if they touch the water that's underground, that will affect underground water streams that ultimately lead into the Athabasca River. There are various tributaries and lakes that don't exist any more that were there thirty or forty years ago. Today there are some elders who could take you to places and show you where what you see now as prairies were once lakes. You can now walk across where lakes were at one time.

The cancer rate in Fort Chipewyan has quadrupled in the last ten years. In one month we buried seven people due to cancers that are very rare. One of the cancers is so rare that the ratio is one in a population of 100,000 people. Our population of Fort Chipewyan, where I live, is only 1,200 people. So explain two deaths in one year after being diagnosed with this rare form of cancer. Where is it coming from? These are questions we've been bringing up, and the only answer we can come up with is it's from this whole way of mining oil out of the ground right now.

● (1140)

[*Translation*]

Ms. Paule Brunelle: But since consultation is no longer an option, what do you intend to do? If you wait until your case is heard by the courts, everyone will be dead by then! And the damage to the wildlife and vegetation will be irreparable.

Are there certain actions that we could suggest to the government? Do we need a permanent forum for consultations between first nations and the various levels of government, one that would be required to meet, take action and get results? My concern is that if we let things continue on this path, decades will pass and nothing whatsoever will be resolved.

[*English*]

Mr. Lionel Lepine: Yes, perfect. In terms of the consultation process, like I said earlier, there is no crown consultation. As far as I'm concerned, and as far as I know, Canada has a duty to consult with aboriginals, the first nations, prior to development, prior to the planning stages, and that doesn't happen.

What happens is that industry officials come to our town, Fort Chipewyan, and they consult with us. They tell us about their plans. They tell us about their projects. We don't see any government officials. We would love to sit down with the government to come up with safer and more adequate ways of mining this oil, which is going to ensure the safety of not only my children, but your children as well. All of our great-grandchildren, who haven't even been born yet, are going to be affected if this continues at this rate. All we're asking is that we have adequate consultation.

The process right now is flawed, in my opinion. We haven't consulted properly with any government officials. Our consultation is always with industry. It's always industry people, or ERCB. We would love to sit down at the table to consult with the federal government, on a monthly basis if possible. Every time a project is proposed, we would love to sit down with the government and consult.

We have all these foreign countries, foreign investors coming in, and these people don't even know who we are as indigenous people. We would love for them to know who we are as well.

It's the consultation process that has to be revamped.

The Chair: Merci, Madame Brunelle.

We go now to Mr. Cullen, for up to seven minutes. Go ahead, please.

● (1145)

Mr. Nathan Cullen: Thank you, Chair.

Thank you, gentlemen, for appearing today.

In the last thing you said, Mr. Lepine, you talked about the need for consultation. First nations have often been described as anti-development, as ideologically against what's happening in the tar sands. The last statement you said doesn't sound like an anti-development statement; it sounds like you want to be consulted prior to licences being issued.

Mr. Lionel Lepine: Exactly.

Mr. Nathan Cullen: To hear Mr. Thompson and others from industry describe the relationships between industry, the government, and first nations, it sounds like things are pretty good. They're a big employer of first nations—the largest in Alberta—things are great, you guys are making some money. There may be some environmental problems, but not according to the energy industry.

I guess Canadians can be forgiven for being confused. If you hear one side of the story, it sounds like everything is absolutely great with first nations relations and the oil industry in northern Alberta. But then you come before us and say otherwise.

Mr. Lionel Lepine: You know, Canada always wants to promote industry and they want to promote jobs. Like I said, our community has only 1,200 people. They want to promote jobs. They want to promote oil sands development and oil. But what they don't know, and what Canada seems to hide, is the fact that aside from the cancer rates in Fort Chipewyan.... I want to be able to go out in the bush and hunt. I want to be able to go out and kill a moose, and today it's getting to the point where we have to travel farther and farther away.

Mr. Nathan Cullen: You said something earlier in your testimony about the cumulative impacts, one development project after another after another. They seem to get reviewed in isolation, as if they were existing in different parts of the world.

Mr. Lionel Lepine: Exactly.

Mr. Nathan Cullen: This committee is trying to understand energy security, and part of energy security for Canada is also environmental security, knowing we can keep doing this in the foreseeable future.

Is it your suggestion that cumulative impacts are critical to understanding the environmental component of energy security?

Mr. Lionel Lepine: Very crucial.

Mr. Nathan Cullen: I want to turn that to Mr. Thompson. We've had CAPP and we've had Syncrude, Suncor, many of the leading oil companies in Alberta say Canada needs an energy security plan. Is your group of that opinion, or are you contrary to that opinion?

Mr. Don Thompson: In fact if you look at it I think one of the issues facing us as a nation is the need to ensure that all energy forms are understood and contribute to our long-term energy security. In that regard, we would not be opposed to a strategic energy plan.

Mr. Nathan Cullen: In that vein, then, and from my conversation with Mr. Lepine, there is frustration that when the government assesses these projects when they're being proposed there is never a consideration of the cumulative impact on the watershed. It's that each project is taken in isolation. As former premier Lougheed said, there never was a plan, and we needed a plan.

Are we not repeating that history again right now? Let me be specific on one point, because I think this is an important one for Canadians—proud Canadians, as has been said. Projects are now being approved explicitly for the export of raw bitumen in pipelines to other places for processing and upgrading. Is that true?

Mr. Don Thompson: First of all, let me take them in order.

In terms of cumulative impacts, every regulatory process that has ever gone on for as long as I can remember, going back to the 1970s, has required a cumulative impact assessment as part of the EIA process. That is a fundamental requirement. If you look at any environmental impact assessment or any regulatory process on any oil sands project, you will find that this is complete.

Second, in the province of Alberta, the lower Athabasca regional plan has rolled out. It is specifically a large-scale regional plan to deal with cumulative effects. With respect to land, just as an example, if you include Wood Buffalo National Park, as well as the 20% of northeast Alberta for which the Province of Alberta has asked for plans, it will amount to something like 40% of northeast Alberta that is set aside, free and clear of development. I know of not very many jurisdictions in the world that can say that.

With respect to....

Mr. Nathan Cullen: I want to be clear on the raw exports piece. Energy security is often talked about as affordable and sustainable. The current estimates are that for every 525,000 barrels of raw bitumen that go down a pipeline, we lose somewhere in the neighbourhood of 15,000 upgrading jobs and associated jobs in that industry. Does this plan feed Canada's energy security?

Mr. Don Thompson: Canada is an export market and economy. The aspects of that are that we need to export bitumen, because there is not sufficient market demand in Canada. There are also many facilities—

● (1150)

Mr. Nathan Cullen: Sorry, can I stop you on that? I don't think what you just said is necessarily the point.

The Chair: Mr. Cullen, could you just let him complete his answer?

Mr. Nathan Cullen: I think he may have misunderstood my question, Chair, so I just want to clarify the question.

We're not talking about all of the oil that's processed in Canada being used in Canada. The specific question is about sending jobs down those same pipelines. If we previously set up the industry in such a way that the upgrading happened in Alberta, particularly, then when you lose those thousands of jobs, the energy security of Canada, in terms of reaping the best reward we can from our endowment of resources, is lessened, is it not?

