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## Standing Committee on Natural Resources

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EVIDENCE

**Thursday, December 9, 2010**

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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.

As you know, we're here today to continue our study of energy security in Canada. We have two panels today. For the first panel, we have, from the Northern Gateway Alliance, Colin Kinsley, chairman, and from the Coastal First Nations, Art Sterritt, executive director, Great Bear Initiative.

Welcome to both of you.

In the second panel, we have three witnesses, all by video conference. That will be interesting. We've never tried that before, so I'm looking forward to that.

Let's get on with the panel. We'll have the presentations in the order they are listed on the agenda.

We'll start with the Northern Gateway Alliance.

Mr. Kinsley, go ahead, please, for up to seven minutes.

**Mr. Colin Kinsley (Chairman, Northern Gateway Alliance):**  
Thank you, *monsieur le président*.

Gentlemen, it's my pleasure to be here this morning to present on behalf of the Enbridge Northern Gateway Alliance. Simply put, it's a group of community leaders—elected officials, mayors, regional district chairs and others, community leaders from chambers of commerce, and some labour groups—whose main purpose is to be a voice to the membership and to keep them apprised of the project as it goes forward through the joint review panel.

First, if I may just share this with the panel, Enbridge is an energy transportation company, one of the largest in North America, and serves industrial, commercial, and retail consumers in Canada and the United States. They operate the longest crude oil pipeline system in the world, with about 15,000 kilometres of pipe, extending from Canada's Northwest Territories to northern Alberta to the American Midwest and all the way down to Oklahoma. They also transport natural gas. They have an extensive and growing portfolio of renewable and green energy generation facilities in both Canada and the United States.

The purpose of Enbridge's Northern Gateway pipeline project is to have strategic access to Canada's west coast. National Energy Board data from 2009 shows us that less than 1% of Canada's petroleum exports went anywhere other than the United States, yet just a little more than a thousand kilometres west of us—with the world's largest

industry resources—is a coastline that is perfectly positioned, strategically and geographically, to connect Canada's petroleum supplies to the growing demand of Asian markets.

Right now, there is little oil flowing west towards those markets. Northern Gateway will change that picture and have a huge strategic impact on Canada. I would like to share with the panel the fact that this is Canada's resource—not Alberta's resource, not B.C.'s, but Canada's. And it's Canada's resources, I would submit, that pay for the health care system we proudly have, for our education system, and for many other of the services that Canadian citizens demand of their leaders.

Northern Gateway provides a much-needed large-volume option for Canadian energy to the Pacific Rim, which includes the U.S. west coast and east Asia. With the only market available to us now being the United States, we are more of a price-taker than a price-maker. The Americans dictate pretty much what our energy is worth and we have no choice as to where that could go. By accessing what is known as the fastest-growing middle class on earth, in China, where their energy needs are vast....

There's an argument that I have heard from time to time, which is that Canadian oil into Asia would in fact increase their greenhouse gas effects and such, and I would submit that this argument is stated by those who haven't been to China. If you see how the Chinese create the bulk of their energy, electric energy in particular.... In my experience—and I have been there more than a dozen times—they produce electricity and community energy with low-grade coal for every part of China, including the far north, Heilongjiang province, in Harbin. The environmental impacts are devastating. Being a proud Canadian from the north, I had never seen grey snow until I went to northern China.

With respect to demand in America and in Asia, I'd like to speak briefly to a paper that David Emerson wrote. David Emerson is a former federal Minister of International Trade and Minister of Foreign Affairs. He noted that of all the G-8 countries, Canada is the one most dependent on trade, and that hitching our wagon to the U. S. alone, which is currently struggling to emerge from what some have called the “great recession”, is not a prudent approach in maintaining our long-term prosperity as a nation.

If we are trade dependent, then let's play to our strengths and foster diversified trade with global trading partners, not just the North American markets. This will help insulate our nation from economic challenges that any single market might experience.

Coming from Prince George—one of the wood capitals of the world, I would submit—we know what devastation occurred when we relied on one marketplace for our softwood lumber products. When the U.S. housing market collapsed, our forestry industry faced almost the same fate.

Also, in considering Canada's west coast and the Pacific Rim, the geographical fact is that Canada's west coast ports are two days closer to the Far East than other ports in North America and South America. That's an important consideration in a world where competitiveness in our supply chain is defining our success factor. Our nation's Pacific advantage is clear.

Another advantage we have is our world-class energy advantage. A Northern Gateway pipeline is an opportunity to marry these two fundamental global competitive advantages for the long-term benefit of the nation, both strategically and economically. In very broad strokes, that's the strategic case for the Northern Gateway.

Now, let me take you very quickly through some of the aspects of the project. It comprises two parallel pipelines extending 1,172 kilometres from Edmonton, Alberta, to a marine terminal at Kitimat, British Columbia. The projected cost in 2010 dollars is \$5.5 billion.

The 36-inch westbound oil line will have a capacity of 525,000 barrels per day from Edmonton to Kitimat. A 20-inch returning line to the east will carry condensate. Condensate is a product used to distill the oil to make it flow better—think of it almost like paint thinner. It will deliver 193,000 barrels of condensate from Kitimat to the industry in Edmonton. Today that condensate comes from various countries. It's a derivative of natural gas. It's delivered to Kitimat in tankers—and has been for 25 years—put on railcars, and shipped from Kitimat to Edmonton to be used in the industry.

Next I'll talk very quickly about the regulatory review process. A joint review panel was established with consultation between the National Energy Board and Enbridge. The joint review panel was chosen because it also brings in the Canadian Environmental Assessment Agency, so there can be a parallel discussion on the national interest and the environmental concerns that will be raised.

The initial filing has been done and the JRP has been formed. They've had some preliminary hearings on how they should proceed. We're waiting to hear when the public hearings will take place and where. These public hearings will take place at least over the next year. The entire review process could take from 18 months to 36 months, depending on the type of extra information required.

In the filing, there are 17,500 pages of geotechnical, geophysical, and first nations issues, from traditional use to traditional medicines, and those types of things. Through this review process, Enbridge will most likely be given more requests to find and submit information as it goes forward.

When and if the approval to construct is given, there will be about a three-year construction period. That will impact every community from Edmonton to Kitimat because of local procurement, first nations procurement, and opportunities.

The opportunities are vast. The stakes are high. It's a Canadian issue. And I appreciate being here today because it needs Canadian attention.

Thank you, Mr. Chairman and gentlemen.

• (1110)

**The Chair:** Thank you very much, Mr. Kinsley, for your presentation. I'm sure you'll have questions directed at you later.

We'll go now by video conference to Art Sterritt, executive director of the Great Bear Initiative, from the Coastal First Nations.

Go ahead, for up to seven minutes.

**Mr. Art Sterritt (Executive Director, Great Bear Initiative, Coastal First Nations):** Good morning, gentlemen, and thank you for inviting me to present to you.

As you said, I'm the executive director of the Coastal First Nations. We are an amalgamation of 10 separate first nations comprising 20,000 members, the vast majority of the population from Rivers Inlet, on the central coast, to the B.C.-Alaska border.

I want to speak to you today about our concerns about energy development in Canada and how it affects us. You have heard other people's concerns about the threats posed to them from oil drilling, shale gas development, and oil sands. We, too, share these concerns.

The marine resources we harvest sustain our communities and our culture. They create who we are. Our future is dependent on these coastal waters. We are the ones who face all the risks but derive few benefits from any such developments.

We are not some not-in-my-back-yard group. We hold constitutionally protected aboriginal and treaty rights that would be seriously threatened by offshore drilling and oil tankers in the waters off the central and north coasts of British Columbia.

Let me be clear. The Coastal First Nations are not against development. We are promoting it. For the past eight years, the Coastal First Nations have brought together industry, the environmental community, and governments, both municipal and provincial, to develop a sustainable economy on the central and north coasts and Haida Gwaii. We've done this to breathe life into our economy and into our rights and our title.

We have raised and invested in excess of \$300 million in this geographic area on things such as building a shellfish industry. We have a partner out of China. I've been to China many times and have seen their industry. In our initiative to try to protect these waters, we have support from the Chinese as well.

These economic initiatives, as well as our rights and title of each nation, are threatened by oil spills. That's why we are firmly opposed to offshore drilling and the introduction of oil tankers as proposed by Enbridge. I don't have to remind you folks that accidents affecting the marine environment do happen—I visited the Gulf of Mexico this summer.

These accidents happen despite government oversight and regulatory control, and despite promises and commitments made by their owners and developers. In other words, we, the Coastal First Nations, will face all the risks.

When I visited the Gulf of Mexico, I found a very disturbing scenario. About half the amount of oil that spilled over these many months in the gulf would be carried by each tanker that plies the waters of Douglas Channel and our coast. The consequences of a catastrophic oil spill on our people cannot be calculated, nor can it be compensated.

I want to remind you that, like in the Arctic, the effects of an oil spill and the difficulties of cleaning it up are problematic on the north coast. We have much higher tides and a much greater chop in the winter than the gulf, but we don't have the cleanup fleet or the micro-organisms that absorb oil in the Gulf of Mexico.

Suffice it to say that the technology, the management, the regulatory regimes, the intergovernmental agreements, the oil spill response capability does not exist to deal with oil spills on the north and central coasts of British Columbia and Haida Gwaii. There is no way that we will be able to clean up an oil spill. The technology we found in the gulf, where all the technology of the world was concentrating on trying to clean up an oil spill, is 1960s technology. Nothing has advanced on this in the last four or five decades.

This is what Coastal First Nations are afraid of. This is why we are opposed to offshore drilling and oil tankers in our water. Out of respect for our rights and our title, the current moratorium on offshore drilling should be maintained, and the informal ban on oil tankers off the north coast of B.C. should be legislated, as the majority of parliamentarians indicated a couple of days ago in Ottawa.

Until first nations are satisfied that such development can be done in a way that doesn't pose an unacceptable risk to them, the National Energy Board should not approve specific projects that will introduce oil tankers on B.C.'s north and central coasts, such as the Enbridge Northern Gateway project.

• (1115)

Further development would require a strategic environmental assessment for the region, such as you heard the chairman of the Canada-Newfoundland and Labrador Offshore Petroleum Board say they conduct before even contemplating any approvals for drilling or exploration. Any such developments also require a regional risk assessment and the kind of inquiry that the National Energy Board is launching with respect to Arctic drilling. You have also heard the suggestion that a commission of inquiry be created, one that deals with oil tankers, offshore oil exploration, and licensing and oil spill response.

Lastly, no oil tanker should be introduced in B.C.'s north and central coasts or the offshore drilling moratorium lifted until the National Energy Board, Transport Canada, and the Government of Canada can satisfy us that an acceptable process is in place to consult with first nations on approving and managing these developments and that government agencies have the financial and human resource capability to deal with catastrophic oil spills. I know that you heard

earlier in the week from a panel that said we don't possess that ability right now.

A full regional study needs to be done for the west coast of B.C. on the consequences to first nations of a catastrophic oil spill, including worst-case scenarios. The National Energy Board and Transport Canada must consult with first nations on any related regulatory standards it uses as part of their so-called goal-oriented regulatory regimes.

And certainly, adequate tanker owners' liability for spill cleanup needs to be addressed, so that Canadian taxpayers do not have to pay for the cost of cleanup and people seeking compensation don't have to go to court, where the oil companies can run them out for decades. Accidents that can cause irreparable harm to first nations constitutionally protected rights can, do, and will happen. This cannot be in the national interest.

We on the coast are the ones who are facing the risks and we are the ones who must be satisfied that the risks are worth taking. Until that happens, offshore drilling and the introduction of oil tankers on the north and central coasts of B.C., through the back door of a project-specific approval such as that of Enbridge, is wrong and totally unacceptable. We are not asking for anything different from what you would want to protect your family if something that threatened them—like an oil refinery or a crack house—was allowed to locate next door to you.

I've been to China on numerous occasions and I don't buy the idea that we need to have a reason to send oil to China just to raise the price of oil. The last time I looked, the most lucrative industry on planet earth was the oil industry, and they don't need any help making any more money at the expense of the rest of us.

Enbridge, over the last decade or so, has spilled millions and millions and millions of litres of oil throughout North America. Coastal First Nations find it unacceptable that they are proposing to do that in our areas and that first nations in the interior of B.C. find it acceptable that they propose to do it there.

Thank you. I look forward to your questions.

• (1120)

**The Chair:** Thank you very much, Mr. Sterritt.

We'll go now directly to questioning, starting with the official opposition.

Mr. Tonks, you have up to seven minutes. Go ahead, please.

**Mr. Alan Tonks (York South—Weston, Lib.):** Thank you very much.

Thank you once again to our deputations for the testimony you've given.

My question is for Mr. Sterritt. You heard Mr. Kinsley talk about the environmental assessment, and you also heard him talk about the issues related to a parallel pipeline to transport condensate, which is required for the development of the bitumen. You have heard him say that at present the traffic in condensate is carried by tanker, and we obviously are very concerned about your testimony with respect to emergency response and so on.