Mr. Don Thompson: What's happening, if you look at our market in the States, is that some of those large heavy-oil refineries are no longer receiving supplies from Venezuela and Mexico and those heavy-oil-producing states. That is creating a market for Canadian heavy oil in the south, and that's what is happening. That oil is being exported to where the market demand is.

Right now there is not a sufficient spread between the price of bitumen and the price of upgraded crude oil to justify upgraders. So in fact that's not exporting jobs; that's responding to market demand.

Mr. Nathan Cullen: I have a question. You mentioned the energy outlook from the International Energy Agency in your testimony. Is that right?

Mr. Don Thompson: Yes.

Mr. Nathan Cullen: I'm wondering why you neglected to include the second piece of what the IEA suggests in that 40% increase picture, which is that governments take no action. That's the preface to what that 40% increase says. It also implies, and this is according to the IEA, a six-degree rise in temperature globally. That's the associated reference you just made today. I know you said that it is cold today in Alberta, but I'm hoping you're not suggesting that a prediction of a six-degree rise, and that the government is complicit in such an endeavour, would be a good thing for Canada's energy security.

Mr. Don Thompson: The Government of Canada has set its climate change policy, and we will be looking to that policy being enacted....

Mr. Nathan Cullen: We all would.

Mr. Don Thompson: We will respond to it, but for now, our job, as I said, is to respond to market demand, to produce the energy that is required for Canada, and to create economic well-being for Canadian citizens.

The Chair: Thank you, Mr. Cullen.

We will go finally to Mr. Anderson, for up to seven minutes.

Mr. David Anderson: Would you let me know when I have a minute left? I'd like Ms. Gallant to have the last minute or minute and a half or whatever.

I'm going to go quickly through my questions. I have a number of them, so I may be cutting people off if I need to.

Mr. Lepine, you have about 920 people in the ACFN as a registered population, I believe. Do you represent the ACFN Business Group?

Mr. Lionel Lepine: I don't represent the ACFN Business Group.

Mr. David Anderson: Who would be the person we could talk to if we wanted to bring someone in to represent them? Do you know who that person would be?

Mr. Lionel Lepine: Yes, it's a guy named Garry Flett. He is the CEO.

Mr. David Anderson: I notice that the ACFN Business Group is an umbrella organization for Athabasca Chipewyan First Nation business ventures and that it employs over 1,400 people. So it seems that there is obviously another story to be told from your community, as well, about the employment opportunities that exist there.

Mr. Lionel Lepine: Out of that 1,400, I believe maybe 20 to 30 members of the ACFN work there.

Mr. David Anderson: Is there a reason why your own community businesses aren't employing your own people?

Mr. Lionel Lepine: Because a lot of people would like to reside in Fort Chipewyan. They want to stay home. They get forced to a point where they have no choice but to go and work down south. Industry comes to our local schools and brainwashes children into limiting their education to get a trade as a welder or pipefitter. If you go to Fort Chipewyan and ask some little kid what they want to be when they grow up, they're going to say a welder or a pipefitter.

Mr. David Anderson: I take great exception to that. My son just got his journeyman carpentry, and I don't consider him to have a limited education. I think he's a young man who is showing great initiative to be able to go out and get that. Most of us would probably think that way as well. The opportunities are there. People may not be taking them is what you're saying to us today.

Mr. Lionel Lepine: Yes.

Mr. David Anderson: Okay.

Mr. Levant brought up the issue of funding from outside. Where do you get the funding for your organization and your work?

Mr. Lionel Lepine: Me?

Mr. David Anderson: Yes.

Mr. Lionel Lepine: For my line of work it comes directly from industry. My job is part of the energy information administration process. My job was a traditional environmental knowledge facilitator. Prior to these developments, I interviewed and talked to elders. Industry requires us to come up with an EIA, to come up with a traditional—

● (1155)

Mr. David Anderson: So industry is consulting with you. They're paying your wages so they can get the information from you?

Mr. Lionel Lepine: Yes.

Mr. David Anderson: Mr. Levant, in your book, do you deal with the issue of cancer rates?

Mr. Ezra Levant: Yes, I do.

John O'Connor was the doctor, from Nova Scotia originally, who rang the alarm bell really hard. He said there were six cases of this rare bile duct cancer called cholangiocarcinoma. The funny thing is as soon as he went to the media about that and Alberta Health said let's get to the bottom of this and the Alberta Cancer Board asked for his patient charts, he refused, which was startling. The chief nurse said they had to give those cancer reports; it's required by law. He stonewalled. So the College of Physicians and Surgeons launched an ethics investigation. These weren't politicians or bureaucrats. These were his fellow doctors.

Dr. O'Connor had been talking about skyrocketing cancer cases, six rare cancer cases, a 33-year-old dying of cancer. He told this story for two years. Finally, when the ethics report from the College of Physicians and Surgeons came out, they ruled he was inaccurate, that he had reported cases that did not exist: four out of these six cholangiocarcinomas did not exist. No one could find a trace of the 33-year-old who allegedly died of cancer. Instead of punishing the doctor, the college said they would put out a factual statement they could all agree on, because he'd caused so much alarm in Fort Chip. Amazingly, Dr. O'Connor refused to put out a joint statement of fact with the college. Again, I'm not talking politicians or bureaucrats; I'm talking fellow doctors who issued a ruling that he had conducted himself unethically.

When I saw Dr. O'Connor a couple of weeks ago in Calgary I asked him if he was going to appeal this ruling; they said he was a liar. He said no, he was not going to appeal it, which I think says it all right there.

Mr. David Anderson: I have another question for you.

You mentioned Tides Foundation, I think it was, in terms of funding from outside. The Rockefeller Foundation is one of the groups that organizes that. Steven Rockefeller is one of the drafters of the Earth Charter. The document says it laments that “the dominant patterns of production and consumption are causing environmental devastation, the depletion of resources, and a massive extinction of species”.

Do you have any comment on that kind of funding coming from outside our country? I would suggest it's anti-Canadian. What are the reasons for that?

Mr. Ezra Levant: Vivian Krause, who I understand has testified, has done all the research on this. But $190 million from United States lobby groups is poured into Canada to affect our domestic policy. I love the Americans, but I don't want them to tell us how to write our laws. I love them as neighbours, not as bosses. They're not the only ones. Greenpeace, which started out as a Canadian lobby group, is now a quarter-billion-dollar-a-year multinational corporation based in Europe.

I really don't want foreign lobbyists telling us how to make our decisions. Let's make our decisions using Canadian values. When Americans tell us not to export oil to China, that we should stay totally dependent on them for a market, is that really in our interest? Follow the money, I say. Who is celebrating the slowdown of the oil sands? The Saudi ambassador.

Mr. David Anderson: There's more to this than just environmental issues.

Mr. Ezra Levant: Absolutely.

It's an ideological agenda. It's a foreign policy agenda. I wish that everyone from Greenpeace to the Tides Foundation to the Suzuki Foundation, which has taken $10 million from these guys, would have to register as foreign lobbyists, because they're taking foreign cash.

Mr. David Anderson: I'd like to turn it over to Ms. Gallant.

But I notice, Mr. Lepine, you seem to be agreeing with Mr. Levant.

Mr. Lionel Lepine: Yes.

Mr. David Anderson: Thank you.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Mr. Chairman, our opposition colleagues allege the Canadian mining companies use substandard employment practices in other countries but deem it perfectly acceptable for foreign oil companies to oppress their workers in favour of Canadian oil. Even here today we hear the inaccurate juvenile slur “tar sands”, as opposed to oil sands.

Mr. Levant, what's behind this contradiction? Are there outside or foreign entities influencing our legislators in some way?

Mr. Ezra Levant: Some of it is Nimbyism. I think there are some folks who don't want to see any environmental side effects in Canada, but they don't mind if Nigeria has 2,000 toxic waste dumps. They don't mind if women are oppressed in Saudi Arabia because they don't have to see it.

A few weeks ago 230 ducks were killed when they sat down on our tailings ponds. *Mea culpa*, that's terrible. I'm not going to call it a tragedy, though, because there really is blood oil out there—300,000 Darfuris. Maybe if those 300,000 Darfuris were ducks, Tides Foundation would give a damn, but they don't. And do you know what? I think we should always improve in Canada. Frankly, I agree with some of what Mr. Cullen says about constant improvement and constant self-criticism. And I think I actually agree with Mr. Lepine on that.

But what we're seeing instead, instead of focusing on improving, this Nimbyism...the people who say they would rather buy misogynist, terrorist Saudi oil or they would rather buy Russian military dictatorship oil, invade Georgia, than have it here.... And do you know what? I discovered this after writing the book; I didn't discover it until afterwards. Half of Canada imports its oil. We're exporting the oil in the west, but folks in the Atlantic, even in Montreal.... There are tankers of OPEC oil flowing into this country. I bet you most folks in Montreal don't realize that when they turn on their car, they're burning oil from Saudi Arabia, where women aren't allowed to vote.

I say let's pull the camera back and think globally and act locally. If you're okay with buying conflict oil from Sudan, go for it. But I just—

● (1200)

The Chair: Sorry, Mr. Levant, your time is up. And unfortunately our time is up for this panel.

Thank you you all very much for your presentations and for answering questions. This was a very informative panel.

We'll suspend the committee for two minutes, to change panel members. We'll do that as quickly as possible.

Mr. Lepine, do you have a short comment?

Mr. Lionel Lepine: I want to ask just one question.

The Chair: Sure.

Mr. Lionel Lepine: I've been asked to ask you if this committee is going to make a strong recommendation to ensure the safety of the woodland caribou, buffalo, which are now endangered, and other animals, to minimize further destruction in that area.

The Chair: After discussion among committee members, the report will be determined. So I can't comment on that with any certainty. But certainly the committee members have heard your plea.

Mr. Lionel Lepine: Thank you.

The Chair: Thank you all very much.

We'll suspend for just a couple of minutes, and then come back with the second panel.

● (1200)

(Pause)

● (1205)

The Chair: Good afternoon, ladies and gentlemen.

We're here for our second panel, continuing our study on energy security in Canada.

We have on our second panel, from the Alberta Innovates Technology Futures, Ian Potter, chief operating officer. Welcome. We have, as an individual, Vivian Krause. Welcome. And we have, from HTC Purenergy Inc., Jessie Inman, executive director, corporate development. Welcome.

We will have the presentations in the order listed on the agenda. We'll start with Ian Potter, from the Alberta Innovates Technology Futures. Go ahead, for up to seven minutes.

Mr. Ian Potter (Chief Operating Officer, Alberta Innovates Technology Futures): Thank you, Mr. Chair.

It's a pleasure to be here today on behalf of Alberta Innovates Technology Futures. For those of you who aren't familiar with us, that was the original Alberta Research Council. We restructured on January 1, 2010, as part of the provincial restructuring of the innovation system.

This is a wide-ranging and complex field. To my mind, I'm a simple guy. My wife says I'm a simple guy. So I'd like to bring it back to simplicities. The question of energy security is wide-ranging; even its definition can be challenging. You'll find numerous definitions. I'm sure you've heard several during your work. But simply put, average Canadians want electricity when they flip a switch, hot water when they turn on the water faucet, and gasoline when they go to the gas station. Unfortunately, they want it all at a reasonable price, whatever that means nowadays. They also want energy extraction methods to be environmentally sound—as long as it doesn't cost any more.

The reality of energy security for Canada is very complex. We are both an importer and an exporter of energy in all its forms. Some is raw material such as oil, coal, or uranium. But we also have electricity, an energy vector that we communicate with the U.S. and across provincial boundaries. We live in a huge, sparsely populated country with amazing extremes of temperatures. Building the infrastructure required to exploit and provide energy to Canadians was historically one of the most ambitious and complex engineering endeavours of all time. In my opinion, we were very lucky to have had people who took up that challenge and had the internal energy to do it.

Looking at energy security in a wider manner, I agree with the recent 2009-10 Capstone seminar student report from the graduate school of public and international affairs at the University of Ottawa that there are eight interdependent factors that constitute Canadian energy security: diversity of Canada's energy mix, the level of market transparency, investment, the free market nature of the Canadian energy sector, energy infrastructure, energy intensity, environmental considerations, and geopolitics.

But in my opinion, there are other more complex issues that muddy the waters of energy security and the role that governments need to play in sustaining it. First, there is risk management. Our role as government is to manage the risk, understand the risks. We may not know the issue to the nth degree, but we can manage the uncertainty and mitigate the risks as a continuous process.

Second, there is sovereignty. One example is the Arctic—there are sovereignty issues in the Arctic territories. Whose is it? Where does it belong? Where's the dividing line?

Third, and this is my belief, we need to assert world leadership in energy and environmental stewardship. Are we an energy superpower or just a commodity trader? How can we be acknowledged as an energy superpower, rather than just claiming to be one?

Fourth, there is the cause-effect challenge. In many cases, the energy developed around the world is huge. The environmental consequences are also huge. But there are other challenges that seek the heart of the social and economic well-being of communities.

Lastly, there is innovation. There is an unmet desire that all the preceding issues will be managed and understood if only we could innovate in areas such as technology development, policy frameworks, and health management. In my opinion, innovation strategy is central to energy security. The recent work by the Canadian Council of Chief Executives is one example of possible options in the innovation agenda. There's always another conference just around the corner on innovation, where previous innovation agendas have failed. When Herb Dhaliwal was the Minister of Natural Resources, I remember him saying that the discussion on innovation was hampered by a translation gap. Government is innovating, and industry is innovating. But how do we get them innovating together?

Why did we fail? First, I think the science and technology agendas that have been enacted haven't really understood and embedded the longer-term thinking that innovation requires. Second, I don't think we're asking the right questions. What is innovation? What are we trying to do with innovation? Is it environmental? Is it economic? What is it? How are we trying to get a grip on this major area?

● (1210)

A third area, perhaps the most important, as with any strategic agenda is leadership or lack thereof. We need a champion to move this agenda forward. It won't happen overnight, and probably not within a couple of electoral periods, but we need the long-term commitment to make sure that an innovation agenda, feeding into an energy security agenda, can be acted upon.

In Alberta, many of the recent recommendations from the CCCE, such as nurturing start-up companies, improving business academic links, building talent pools of highly qualified personnel, and reshaping policy frameworks in developing newly formed companies, are actually happening. My new company name is as a result of that restructuring of the innovation system, myself, and three sister organizations around health, bio-industries, and energy.