Could you tell the committee whether you are satisfied with the terms of the environmental assessment that have been described? Because that seems to be a very immediate concern to you, on behalf of the first nations. Are you satisfied? He has indicated that there will be thousands of pages of technical data and so on and so forth. Have you been brought into preliminary discussions on how the terms of reference for the EA will be prepared and what your opportunity for input is? Have you been given any funding, if you will, to be part of that process?

**The Chair:** Mr. Sterritt, go ahead.

**Mr. Art Sterritt:** Yes, we have. We applied and received funding to be engaged in that review process. We have written briefs to the panel indicating what we consider to be the many deficiencies that are evident within the report. With reference to the pipeline, the condensate and all of that, the issue with Coastal First Nations is about crude oil, crude in the true sense, when we talk about crude oil coming out of the tar sands.

Our issue is not about trying to shut down the tar sands. Our issue is about allowing crude oil to be introduced to our coast in a way that would jeopardize what we have there now. Coastal First Nations and others currently have 17,000 to 20,000 jobs that are dependent on a healthy coast. There is nothing in this review that is going to show us that Canada or British Columbia or any oil company has the capability of cleaning up a spill of crude oil.

Now, on the difference between crude oil and the condensate that's moving in right now, we're not particularly happy with the condensate that's coming in right now; however, it can be cleaned up to a certain extent. For crude oil, it would be impossible, based on the technology that exists for this today.

I hope that answers your question.

•(1125)

**Mr. Alan Tonks:** That's very good. Thank you, Mr. Sterritt.

As a follow-up to that, I guess, you've talked about the 1960s technology with respect to the response if there were a spill and to the impact it would have, for example, on shellfish production and so on. That production is adding huge value to the first nations that you speak on behalf of. In regard to the environmental assessment, has the joint panel also included that as part of the terms of reference for the environmental assessment?

**Mr. Art Sterritt:** From our perspective, they have not done a risk assessment of everything that would happen in the case of a spill. What they're doing is trying to show us that there is some kind of technology out there, that Canada is ready for a spill. Really, the report that came out in Ottawa earlier in the week I think is the definitive statement on that: this kind of technology doesn't exist.

When I was in the Gulf of Mexico, I went right out into the gulf area with the head of the Louisiana Shrimp Association, a fellow

who worked in the oil industry for decades. When we went out there and looked, we saw were billions and billions of dollars' worth of vessels that were anchored up. We were out there in an 18-foot skiff in a two-foot chop. They were anchored because they couldn't skim oil because of this two-foot chop.

They only have two-foot tides in the gulf. We have 24-foot tides in Douglas Channel, where they're proposing to do this. On any good sunny, calm day, tide slop in our area can exceed that. So this oil, if there were ever a spill, would literally coat the whole coast of British Columbia in a very short period of time. This is the major concern we have: that we do not have the technology.

I give the oil industry absolute credit for being able to move oil faster and further and dig deeper to get it, but they have not spent the resources necessary to clean up a spill when it happens. And it does happen, as we have seen over the last six or eight months.

**Mr. Alan Tonks:** Thank you for that, Mr. Sterritt.

I have just one question, then, for Mr. Kinsley.

Mr. Kinsley, with respect to the preliminary preparation on the EA, you've listened to Mr. Sterritt's concerns, and you've heard that they're not fundamentally opposed to the added value and so on. What is your response to the concerns they raise, particularly in terms of technical response?

**Mr. Colin Kinsley:** I'm not technically expert in those fields. I certainly respect the comments of Mr. Sterritt, and I understand them. It just so happens that the Douglas Channel has been kind of my second home for 30 years, too, because of the pleasure of fishing, crabbing, and prawning out there. I know it extremely well.

I've read extensively on this project, and from the information I have, and from what I know exists out there, spill response is not where it should be right now. In fact, Mr. Sterritt would probably agree that since the sinking of the ferry that struck Gil Island, emergency response has not changed on the northwest coast of British Columbia. The spill response comes out of Kitimat.

Under Enbridge's proposal, the entire coastal region response and emergency preparedness will grow, and it will employ first nations along the channel to do that emergency response. This will actually enhance what exists, because the transportation of oil takes place now, too, albeit in smaller ways, even into Haida Gwaii. Some million gallons a year of diesel goes in to feed the oil electric generation plants and also some coastal villages up and down the B. C. coast because they're not on the grid.

So this type of activity takes place all the time, and this proposal will enhance it, and not only on the spill response. As you know, in health care, staying healthy is more important than trying to get healthy after you're sick. To that end, this proposal, again, will make the coast safer because radar will be introduced. There will be better weather monitoring, better buoys. The speeds will be altered. Weather conditions will be put in. It has been proven that the tugs that are going to be designed and built in British Columbia to be tethered to these tankers can actually stop a tanker or steer a tanker if it loses rudder control or power.

I can't dispute what Mr. Sterritt was saying exists today, but I can argue, I think, that a project such as this will enhance not only what will be coming but what is there now. When you talk about what's taking place now, there's a 50-kilometre exclusion zone on the outside of Haida Gwaii, from Alaska to Cherry Point down in Washington State. About 350 tankers a year go down there and have for many years.

The 50-kilometre exclusion zone is there because there are no rescue tugs anywhere along that sphere, so if a tanker were to get in trouble off the coast of British Columbia, Haida Gwaii or otherwise, the rescue tug would have to come from Alaska or Washington State. Under this plan, they will be closer to home and they will be locally operated. It's amazing how it will change this.

• (1130)

**Mr. Alan Tonks:** Thank you.

**The Chair:** Thank you very much, Mr. Tonks.

Witnesses, the next questioning will be in French, so if you need interpretation, you can make it available.

Monsieur Pomerleau, please, for up to seven minutes.

[*Translation*]

**Mr. Roger Pomerleau (Drummond, BQ):** Good point! Thank you, Mr. Chairman.

**Some hon. members:** Oh, oh!

[*English*]

**Mr. Colin Kinsley:** Mr. Pomerleau, I may get it if you go real slow. I had high school French for years.

[*Translation*]

**Mr. Roger Pomerleau:** Thank you to both of you for being here today to help us with the study we have undertaken.

Mr. Kinsley, most of the arguments you have presented today are based on economics and make sense. You claim that we must turn towards Asia to find new markets for western oil, and that it is not a good thing to have only a single client. Because as it now stands, we depend entirely on that single client to set the price he is willing to pay, whereas if we had several clients, we could get a better price.