On the federal side of innovation, the ability to focus the agenda is paramount. The complex agenda is maybe limiting the ability for federal policy development to learn from the science and technology agendas and move forward in support of the energy security challenge.

We need to ask the basic questions: what needs to be done, who needs to do it, when does it need to be done, what resources do they need to execute, and how do we keep them accountable?

The natural long cycle of innovation, although complex, needs to feed from the universities and groups such as the National Research Council, where the big science can happen under a national focus, but collaborate in regional frameworks by linking with the various provincial research entitles, such as the New Brunswick Research and Productivity Council, Saskatchewan Research Council, Manitoba Industrial Technology Centre, CRIQ in Quebec, and my own group, the Alberta Innovates Technology Futures. Here, we understand the jurisdictional advantage for energy in the environment and we can directly support companies to drive the economy but also understand and support the well-being of all Canadians in our own provincial areas.

I'm an optimist, and I firmly believe that the challenges our forefathers overcame in the early days of Canada's energy growth are the strength and resolve that we need to move forward in today's challenges and turn them into tomorrow's opportunities. Canada's energy resources are central to development as a country, but with these resources come responsibilities.

Governments in Canada must supply good management and leadership to develop policy and fiscal frameworks to assess when or if these resources should be accessed and under what terms. In my opinion, the regulatory system in Canada is robust, appropriate, and accountable, but it can be improved. We should always look to improve our systems, always questioning whether we're doing the right thing for the right reasons, and improving all the time.

With the above said, I believe that government's fundamental role in energy security is leadership on the provincial, national, and international stage. That doesn't mean always being at the front, but it does mean understanding the risks; managing them; nurturing when needed with fiscal and policy support; effectively communicating with stakeholders to understand their concerns rather than just transmitting at them; advancing future policy development based on sound science and engineering; knowing when to pass on that leadership; showing innovation to capitalize future action and good management. But above all, as we hold politicians accountable by our votes, you need to hold us accountable, as industry and research groups, for our actions and inactions.

Thank you once again, Mr. Chair, for the opportunity to appear. I look forward to the questions.

The Chair: Thank you very much for your presentation, Mr. Potter, from Alberta Innovates Technology Futures.

We now go to the second presentation, Vivian Krause, here as an individual. Go ahead, please, for up to seven minutes.

Ms. Vivian Krause (As an Individual): Thank you.

I'm a resident of North Vancouver. I have a master of science degree in nutrition and I have worked most of my years with the United Nations Children's Fund, six years in Guatemala and five in Indonesia.

For the sake of time, I won't go into how I went from UNICEF to salmon farming to an extensive review of the more than 6,000 pages of the U.S. tax returns of the charitable foundations who are funding a campaign against Alberta oil. But I would like to say from the outset that I am not funded by anyone, and I am not part of any industry or any political party.

I would also like to acknowledge the much-appreciated contributions of my colleague, Rob Scagel.

I'd like to focus my remarks on the foreign funding, by American charitable foundations, of what I call the “demarketing” of Alberta oil. Demarketing is reducing demand or shifting demand away from something. We don't hear much about demarketing, because marketing is mostly about selling more, not selling less. But when it comes to Alberta oil, demarketing is precisely what Canadian environmental organizations have been paid to do by American charitable foundations.

Alberta oil isn't the only or first important Canadian export that's been demarketed by million-dollar American-funded campaigns. The same thing has been done with Canadian forest products and farmed salmon. If every negative thing said about Alberta oil were true, I would agree it should be demarketed. But as we heard in the previous session, some of what is said is flagrantly untrue.

So I believe the question needs to be asked, is there a sound scientific basis, a sound case for the demarketing of Alberta oil? And if not, then why is it being demarketed?

According to my analysis of U.S. tax returns, American charitable foundations have granted at least $18 million specifically for the demarketing of Alberta oil and thwarting of the Canadian oil and gas industry. By the way, that figure is up by about $3 million from the $15 million that I reported in an op-ed piece in the *Financial Post* in October. Some grants were specifically aimed to thwart the Canadian oil and gas industry. For example, in 2006 the Rockefeller Brothers Fund paid $200,000 to the Pembina Foundation and West Coast Environmental Law “to prevent the development of a pipeline and tanker port...”, among other things.

In 2009 the Bullitt Foundation paid the Tides Foundation to get the Dogwood Initiative “to expand outreach campaign to mobilize urban voters for a federal ban on coastal tankers...”. And the Brainerd Foundation, another American foundation, paid the Dogwood Initiative “to help grow public opposition to counter the Enbridge pipeline...”. They're doing what they're paid to do.

The Rockefeller Brothers Fund granted at least $105,000 specifically to the first nations who are right at the mouth of the Douglas Channel, right where oil tankers would need to load if they were export-bound for Asia. That included $70,000 for an anniversary celebration in 2004 and $35,000 for a ceremonial event in 2006. Now, of all the aboriginal people in the world and all the places in the world, why does the Rockefeller Brothers Fund choose to pay more than $100,000 to the first nations at the Kitimat village right at the mouth of the Douglas Channel?

I can see that what they are doing is protecting the environment. I can also see that what they are doing is protectionism in the name of the environment. I believe it's important to look at the campaign against Alberta oil within the broader context of the initiatives that American foundations have funded in our country.

According to my analysis and preliminary calculations, over the past ten years American foundations have spent approximately $300 million on conservation initiatives in Canada and the so-called reform of our resource-based industries—forestry, mining, aquaculture, and oil and gas. About $50 million of that went straight to first nations, especially on the coast of British Columbia, including, for example, one grant for $27.3 million. That was a single grant.

Roughly 80% of that $209 million came from five foundations: the Hewlett Foundation, the Packard Foundation, the Gordon and Betty Moore Foundation, the Pew Charitable Trusts, and the Rockefeller Brothers Fund. These are the foundations I have referred to as “The Big Five”. They have $22 billion in assets. They give away $1.2 billion every year. Their CEOs earn $600,000 to $700,000 a year. Their senior environmental staff are paid in the $300,000 range. Some of these professional environmentalists are paid more than the Prime Minister of our country.

● (1215)

In my remaining time I would like to share with you the three most important conclusions that I draw from my research and analysis.

First, there is no doubt that environmentalists care profoundly about the environment, but there is more to it than that. Some of the same foundations that are funding the demarketing of Alberta oil have made grants that specifically mention reduction in the dependence on fossil fuels as a matter of national security. So obviously this isn't purely about the environment; there are other interests.

Over roughly the same period that the Hewlett Foundation and the Packard Foundation—two separate foundations—granted $83 million for environmental initiatives in Canada, they also paid more than half a billion dollars to the ClimateWorks Foundation and the Energy Foundation.

The Energy Foundation has a clear agenda “to create a robust solar market”. Since 2009 the Energy Foundation has made at least 33 grants to reduce market barriers to solar development; support utility-scale solar power; design solar policy; and support regulatory interventions, long-term transmission corridor planning, and solar finance models.

Growing a solar business takes more than sunshine. It also requires shifting investment capital away from competing industries, especially oil. Sunshine may be infinite, but capital isn't, and scaring consumers, voters, and investors—which is what campaigns do—is a way of swaying investors and their capital.