I completely agree with you, that's true. This is an economic argument and I believe that other arguments can be made in the study we have undertaken. Other arguments include the one made by Mr. Sterritt regarding the rights of aboriginals, whose lands will be affected. Of course, natural resources fall under provincial jurisdiction, but aboriginal rights fall under Ottawa's jurisdiction. I wanted to frame the issue this way.

You know that Quebec had the same problem which you will or might be faced with, as well. We wanted to develop hydroelectricity in northern Quebec on native land. We built power plants on the lands of the Cree, the Naskapi and the Inuit. Legally, you cannot build something on your neighbour's land without first obtaining his consent to be absolutely sure that you have the right to do so. This is why in Quebec, we signed an agreement with the aboriginal nations—which took a long time to negotiate—and which is called the James Bay and Northern Quebec Agreement. Canada was involved, that is, the federal government, of course, because it is the trustee of aboriginal rights. Therefore, we worked very hard, very specifically, over a very long time, to meet the needs of aboriginal people, to meet the needs of those who wanted to build the power stations, and to meet the needs of the federal government, since it is responsible for protecting the rights of aboriginal people in the long run. We ultimately signed an agreement which was recognized as being an extraordinary one, since it was one of the first major agreements we signed with aboriginal people.

So if you want to send oil through a pipeline over native land, what kind of long-term, well thought-out and detailed agreement have you begun to undertake, or are thinking of undertaking, with the aboriginal people who will be affected?

[*English*]

**The Chair:** Go ahead, Mr. Kinsley.

**Mr. Colin Kinsley:** *Merci, monsieur Pomerleau.*

The discussions with first nations—and there are some 50 of them, including aboriginal and Métis, along the proposed corridor—have been ongoing for several years. Protocol agreements have been signed with 30 of the various aboriginal groups out of about 50, and discussions are going on with others. Many more may sign on, because the approach has been, first of all, to engage first nations experts on gathering traditional knowledge, such as the use of the land, ceremonial sites, traditional medicines and those kinds of things, and other traditional uses as they go along the corridor.

To give you a very quick description, the corridor right now is a kilometre wide for identification purposes and geotechnical studies. The construction right-of-way will be 50 metres wide. The end right-of-way will be 25 metres wide. Everything will be returned to its natural state except on that final 25 metres.

What has taken place with aboriginal people is discussion on an equity position. There are going to be 40 units of economic opportunity for the first nations, funded by Enbridge, so it's about 10% of the value of the pipeline. It's in the millions of dollars. The financing will be conducted by Enbridge for the nations because, as you probably know, a lot of first nations don't have the financial capacity to put in their own funds. This will be paid back through their share of revenue on the pipeline.

In addition to that opportunity, they will have opportunities for procurement, provision of services, and training. There's a plan in place. Discussions have been going on for two years with Northwest Community College in Terrace, which is about 150 miles northwest of the proposed line, with the College of New Caledonia in Prince George, with Northern Lights College in Dawson Creek, and with the University of Northern British Columbia, with its main campus in Prince George.

This is to identify what employers will need: the types of employees and the kind of training they'll require. The opportunity has been given for first nations to participate in that. First nations chiefs and councils have been consulted with for some time. Not all, of course, are in agreement, and some have actually not had consultation because they have chosen not to.

So the job before Enbridge and the development team is of course to earn the trust of those first nations, to earn a social license with them, and to have acceptance to cross their traditional territories. In my previous life, I was the mayor of Prince George for 12 years and chairman for several years of the regional district—which takes in a large rural area—and we had incredible relationships with our first nation neighbours.

Three of the chiefs I have consulted with are very open to participating in this. The resistance grows the further west we go. We recognize fully that the introduction of the pipeline industry is new west of Prince George. There are three lines that come down out of northeastern British Columbia through Prince George to serve the southern coast, Vancouver, and the Lower Mainland. There's only one small gas line that runs from Prince George west to Kitimat. It's Pacific Northern Gas, supplying natural gas.

It's new, and there is a challenge, but the fact remains that we feel the economic opportunity, the educational opportunity, and the lifelong opportunity for first nations are there, and the partnerships are being developed. I think they will be developed over the next six months or so to where we need to be to receive that social license.

• (1135)

**The Chair:** Monsieur Pomerleau, your time is up.

Mr. Cullen, you have up to seven minutes.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Thank you.

Thank you to both gentlemen for being here today.

Mr. Kinsley, we're studying energy security. Has your group endeavoured to understand the job loss potential for moving unprocessed bitumen out of Alberta through the Enbridge pipeline?

**Mr. Colin Kinsley:** I'm sorry, but are you making reference to it not being upgraded in Alberta? No, because from my understanding.... Again, I chair the alliance, which is an advocate to see it go through the process as opposed to the project itself.... But in talking with Mayor Mandel of Edmonton and other people who have asked this same question of me about upgrading, the market isn't there for upgraded areas, so the opportunity is to sell our product to new markets.

**Mr. Nathan Cullen:** This was asked of witnesses previously. In terms of funding, who funds the Northern Gateway Alliance?

**Mr. Colin Kinsley:** The Northern Gateway Alliance is funded by Enbridge. I have a small consulting firm and I was contracted to chair the alliance on a part-time basis. I'm the only one who is paid in that capacity. But in the spirit of full disclosure, I do get some administrative help from both the corporate office in Calgary and the operations office in Edmonton.

• (1140)

**Mr. Nathan Cullen:** This has been noted by the current mayor, your successor, Mayor Rogers, and I'm quoting the mayor here: "I think that everyone understands that is participating is that it's being driven by Enbridge. No surprises there. It's PR strategy".

Would you disagree with the mayor of Prince George?

**Mr. Colin Kinsley:** Well, yes and no. As you can appreciate, Mayor Rogers was on my council with me for nine years. What I would say to that is that I don't see it as public relations; I see it as public information so that mayors such as Mayor Rogers, the mayor of Dawson Creek, and the mayor of Prince Rupert can be included in all the latest information.

**Mr. Nathan Cullen:** The mayor of Terrace pulled out of the community advisory board, saying that it was fraught with conflict of interest and he couldn't participate. Recently, a mayor from Kitimat, which this project is supposedly meant to mostly benefit, said, and I'm quoting again:

Throughout this time the group was changing, the vacant chairs w[ere] being filled, new faces appeared around the table but not one citizen of Kitimat, only companies set to make a profit. The CAB is now ostensibly made up of project supporters from the Lower Mainland, from Terrace, with a few from Kitimat, including our EDO, with the remaining being Enbridge staff.

Furthermore, I don't know how you can call what remains "a Community Advisory Board" when most members are from out of town and the region.