So the Hewlett Foundation funds the Energy Foundation to create a robust solar market and thwart the coal industry, at the same time that the Hewlett Foundation funds the Tides Foundations and Tides Canada to demarket Alberta oil and thwart the Canadian oil and gas industry.

As I see it, the demarketing of Alberta oil is part and parcel of Hewlett's huge, heavily funded initiative to shift the energy market away from fossil fuels and towards renewables.

The problem with demarketing is that you paint yourself into a corner, because if you've positioned your products and services as being better than those of the competition, which is bad, and all of a sudden you start changing what you're saying about the competition, in the marketplace that changes not only what the market thinks about the competition, but what they say about you. So you have to stick to your positioning, and that's where you're painted into a corner, because even if your competitors reform and improve, you're stuck with de-positioning and demarketing them, which is what we're seeing.

My second point is that environmental activism isn't what it used to be. The new factor is money—millions and millions of dollars. As long as environmental organizations are paid to run multi-million-dollar campaigns, I think it's unreasonable to hope that they won't.

My last point is a suggestion. Considering that American foundations have spent upwards of $300 million in our country—especially $120 million on the Great Bear Rainforest initiative and the boreal forest initiative—it's pretty clear that they're serious about what they're doing. So my hope is that the leadership of government and industry will speak directly with the CEOs of these foundations.

The development of Alberta oil is a billion-dollar opportunity, and I hope we will make the most of that opportunity by minimizing the risks to a level that Canadians can accept. Both at home and abroad we could do a lot of good with that, and in terms of energy security. My hope is that we will.

Thank you, Mr. Chair.

● (1220)

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

We will go finally to Jessie Inman, executive director of corporate development for HTC Purenergy Inc.

Thank you very much for being here. Go ahead with your presentation for up to seven minutes.

Ms. Jessie Inman (Executive Director, Corporate Development, HTC Purenergy Inc.): Honourable members of the natural resources committee of the House of Commons, Mr. Chair Leon Benoit, thank you very much for the opportunity to be here today.

I submitted a paper to you before coming into this session, and it is too long to read in seven minutes, so I'm going to pick out the highlights from that paper. Hopefully, you will have a chance to read it later on.

The people of Canada are very blessed. We're endowed with such a vast natural resource space, and we have a relatively small population in such a very large land mass. We use 2.3 billion barrels of oil equivalent per year at this point in time, and that will grow by 34 million barrels of oil equivalent by 2025, taking us to 2.9 billion barrels of oil that we will need in equivalency by 2025.

We have this incredible standard of living because we are such a blessed nation. We have it because we have the resource for ourselves and have sufficient resources to export to our neighbours. So Canada is a very blessed country, but this doesn't mean we can sit back on our laurels and say, this is fine, and we have a very rosy future in front of us. We can't do that.

We have to do exactly what this committee is doing right now, and that is trying to understand and plan and manage a reasonable and sustainable mix in our energy supply for the future. Currently, we're using approximately 30% from oil, 27% from natural gas, approximately 8% from coal, 6.5% from nuclear, and 28% from hydroelectricity. You can see from those numbers that 65% of our energy is coming from fossil fuels.

The fact of the matter is, to make this sustainable we have to increase our renewable resources. We're very blessed with the hydroelectricity that we have, but we have minimum ability to increase that hydroelectricity. We're working very hard on our solar, but we only have 120 megawatts of installed solar power at this point in time. Even in wind, on which we're working very hard, we have 3,320 megawatts of wind. That is only 0.2% of our energy requirements in the country. It is very small. We also have ethanol as an alternative, at 5.8 million barrels of oil, which is 0.27%.

If you took the total of wind, solar, and ethanol and said that you were going to just supply the increase in demand from now until 2025, you would have to increase these by 300% every year until 2025. That's an incredible investment in renewable energies that we have to make in this country. Clearly, we need to do something about fossil fuels as we go along that path towards a renewable society.

I think that to look at unconventional sources of supply is very important. Obviously, we have the coal bed methane, which is unconventional, and we have all heard about the shale storm that has taken this continent, and we're very much looking at the fact that we have 160 billion barrels of oil and that approximately 20% of it will be recoverable. There are all the kinds of issues we're dealing with in order to make that happen, with new fracking and other methods of exploiting that resource.

What I'm here today to talk about is what I believe is the incredible opportunity we have in this country to have energy security at the same time as environmental security: that we can use our unconventional resource called carbon dioxide to increase our energy production. I believe that we have this asset called carbon dioxide, which we're emitting to the atmosphere for absolutely no reason. It is destroying our image; it is giving us a dirty-oil image, which I agree we don't deserve, but unfortunately we already have it. It's easily solved by collecting that carbon dioxide from the oil sands in particular. That's what my strategy is for Alberta: to take the carbon dioxide from the SAGD boilers and use it for enhanced oil recovery production from conventional and heavy oil in central and south Saskatchewan and Alberta.

We have 170 billion barrels of oil in the oil sands. It will be produced, as everybody has said around this table today—we all agree it's going to be produced. We're going to be emitting by 2025 more than 60 million tonnes of carbon dioxide from all of that production. Why would we let that asset go into the atmosphere, when it can be used?

● (1225)

We all know that 80% of the oil sands is in situ production—it's not open-pit mining—and that in situ production requires steam to be injected into one of the horizontal wells, and that it is once-through steam generators that we use to make that steam. Those generators produce carbon dioxide. Those are the emissions I'm talking about.

Why not use that carbon dioxide for unconventional production, which I call enhanced oil recovery? Some people in the industry call it miscible or immiscible flood. Simply, what you're doing is changing the viscosity of the oil so that it will swell and you can recover it.

In conventional oil in Alberta, the estimates are that we could increase our production by 3.5 billion barrels of oil.

On page three of the paper I gave you, I must tell you that I put an “m” instead of a “b”. In this industry you always have to make sure you get your Ms and your Bs straight, because they create quite different numbers.

So it's 3.5 billion additional barrels by using this asset that we're letting go into the atmosphere called carbon dioxide. Why would we do that? It doesn't make sense. We need to collect it and use it.

The same applies to the heavy oil that we have in central Alberta and in particular in Saskatchewan. There's another one billion barrels of oil that we can produce using carbon dioxide by injecting it into those oil fields.

So we have a unique opportunity, and one of the things I would like to bring to the attention of the committee, and I've done that, is that we have a centre of excellence on carbon dioxide in Regina. This is one of a few centres of excellence in the world. I think it's something we need to be very proud of. Our company uses that technology. It can be exploited in Saskatchewan and in Alberta to collect the carbon dioxide from these once-through steam generators and take out this additional oil that Canada can use for our own security.

We need to do the renewables and we need to increase our nuclear capabilities; I agree with that. But there is absolutely no reason that we cannot have clean fossil-fuel production. That can be done by taking the carbon dioxide from the oil sands. It has a high impact on the prosperity for Canada.

I would like to invite the members of this committee to come out to Regina and to look at the centre of excellence we have on carbon dioxide and at how we can make it a real win-win for Canada on all levels.

Thank you very much for the opportunity to be here today. I look forward to your questions.

● (1230)

The Chair: Thank you, Ms. Inman, from HTC Purenergy Incorporated.

We go directly to questions for up to seven minutes.

Mr. Tonks, go ahead, please.

Mr. Alan Tonks (York South—Weston, Lib.): I hardly know where to start. This committee has been infinitely educated by the quality of witnesses we have. This is certainly no exception; we've had great presentations today.

Mr. Potter, I have to say, you're far from a simple guy. If I were as simple as that, I wouldn't have any trouble going home and saying it. You've outlined what is the strategic interconnectedness with respect to what you talk about: taking tomorrow's opportunities from today's challenges. You talk about working with the National Research Council and the provincial affiliates to have a jurisdictional strategic policy development entity or regime.

You've heard Ms. Krause, who has described what I am inferring —and this is my own inference—is a conspiracy theory, which in some way suggests that we are not capable of dealing with balanced criticisms that are funded by legitimate entities, and that this conspiracy is in fact going to take us further from what you, Mr. Potter, have described as an opportunity. You've given us a clinical analysis and a prognosis for action.

My question is for you, Mr. Potter. You've heard Ms. Inman, who has also talked about the technology of developing carbon dioxide and using it to come to grips technologically with the issues that are affecting health and creating concerns for Canadians. I'm going to give you the floor now. What is your take? Are you still optimistic with respect to the capacity-building that is needed to generate the solutions that have been addressed by others?

Mr. Ian Potter: Thank you for the question.

Again, I'll try to keep my answer short.

Mr. Alan Tonks: Shorter than the question.

Mr. Ian Potter: I'll just give you a quick background on myself.

I left home when I was 16 and joined the merchant fleet with Shell Oil before joining the Royal Navy as a marine engineering officer and then going into academia and getting my doctorate in mechanical engineering, focused on power systems and submarine design. Submarine design in the prairies is pretty unique, unless you live in West Edmonton Mall.

For the last ten years I've focused my efforts on climate change. I was the first manager of the climate change group of the Alberta Research Council. I moved into sustainable development more broadly, dealing with things like LOR acclimations, soil amendments, and manure to energy. For the last five years I was the vice-president at primarily the hydrocarbon group before taking my existing job as chief operating officer.

I've been involved in every road map, I think, Canada's ever done in the last ten years on hydrogen, oil sands, oil, and renewables. The ability of Canadians to catalyze around a road map is amazing. The ability to move beyond that road map to action plans lacks leadership.

I believe there's a thirst for doing something. I believe there's a thirst, an entrepreneurialism in Canadians, and the yearning to do the right thing for the right reasons. So I believe there's a huge momentum underlying, which is waiting to come out to address these issues.

Is one technology going to be the silver bullet? No. We have such a diverse country, such a diverse environment, such diverse energy sources that we're going to need a whole suite of technologies. We need to go through the various sequences of development from lab, to company, to field implementation, to pilots, to demonstration on a scale that will reduce the investment risk.

Investment risk is the critical thing here. Having a policy framework that supports that investment risk is critical.

So there's a lot of connectivity here, but I believe that underneath it, Canadians like the challenge. I like the challenge. It's what actually drives me to go to work each day.

● (1235)

Mr. Alan Tonks: Thank you for that, Mr. Potter.

My question is for Ms. Krause.

I hope you don't take exception to the notion of conspiracy, because in your paper you also point out that those organizations and foundations are also investing in what has been considered part of the strategic reaction to concerns about fossil fuels, and that is solar, wind, tidal, and so on. Those same organizations are investing in it.

Does that not somewhat ameliorate your thesis that there is such a huge balance towards the oil sands that it is in fact mitigating against the overall economic and sustainable development objectives that have, in the past, driven Canadian policy on the environment, recognizing that there are huge issues with the tailings ponds and the use of water and the leaching into the aquifer, and all of those things?

Given what you have heard and what you have experienced with so many different organizations that are attempting to be part of that sustainable development equation—and there are many variables in that equation—does it not somewhat ameliorate your thesis that rather than a conspiracy, it's a search for balance, and it's a very democratic and objective-driven pursuit, and that activists and all have a role to play?

The Chair: You have about a minute to answer that, Ms. Krause. Go ahead.

Ms. Vivian Krause: I agree that activists have a role to play. They keep government and industry on their toes, and rightly so. I have more than a decade of working in the United Nations and funding activists. I've been one myself.

I think, though, that on all sides of the equation—in government, industry, and activism—the ethics are really important. We need activism that's grounded in transparency and in truthfulness. Sometimes I think that when criticisms are levied against our industries, and when they're fair, and when they're true, then we need to say so. We also need to say when things that are said are untrue.

I don't think issues should be raised that are fronts for other issues. In this particular case, I think what we're seeing is that there are multiple issues. There is more than one interest at play here.

It's very simple to raise wild salmon as a concern or to raise environmental issues as a concern, but we need to realize that there's more to it than that. I think we need to think outside of the port, too, and think of the global ramifications.

Banning exports in the name of marine conservation is not going to go unnoticed. If it's about marine conservation, then there are many places in the world where money could be spent. It raises questions for me that hundreds of millions of dollars are being spent here, and far less is being spent in other parts of the world.

The Chair: Thank you.

Thank you, Mr. Tonks.

We go now to the Bloc Québécois. Monsieur Pomerleau, you have up to seven minutes.

● (1240)

[*Translation*]

Mr. Roger Pomerleau: Thank you, Mr. Chair.

Thank you everyone. I concur with my colleague. We have heard some excellent presentations today from individuals who come from very diverse backgrounds.

Mr. Potter, you said the time had come to ask some solid questions about innovation. I quite enjoy the name of your organization, Alberta Innovates - Technology Futures. As far as the name goes, it's quite extraordinary. You talk about the long term. You say that we should avoid thinking about the next election and focus instead on the many other elections to come if we truly want to consider Canada's energy security.

Much has been said here about oil in all its various forms. This country has vast oil resources, but it also has other forms of energy derived from wind power, tidal power, geothermal power, which is widely used in Iceland, and solar power. I was in Gibraltar recently and saw fields covered with solar panels generating electricity for homes. So then, there are other types of energy.

Do you not feel that aside from energy produced from oil, there is not a great deal of research being done at this time on other forms of energy that could be used, such as CO2?

[*English*]

Mr. Ian Potter: Thank you for the question.

I'm in Alberta. I obviously work in oil sands. I work in oil, but I do a lot of work in renewables. To me, it's not necessarily about the source. I need an end product. I need electricity. I need something to run my car. Where do I get it from? Where am I? I'm a fan of investing in all forms, depending on where you are and what you actually need.

I think wind is a very good source. There are some limitations with regard to when the wind blows. Where the wind actually is strong, for example, in the province of Alberta, is down in the southwest. It's not practical to have long-grid transmission losses to actually get the wind energy up to the oil sands, for example, because it fluctuates. There are problems with the grid and the way the grid is managed and the harmonics injected into the grid.

If I look at Canada as a whole, I can't think of one energy form we have that can't be used effectively. So I agree. I look at the International Energy Agency's statistics on energy investments by the governments of Canada, federal and provincial, and I look at how they have morphed over the last 30-odd years. You can see swings. Different groups have different reasons. They'll say we're going to have bioenergy as a topic today and oil as a topic for tomorrow, and you can see the swings. Nuclear is there as well.

My only concern is that we don't do what I would call “flavour of the month” research. Research has a long-term agenda, normally. If I take it cradle to grave, from an idea in a university to effective field implementation, if you want, in oil sands, you know, it takes 15 years. You need that long-term agenda. If I switch it on and off every three years, I'll never get to the actual mission and the actual end prize of actually doing it. You do need consistency.