Enbridge set up these community advisory boards. Is that correct?

**Mr. Colin Kinsley:** The community advisory boards have been in existence—and I think they're on round seven—for about a year and a half. Just to correct you, Mr. Cullen, that was not the mayor of Kitimat. The mayor is Joanne Monaghan. That was a—

**Mr. Nathan Cullen:** Oh, no, I wasn't quoting the mayor of Kitimat.

**Mr. Colin Kinsley:** I thought you said the mayor.

**Mr. Nathan Cullen:** The mayor of Terrace pulled out of the community advisory board—

**Mr. Colin Kinsley:** Yes, I heard that, but then—

**Mr. Nathan Cullen:** —and a councillor from Kitimat.

**Mr. Colin Kinsley:** —I thought you said the mayor of Kitimat. That's Randy Halyk. He sat on the board. That's a personal decision of his to remove...and those are his thoughts.

**Mr. Nathan Cullen:** Sure.

I just want to clarify a quote you said earlier. Did you say that Americans dictate the price of our energy?

**Mr. Colin Kinsley:** On our oil, it's our only marketplace: 99% of our oil goes there.

**Mr. Nathan Cullen:** It's so strange because we're talking about energy security here and we've had oil companies in front of this committee talking about how this is a globally traded commodity and Americans don't control the price. The market controls the price.

You said in an open letter to members of Parliament, which you signed here, and went into a lot of national papers.... I assume Enbridge paid for this as well.

**Mr. Colin Kinsley:** That's correct. That's right.

**Mr. Nathan Cullen:** You said, "Don't be fooled by unsubstantiated hype and outright deceit". Were you talking about anyone in particular in terms of the deceit?

**Mr. Colin Kinsley:** No. There's a general theme that has been brought to my attention—because I actually have an e-mail address as the chair of the alliance—with some claims and stuff that, in my view, are wrong.

**Mr. Nathan Cullen:** Enbridge has said in its application that it can't be responsible for shipping liability. Is that true?

**Mr. Colin Kinsley:** I would understand that once the product, any product, is put on a ship, it becomes the responsibility of the shipper.

**Mr. Nathan Cullen:** Enbridge is a pipeline company.

**Mr. Colin Kinsley:** That's right.

**Mr. Nathan Cullen:** Raw logs—

**Mr. Colin Kinsley:** But under this proposal, Enbridge will vet who those carriers are. They'll have to meet the standards set out by Canada and Enbridge before that product could be put on the ships.

**Mr. Nathan Cullen:** You travel Highway 16 quite a bit.

**Mr. Colin Kinsley:** A lot.

**Mr. Nathan Cullen:** You've seen what's happened to our forestry sector in terms of mills closing and communities being hurt.

**Mr. Colin Kinsley:** Absolutely.

**Mr. Nathan Cullen:** Did raw log exports help or hurt the upgrading manufacturing, the value-added industry in forestry, in British Columbia in particular?

**Mr. Colin Kinsley:** Well, I have friends in the logging business in the Terrace region. There are no mills open, and now the mill in Rupert has closed down. I would suggest that the raw log exports have helped, because maybe the mill workers aren't working but the loggers are. Would you have everybody out of work?

**Mr. Nathan Cullen:** That's an interesting notion.

We invited Enbridge to the committee. They chose not to attend today. We've asked for clarification. They've declared publicly and to me privately—I'm sure to you as well—that they were able to raise \$100 million for the promotion of the Enbridge gateway pipeline project, but they won't tell us from whom.

Are you aware of where the money has come from?

**Mr. Colin Kinsley:** No. There are unitholders on a proposal, and as I think any fair-minded person would know, they're not going to

divulge who those people are who are funding a review process, if you will, a project. There's no licence and over \$100 million will be spent preparing for the submission.

**Mr. Nathan Cullen:** Mr. Sterritt, across British Columbia, can we allocate a percentage of what public and official declarations first nations have made with respect to the export of 500,000 barrels a day of raw bitumen down the Enbridge pipeline to Kitimat?

● (1145)

**Mr. Art Sterritt:** The percentage of first nations who are against this project right now, from our perspective, has been just about 100%. The Union of BC Indian Chiefs, the First Nations Summit, the Fraser tribes, and the coastal tribes have all declared that they're opposed to this project.

I want the committee to be aware that the fact that Enbridge may or may not have entered into protocols with certain first nations is not an indication of support. Protocols are a requirement that proponents are encouraged to enter into with first nations to try to develop relationships. Indeed, five years ago, Coastal First Nations entered into a protocol with Enbridge itself, and we're opposed.

I know for a fact that there is not one first nation in British Columbia that supports the Enbridge Northern Gateway project.

I'm not sure whether that answers your question, Nathan.

**Mr. Nathan Cullen:** Yes.

Mr. Sterritt, just to be clear—

**The Chair:** Mr. Cullen, I'm sorry, but your time is up.

**Mr. Nathan Cullen:** Thank you.

**The Chair:** By the way, I just want to mention, Mr. Cullen, that I think you indicated that Enbridge had declined to come. That's not true. They were invited. They haven't responded yet. If we choose to extend this study, which I want a 15-minute discussion about at the end of Tuesday's meeting, they may well, with more time, decide to come. That will be determined.

**Mr. Nathan Cullen:** That would be excellent. Thank you for clarifying, Chair.

**The Chair:** I just wanted to correct that.

We'll go to Mr. Harris for up to seven minutes.

**Mr. Richard Harris (Cariboo—Prince George, CPC):** Thank you, Mr. Chair.

I'm sure that was an oversight by Mr. Cullen in his remarks.

Mr. Kinsley, it's nice to see you here today.

I want to try to focus and see whether I have it right on the exhaustive environmental review process that this has to go through before even one shovel goes into the ground for the pipeline.

But also, it's my understanding that the tanker ships we're talking about are beyond world class from the safety point of view, with double or triple hulls, compartmentalization, and every possible safety feature to guard against a major spill in the event of going onto a rock or something like that. Now, when you add to that the GPS technology, which I'm not an expert in either, I am led to understand that this can track a 400- or 500-foot ship within inches of where they are on their route. Then you add to that the tug boats, which will be mandatory to guide the ships out of the channels, and you add to that the commitment for the vastly increased spill response commitments that Enbridge is going to be obligated to commit to and to keep.

If some day the sky is going fall and the world is going to end, somehow, in this particular case, I think the likelihood of an accident—anything that it is presupposed could happen—is being looked after now, so that if, God forbid, anything ever does happen, and it may not ever, for sure....