So I come back to the provincial groups. I come back to groups such as the National Research Council that can weather the different regimes within the governments and actually do the right things in a long-term, sustainable manner.

But I'm an advocate of all forms of energy, for the right reasons in the right areas.

[*Translation*]

Mr. Roger Pomerleau: Still on the same subject, Ms. Krause, there are some things in your report that I don't quite understand. As you know, the Americans need our oil. US companies come to Canada to invest and some Americans criticize the use of this oil for other reasons. They are within their right to do so.

You stated that at some point, these people wind up painting themselves into a corner. Don't you think that if companies spend large amounts of risk capital improving their techniques, conducting research, developing new procedures and so forth...At some point, these companies have invested so much money in this venture that they have in fact “painted themselves into a corner“ and can no longer consider developing other forms of energy. That is not their role either, but governments have a stake in this. So then, at some point, everyone finds themselves “painted into a corner“, and things are at an impasse.

Ms. Vivian Krause: I totally agree with you.

[*English*]

Mr. Roger Pomerleau: That's a good answer.

● (1245)

[*Translation*]

Ms. Vivian Krause: If I understand what you are saying, the industry is improving—and we want that—but activists are still protesting. If there is a valid reason for demarketing oil, then alright. But if there is no valid reason to do so, then it has to stop.

Mr. Roger Pomerleau: That is your opinion.

Ms. Vivian Krause: Yes, it is.

Mr. Roger Pomerleau: You are asked to testify in forums like this one to denounce that which, in your opinion, does not constitute a valid reason. In that respect, it's good.

Ms. Vivian Krause: I raised the issue and I tried to identify...The key thing is finding out whether there is a valid reason for demarketing. Is there any sound scientific basis for these types of campaigns? If there is, then we need to consider ways of improving the industry. If there is not, then we have to ask ourselves why these campaigns are being waged.

The goal is to get at the truth. Are there valid reasons? I'm not the person... This isn't a question that only one person can answer. It comes down to science and technical expertise. That is what we need to consider.

Mr. Roger Pomerleau: I see.

I have nothing further, Mr. Chair.

[*English*]

The Chair: We'll go now to Mr. Cullen, for up to seven minutes.

Mr. Nathan Cullen: Thank you, and thank you to our witnesses.

First, to Ms. Inman, in trying to understand energy security, one of the questions we raise is what is the role of the federal government? And saying those words sometimes in Alberta can get you into a lot of trouble. What is the role of the federal government with respect to energy? There is a certain constituency that gets really nervous.

Yet we've been hearing consistently from the oil companies, many of them based in Alberta, saying "We need the federal government to play a role", and some suggest a stronger role around the question of energy security.

Your group and the industry that you represent is with regard to the capture of carbon sequestration. Is the lack of a carbon price a factor in the decisions that get made in your specific industry, that Canada has no carbon price that we know of right now? We're sort of waiting on the U.S. Congress. That is what the current minister tells us. What's the resulting uncertainty in your industry?

Ms. Jessie Inman: The lack of a carbon price is the number one reason why we're not capturing carbon dioxide right now, yes, absolutely. In Alberta we have a price of $15 a tonne, but this doesn't go anywhere near creating incentives to companies to capture carbon dioxide.

Mr. Nathan Cullen: The role of the federal and provincial governments when creating incentives in the early days in northern Alberta and the tar sands was complete. There were tax incentives. There were all sorts of industry groups set up with government to enable that industry to exist because up until that point it was just too expensive to get bitumen to oil. That was the technological barrier.

Mr. Potter, is that true?

Mr. Ian Potter: Yes.

Mr. Nathan Cullen: So the role of the federal government in energy at that moment for Alberta was, I would suggest, significant in enabling the creation of the industry that exists today.

Is that correct, Mr. Potter?

Mr. Ian Potter: That's correct.

Ms. Jessie Inman: I have a comment on that, which is really important. If we go back even further than that and look at the role the federal government played when we put in the infrastructure for the existing oil and gas industry in Alberta, that was put in by the federal government. Why shouldn't the federal government help us put in some of the infrastructure that's required to take that carbon dioxide and move it about?

Mr. Nathan Cullen: I follow you to a point on that argument. Oil is $90 a barrel again today. On the price point, even with carbon capture, the Canadian public is going to wonder why would that cost not just be internalized.

I go back to my point about pricing carbon. Shell has already started to price carbon internally. They've said they're going to put a $40 a tonne price into their future plans. Why should the public have to pick up the cost of capturing that carbon on behalf of oil companies, which, for all intents and purposes, are doing very well right now and have been for some time?

Ms. Jessie Inman: From my perspective, I don't think our company is asking for the government to make a long-term commitment to subsidizing the capture of carbon dioxide, but there is a gap at the moment. Even if we are using that carbon dioxide for enhanced oil recovery, there is $1 gap between the cost of capture and getting it to that enhanced oil recovery production, because enhanced recovery is not just straightforward. Not every reservoir is perfect for recovery, so it's a hit and miss game.

Mr. Nathan Cullen: It's expensive in the early days.

Ms. Jessie Inman: It is very, very expensive in the early days.

Mr. Nathan Cullen: I'm going to have to cut you off, because I'm going to run out of time and I want to get to Mr. Potter for a second.

Mr. Potter, in April this year this federal government resisted Sinopec's offer to buy into the tar sands, particularly on the export of raw bitumen to a lower-level region for refinement. The Prime Minister had made a commitment in 2006 and then again in 2008 not to export raw bitumen to jurisdictions that had lower environmental standards than our own.

You talked about free market and geopolitics being two factors in an energy security environment. Is what the Prime Minister did in alignment with free market principles, to resist a free market offer for Sinopec to come in and buy up a big chunk in the oil sands?

● (1250)

Mr. Ian Potter: I'm not a market expert, so I probably won't get into hot water by trying to answer the question directly.

Mr. Nathan Cullen: It's an interesting moment, though, isn't it? Sinopec wants to buy ConocoPhillips. Some billions of dollars of so-called foreign investment are on the table and the government says no. The government says it's because of lower standards in China, in particular, for upgrading on GHG emissions.

Mr. Ian Potter: That is a very strong geopolitical reality. That's why you have the expertise in other groups, not in my person, to actually advise you accordingly. I will advise you on the technology and on the research needs for it, but the market side of it is beyond my résumé, if you want to be simplistic.

Mr. Nathan Cullen: Then it comes back to what this committee's trying to study, which is around the notions of energy security. If I'm in the oil sector, that puts an element of uncertainty to me in terms of who I'm available to be sold to and who I'm not, depending on where they come from. This was a Chinese endeavour. If it had been German, French, or Australian, maybe the sale would have gone ahead. We don't know. It's again back to the role of the federal government.

Ms. Krause, I want to turn to you for a second. I've looked at your article in the post, and I think you've had to take some down, in terms of the connections of Tides Canada and Tides in the U.S., but perhaps not. Your thesis is that outside influence, essentially, outside money is coming in and affecting Canadian policy and Canadian lives. Is that right? Is that the concern you raise in the article I'm reading?