But Mr. Cullen and Mr. Sterritt don't seem to recognize all of these precautions, processes, regulations, compliances, and obligations that are put in place before even one shovel goes into the ground, let alone one drop of oil.... Can you comment on this?

I'm sorry—I took too long.

**Mr. Colin Kinsley:** Mr. Chairman, if I have the leeway, I could comment on the industry, because also in my previous life I was in the pipeline industry and a construction superintendent for northern British Columbia with BC Gas.

Everything has changed. For the pipe integrity, right from the factories in Regina now, it's a whole new process in how the steel is produced and how the pipe is made. We used to wrap the pipe for corrosion protection with tar paper. It's now epoxied right onto the pipe. That's the same thing.... I would speak very briefly. Almost 22 years ago, the *Exxon Valdez* disaster in Prince William Sound was an incredible environmental disaster, there's no question. It hasn't happened since, because the rules changed the next day.

One good thing about us as humankind is that we learn from our mistakes. Some 90% of the world's oil moves around on tankers. They're taking it to the tankers by pipeline. I hope our technical people come to supply the technical stuff on the numbers. The volumes of oil on a chart go upwards, and the incidents have gone down, because we learn. It's a changed world.

There was a report done. Unfortunately, I only perused it, because it was quite lengthy. The occurrence for a spill was one in two hundred years or something like that. Mr. Sterritt talked about the worst-case scenario, and I think it was like a perfect storm; it was about one in two thousand. Those technical numbers are available to the committee through the submission that Enbridge has already made to the JRP.

• (1150)

**Mr. Richard Harris:** Mr. Cullen talks about things that need to be done before tanker traffic could ever conceivably be operated and the pipeline built. My understanding is that there is a commitment, not

only by the regulators that this must be done, but also by the proponents: that they understand this is an obligation before anything happens.

**Mr. Colin Kinsley:** Absolutely. Enbridge is a transportation company. Think of it as a trucking company without the wheels and tires. It's a pipeline. They need to get the product that they've contracted for from a producer to a customer. Every drop has to get there. That's how shareholder value is built; that's how profits are generated. They're not in the business of taking shortcuts to do that. This will be done not only to Canada's world-class standards. It will be done to Enbridge world-class operational guidelines.

**Mr. Richard Harris:** Just to be clear, this is not simply about a project going on to benefit Alberta and the areas of British Columbia and the west coast. This project in fact is part of the Canadian economy. This will contribute tax dollars to the federal coffers, as well as the provincial coffers, to be part of paying for every single spending program we have, including every social program, every employment assistance program, every educational program, and every health program. Every program you can imagine that's funded by the federal or provincial government can only come from one source and that's from tax revenue.

While folks like Mr. Cullen want to keep his area of the province in the global recession that we're nicely coming out of in the rest of Canada, I would like to think that the job opportunities and the economic benefits that could be provided to the communities along this proposed pipeline could be tremendous, and I suggest that they're perhaps not giving enough attention to that.

**Mr. Colin Kinsley:** The numbers are huge, but the one that's closest to my heart relates to local government. The local government taxation—municipal taxes—to pay for municipal services such as solid-waste management, 9-1-1 response, regional parks, and all of those kinds of things, will be in the neighbourhood, over the 30-year economic lifespan of a pipeline, of almost \$1 billion. That will go to small and large communities all the way from Bruderheim, Alberta, to Kitimat, B.C.

**Mr. Richard Harris:** Thank you.

**The Chair:** Thank you, Mr. Harris.

We have three witnesses by video conference in the second half of our meeting. It will take a bit longer to set it up, so we're going to break a bit early in this session.

Thank you very much, Mr. Kinsley, and thank you very much, Mr. Sterritt, for appearing before our committee today. We very much appreciate it.

We'll suspend the meeting now for a couple of minutes as we get set up for the second panel.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
- 
- (1200)

**The Chair:** We'll resume our meeting now on energy security.

The second panel involves three witnesses coming to us by video conference. The first is from Prince Rupert, British Columbia, from the United Fishermen and Allied Workers' Union—Canadian Auto Workers, Arnold Nagy, president of Local 31.

Go ahead, please, Mr. Nagy, for up to seven minutes.

**Mr. Arnold Nagy (President, Local 31, United Fishermen and Allied Workers' Union - Canadian Auto Workers):** Thanks to you, Mr. Chair, and also to the rest of the committee, for allowing me to speak to you today.

My name is Arnold Nagy. I'm here on behalf of the United Fishermen and Allied Workers' Union—Canadian Auto Workers.

I have worked in the fishing industry for the past 32 years. I am the president of Local 31 of our union and also the chair of its environment committee. All the work done by our environment committee is done on a volunteer basis. Any costs are fully paid for by our membership from the dues we collect from them.

- (1205)

The fishing industry has been the one economic constant on the north coast for over 100 years, providing employment to countless generations of shore workers and fishermen. These plant workers and fishermen don't come only from the community of Prince Rupert where I live. Many also come from the surrounding first nation and non-first-nations communities, including some that are hundreds of miles up the Skeena River.

On average, the fishing industry provides \$135 million a year to the economies of these areas. With the collapse of the forest industry in British Columbia, the fishing industry is now the largest private employer in the north and central coasts of British Columbia.

The UFAWU has for many years defended both the freshwater and marine environments that our fisheries depend on. Whether it has been pesticide spraying, forestry practices, offshore oil and gas exploration, coal-bed methane drilling, or dams on important rivers, we have been standing up for the environment of our fish resource, which we depend on to make our living. That is why we are presenting our concerns to you today.

I once again find myself having to put forward our position in order to make sure our concerns are heard. We are witnessing an unprecedented gold rush mentality in the north that threatens the future of the fishing industry, the many coastal communities that depend on it, and the people who work in it.

Over the years, we have witnessed many proposals that pose risks to the Skeena River and the surrounding areas, where salmon runs could be wiped out forever. Every time we have raised our concerns, we have been called fearmongers or accused of spreading misinformation. I would suggest that protecting our livelihoods and the environment we depend on is the responsible thing to do if we wish to preserve this industry for future generations.

Proposals have recently been put forward by Shell to drill for coal-bed methane at the confluence of the Nass, the Stikine, and the Skeena Rivers; it is also known as the Klappan or Sacred Headwaters. One accident on this proposed project would wipe out three high-producing salmon rivers and ruin the livelihoods of everyone who depends on these rivers to make their living. The tourism industry, the guides, the entire northern commercial fishing industry—all these would be wiped out.

Today, once again, the issue of pipelines and oil tankers has raised its ugly head, with little concern for the local economies and the industries that would be affected by an accident. The bottom line is to build the two pipelines and move bitumen to Kitimat, to be loaded onto oil tankers along with condensate and shipped to Alberta at whatever cost.

I find it interesting, but not surprising, to hear those interested in seeing an oil port in Kitimat trying to sell us on the safety of these proposals, even while Mr. Scott Vaughan, Commissioner of the Environment and Sustainable Development, raises the alarm that Canada cannot deal with a major oil spill emanating from a tanker. He was troubled by the government's lack of readiness, given that one oil spill is reported to the Canadian Coast Guard every day.

- (1210)

Mr. Chairman, these jobs in the fishing industry are permanent, high-paying jobs that employ thousands of British Columbia residents. The pipeline jobs will create short-term construction, but after they are done, there will not be many full-time jobs created by any projects of this kind.

Does it really make sense not to take a serious look at how we are being caught up in this gold rush mentality to maximize profits at any cost? I would suggest not. We must be willing to approach these issues with the common sense that is required to protect our environment and the many communities that will be affected by the decisions made. We have paid a very heavy economic price to rebuild our salmon resource and other fish resources here in the north, and our communities cannot afford another economic hit, which we will take if the commercial fishery is damaged.

As a member of the Haida nations, I can say that the fishing industry has been an important part of my family's history for well over 100 years and the fisheries resource for well over 10,000 years. I raise this issue because the issue of compensation always raises its head as the way to alleviate the fear of any spills or damage to the environment when an accident occurs. I have spent many a night thinking about this question and trying to figure out something that nobody is willing to answer.

The question is, Mr. Chair, when an accident happens, how is money going to compensate the first nations peoples for 10,000 years of culture that has been destroyed? As I say, I cannot find the answer, and I cannot find anybody willing to give me that answer.

Secondly, we in the fishing industry do not want to live off compensation payments. We want to catch fish. We want to process them in our plants. That's what we do best, and that's why we are the best in the world at what we do. The Canadian canned salmon market fish is the best in the world and is considered so. The Skeena River sockeye is the only can of fish that has its own identity code. It is identified as fish caught in the Skeena River because of the supreme quality of the product going into that can.

Working in the fishing industry is a job we want to do for many generations to come, and we want to be able to pass it on to future generations. We have the opportunity today to help inform you of our concerns so you can help us to protect our livelihoods and understand our concerns in that regard.

As Canadians, we cannot afford to follow the gold rush mentality we are all witnessing. We have to be able to take back control, step back, and make sure that our future communities and livelihoods are not put at risk to increase the profit margin of shareholders or big companies.

I have been accused in the past, Mr. Chair, of being used to further American interests to access our oil by working to have oil tanker bans and by working against the Enbridge pipeline project. I would like to assure the committee that this is the farthest thing from what I am working towards. My concern is to stand up for the communities and the industry in which I make my living, and for the environment, a healthy environment that provides these economic opportunities in the community I live in.

I would like to let the committee know that I also work as a longshoreman in the Port of Prince Rupert. We depend on the shipping industry for that work. I would like to let you know that I have received nothing but good comments from the people I work with at Maher Terminals on the efforts we are making in our union to raise the issue of our coastal communities and to protect them, their economies, and the environment on which we all depend so much here in the north.

Mr. Chair, the first nations say that you cannot separate fish from people. The well-being of our communities and that of the sea are inseparable. Fishermen say that the sea is part of their soul.

Commercial fishery members are optimistic that sanity will prevail and that our communities will continue to profit from an unspoiled marine habitat, abundant fish stocks, and healthy fisheries for many generations to come.

•(1215)

In closing, Mr. Chair, I'd like to thank you for your time in allowing me to speak on this issue.

**The Chair:** Thank you, Mr. Nagy, for your presentation, and thank you for taking the time to be with us today.

The second witness is by video conference as well. From Calgary, Alberta, from the Canadian Energy Pipeline Association, we have

Brenda Kenny, president and chief executive officer. As soon as we get you on the video, we'll ask you to start, Ms. Kenny.

**Ms. Brenda Kenny (President and Chief Executive Officer, Canadian Energy Pipeline Association):** Thank you.

**The Chair:** Okay. We have you now. Go ahead with your presentation, please.

**Ms. Brenda Kenny:** Thank you very much.

**The Chair:** Excuse me. Before we can allow you to speak, you're going to have to take that Calgary Flames logo down, because I simply can't live with that.

**Some hon. members:** Oh, oh!

**The Chair:** Go ahead, please.

**An hon. member:** I'm starting the questions afterwards and I'm from Montreal if you want to have fun.

**Ms. Brenda Kenny:** I haven't been in this room before—

**Some hon. members:** Oh, oh!

**Ms. Brenda Kenny:** —and as soon as I came in this morning, I thought, boy, I hope there aren't any major Senators fans or Leaf fans out there.

In any event, I am here representing the pipeline sector. I'll provide a few perspectives from the pipeline point of view.

Of course, the members I represent with the Canadian Energy Pipeline Association are all of the major oil and gas transmission pipeline companies in Canada. I believe that before the committee this morning are a few slides that you'll have in hard copy. I hope that came through okay. There are some maps and some other photographs that might be useful to you.

If you think about movement of energy, we're the highways. Across a network of over 100,000 kilometres of large pipelines, we transport virtually all of the oil and natural gas that's produced and used in Canada. Pipelines are by far the safest means to transport large quantities of energy.

We are essential to ensuring Canada's place in a changing global economy. Truly, the interests of CEPA's member companies are critical to the public interest. The energy that we deliver is essential to our survival, be that heat and power in homes, industries, hospitals, or schools. It transports the food that we eat. It transports clean water to our taps every day. It moves people, goods, and information, and ultimately provides an unparalleled quality of life across this nation.

My comments today are from the perspective of the major energy sector, and I want to say that this is rooted in a very strong sense of duty. We have a duty to enable the meeting of energy needs and enabling trade, and an utmost duty to do so with a clear and strong sense of responsibility for safety and environmental protection. We also have a duty to speak out when we see danger signs that affect the Canadian public interest. My remarks today will look at this through the lens of pipelines and will focus on trade, on safety, and on regulation.

First of all, on markets and trade, Canada is and always has been a trading nation, right from our first nations. Indeed, we are the most trade-dependent member of the G-8 group of countries. It means that a huge part of what creates a quality of life for Canadians is tied to trade.

In the west, the strategic importance of Canada's Pacific Gateway strategy is well understood by governments of all stripes and it is very much tied to our past, current, and future prosperity. Energy products are not a new part of that picture.