Ms. Vivian Krause: My concern is that there's a mix of interests. It's not purely about the environment. I can see that what they're doing would protect the environment, but I can also see the other purposes on other—

Mr. Nathan Cullen: The notion of the money coming from the U.S.... If the money had been raised in Toronto or Calgary or Vancouver to fight that same fight, your concerns would be fewer. In your article, again and again you talk about how the money is—

Ms. Vivian Krause: No.

Mr. Nathan Cullen: No, you very much do. These are your own words.

The question I have is this. There's a proposal happening right now with the Enbridge pipeline, which I'm sure all the witnesses are familiar with. Enbridge has told me and told the public that they've raised $100 million, $10 million from 10 different companies to promote their project. Some of those companies are foreign and they are buying influence, if they can. They are paying for things in Kitimat Village, which you mentioned earlier. They're paying for festivities. They're paying for new skateboard parks. They're spending money, which is of foreign origin, to affect Canadians' hearts and minds. Why haven't you investigated that?

Ms. Vivian Krause: Let me be very clear. I think charities should be doing charity. I would be just as disappointed if Canadian charitable foundations were funding something that wasn't exclusively charitable. It just so happens that the charitable foundations that are funding this are American. I would be calling them out, no matter which country they were from—

Mr. Nathan Cullen: Are they not Canadian as well?

Ms. Vivian Krause: —including if they were from our own.

Yes, there is some charitable funding, but very, very little compared to what is coming in from other sources.

Mr. Nathan Cullen: So you have no concern about Enbridge. That's fascinating.

The Chair: You're out of time, Mr. Cullen.

Mr. Nathan Cullen: The question she didn't get to answer, Chair, was that Enbridge has raised similar tens of millions of dollars, but there's no concern at all.

The Chair: Well, your time's up. She may choose to answer it when she's responding to questions from Mr. Allen, who is next.

Go ahead, please, Mr. Allen.

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

Thank you to our witnesses for being here today.

Ms. Inman, I'd like to start with you and pick up on one of the comments that Mr. Cullen started, which was building $40 per tonne into the pricing. Then you talked about the $15 per tonne in Alberta. What would that impact be? We all know that it's going to be transferred to the consumer. What would be the impact of that on the consumer? Do you have any estimates on what that price per tonne is?

Ms. Jessie Inman: On the gap at the moment between the cost of capture, the cost of transportation, and the cost of injecting that into a reservoir that may have incremental oil production, I believe the cost is somewhere between $70 and $100. Right at the moment the tax in Alberta is $15 a tonne, so that's not going to get us anywhere close to covering those costs. When I talked to the enhanced oil recovery producers, they're saying “Well, maybe a price of $40 a tonne is something we would like to pay”. So you can see there's a very large gap, and that's why, to get this industry kick-started, we need some help from the government to get our technology, which I believe is completely proven technology at this very small scale, into the commercial realm. We would like that kick-started with the government's assistance.

Does that answer your question?

● (1255)

Mr. Mike Allen: It does. Either way, we're going to create, in my view, a false market, because—

Ms. Jessie Inman: Not over time.

Mr. Mike Allen: —the government has been subsidizing, or the consumers are going to pay in the end.

Ms. Jessie Inman: But only in the beginning.

I don't have those exact numbers with me, Mr. Allen, but I can get them for you. If you take that out over the vast number of consumers there are across the country, it's a very, very small increment in terms of the cost of our energy that we use every day in our homes and in our cars. It's much, much smaller than we think it is.

Recently, in the last few years, gasoline prices have tripled. Did anybody stop driving their cars? No, they didn't. So I don't think that in the end the consumer is going to be vastly affected by the cost to capture our carbon. But we do need the government to get on board with this so we can get it started. In the end, the consumers will be willing to pay for it.

Mr. Mike Allen: Okay. Well, I might debate that with you.

Ms. Krause, going to you with respect to one of the comments you made, that activism isn't what it used to be, yes, I would say so. I mean, I'm looking at some of the chief investment officers' salaries here on one of the slides—$1.6 million, $1.5 million a year in CEO salaries. They're pretty significant dollars; they're almost like the major banks.

You said $300 million over the last ten years in some of the research you've done. You also commented it was on three things, though. It was oil and gas, it was forestry, and that type of thing. Then you said this year it has gone from $15 million to $18 million, the lobby efforts on oil and gas.

Has that been a decreasing amount over the ten years, or have you seen the oil and gas ramp up? Are you seeing an acceleration in those amounts in the last ten years, or even in the last two or three years?

Ms. Vivian Krause: A huge increase, yes.

The first comment I wanted to make was that the main reason I say that environmental activism isn't what it used to be is because if you look back over the last ten years, in the late 1990s the average grant might have been $50,000. You saw lots of grants for $10,000 or $12,000, or even less than $10,000. By the mid-1990s, you see half-a-million-dollar grants are not at all unusual. Now, it's not at all unusual to see million-dollar or multi-million-dollar grants in a single grant. So we've gone from five-digits to six-digits to seven-digit grants. That's what I see.

For instance, one foundation, the Tides Canada Foundation, in 2001 had assets of $1 million. Now they have assets of $33 million. How do they go from $1 million in assets to $33 million? You can do quite a bit with the earnings off $33 million.

To give you an example from the Hewlett Foundation, in 2004 they paid Tides Canada $70,000 to develop, and I quote, “a strategic plan to address oil and gas development in B.C.”. I'd like to know what was that strategic plan. Since then, in the last four years.... After $70,000 in 2004, then $250,000, then $1.5 million in 2007, the next year it went from $1.5 million to $3 million, and then the last two years $2 million, and this year $2.4 million.

So yes, we have seen a very, very steep increase in the funding.

Mr. Mike Allen: Can you comment on one of your slides? It's the one that says $56 million U.S. paid to Tides Canada:

> Since 2003 when Tides Canada got equivalency status in the U.S., Tides Canada can re-grant U.S. funds in the name of Tides Canada.

How does that process work on that regranting?

Ms. Vivian Krause: My understanding, to the best of my knowledge, is that Tides Canada has essentially two entities. In Canada there are two registered charities; one is called the Tides Canada Foundation and one is called the Tides Canada Initiative Society. The Tides Canada Foundation has equivalency status in the U.S. They file tax returns with the IRS. So American charitable foundations can make grants to Tides Canada Foundation. Tides Canada Foundation then regrants a part of that money to itself, to the Tides Canada Initiative Society. Then, when Tides Canada Foundation makes grants in Canada, they're made in the name of Tides Canada. So you don't know, for instance, where the grants originated.

I think it's really important to look at what some of the grants were actually for. For instance, $700,000, and I quote, “to slow the expansion of tar sands production by stopping new infrastructure development”. I'd like to know.... For example, the water quality research that was done on the impact of the oil sands on the Athabasca River was done at the same university, funded by the same organization, Tides, published in the same journal, and publicized in the same journal as another set of research that has been used to thwart the salmon farming industry. It's important to know: Is that research funded as part and parcel of a demarketing campaign?

● (1300)

The Chair: I'm sorry, Mr. Allen, you're out of time.

I'd like to thank all three of you for coming today. The information you've provided to the committee is very helpful indeed. Jessie Inman, Ian Potter, and Vivian Krause, thank you.

We're finished with our meeting for today.

The meeting is adjourned.

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