Canada's situation in the world of energy is unique. This country has unparalleled opportunities. The oil sands, for one, contain 170 billion barrels of oil. That accounts for half of all of the accessible world oil supplies. The energy sector represents about a quarter of all the value on the Toronto Stock Exchange.

Let's keep in mind that is not about big business. That means people. That's pensioners. That's parents saving for kids' education. That's capital to invest in our future. Over the next 25 years, investments in oil sands are expected to spur the creation of some 500,000 jobs and bring in nearly \$491 billion in government revenues.

From a west coast perspective, pipelines represent the opportunity to bring Canada's resources to the world at the same time as contributing to local and regional prosperity. The expanding economies on the west side of the Pacific Ocean—including China, Japan, and India—need energy, and Canada must compete with other energy providers. Ensuring these markets are open to Canada will provide critical diversity in this trade-dependent economy. It will also build and strengthen important new trade relationships that increase Canada's power and influence in the international community. By looking ahead over the next 20 years, pipelines alone intend to invest \$80 billion.

When we consider energy from the point of view of security and sustainability, we have to acknowledge that the long-term interests of this nation ripple across many decades and perhaps centuries. But imagine today if there were no energy delivery at all.

● (1220)

By way of comparison in terms of critical infrastructure, imagine if we had failed to build the CPR railway. I think the map of this nation would undoubtedly be different from what it is today. Or consider the St. Lawrence Seaway and the impact that has had over time. Getting the right infrastructure in place has profound implications not only for today, but for many tomorrows.

Safety is the number one and critical duty and interest for pipelines. In our day-to-day operations, nothing else matters more, and there is absolutely no competitive advantage to cutting corners

on safety and the environment. Indeed, more than \$1.6 billion is spent annually to promote and advance this.

We're among the most sophisticated in the world. Pipe design and installation is low impact, and pipelines, unlike highways and railways, can be restored to productive habitat for wildlife following construction. With regard to pipeline and marine operations, CEPA member companies are constantly involved in updating and advancing environmental and safety standards.

We also have been proactive in the development of new technologies, such as advanced technologies for 24-7 monitoring, control centres, remote centres, automatic shut-off, and emergency planning, and also internal inspection, which gives us new data that's critical to ensuring we can maintain these systems very safely. Those combined advances in technologies have resulted in a significant improvement in safety over the last 20 years. However, we will not and cannot rest. We understand our duty and responsibility to protect the environment and the general public and are committed to continuing to improve.

Clearly, Canada wants and needs energy and trade. Where projects are needed to deliver that energy, regulation influences that economic activity. It protects the public and the environment and enables without restricting outright.

Integrated decision-making, stakeholder engagement, and aboriginal consultation are core parts of sustainable development. Resource projects are no different. Our historical patchwork of laws and segregation can create a false sense of security and undermine the ability to optimize outcomes and adjust designs where needed.

If a project is in the public interest, it needs to be integrated, and we believe that, ideally, over time regulation will be improved in this country, leading to one project, one assessment, and a true consolidation of safety and environmental protection. Longer reviews are not better reviews.

Effective consultation and timely review focused on strategic issues have the following: decisions need to be transparent, with good follow-through and monitoring. That follow-up comes after a fundamental public interest determination over whether a project is to proceed or not. The interests of all Canadians and the duties of pipeline operators are tied to this. We must have a better system of regulation over time so we can focus on the things that matter most.

In the meantime, the pipeline industry has a duty to Canadians. Not only must we provide the highways needed to fulfill consumer needs and to facilitate trade, but we must also be diligent on an ongoing basis in terms of safety and the state of the environment.

Thank you for this opportunity.

**The Chair:** Thank you very much for your presentation.

We'll now go to our third witness. From the International Ship-owners Alliance of Canada, we have Kaity Arsoniadis Stein, president and secretary-general.

Go ahead, please. You have up to seven minutes.

**Ms. Kaity Arsoniadis Stein (President and Secretary-General, International Ship-Owners Alliance of Canada Inc.):** Thank you and good morning.

My name is Kaity Arsoniadis Stein. I am the president and secretary-general of the International Ship-Owners Alliance of Canada. I'm also director of the International Maritime Centre, director and vice-president of the Vancouver Maritime Arbitrators Association, and a trustee of the Insurance Dispute Resolution Services of British Columbia.

I appear before you today on behalf of the International Ship-Owners Alliance of Canada. This group represents local and international merchant shipowners, managers, and operators of ships, who collectively control a fleet of over 500 ocean-going vessels and employ over 10,000 sea-going and shore-based employees.

Through their Canadian companies in Vancouver, they employ over 340 direct management jobs. Their membership includes a Canadian ferry operation, a coastal tug and barge operation, and international members who have been in Canada employing Canadians since 1991.

Among the ISAC members, I benefit from the fact that a founding member is an integral provider of marine services to the oil and gas extraction business, transporting more than 10% of global seaborne oil. In addition to this member, there are several other members of ISAC who are engaged in providing similar services, albeit on a small scale.

The ISAC members are responsible Canadian corporate citizens. In fact, they maintain this reputation internationally and have sought to encourage the marine industry to address air contaminant matters by adopting the use of cleaner fuels. Domestic regulators, like Environment Canada, are aware of the contributions ISAC has made in this regard. ISAC maintains contact with the Canadian regulatory environment and wishes to continue operations consistent with Canadian societal objectives.

On the west coast we see propositions for a ban on tankers being advanced, yet on the east coast we see no similar constraints or concerns being entertained. Our observations include this: that the nature of the stimulus behind this proposed ban is questionable for its authenticity. The waters on the east coast and on the west coast represent demands upon those operating on either coast, yet the west coast is being singled out for environmental concerns that apparently are not considered on the east coast. This dichotomy begs the question: why has this occurred?

Recent observations have been made in the press that the pretext is not genuine and may be for other strategic and economic reasons. I reference the *Financial Post* article dated October 14 and written by Vivian Krause, indicating that U.S. foundations are compromised in their agenda and have been financing Canadian environmental groups and others to advance the American-based agendas of their American contributors.

The resounding question remains: why? What is the Canadian strategy? We have members who are experts in moving oil globally and who are at a loss with respect to what is occurring here in Canada and why. Is this a U.S. plot to ensure that Canadian oil can only be destined for the U.S. market?

We submit that the safe and responsible movement of Canadian resources into the international market could and should be a source of employment creation for communities on the coast. The logistical chain of resource extraction includes the exploration, the production, and the transportation of the products.

I will quote from page 4 of *Ethical Oil* by Ezra Levant. It is believed that the Alberta oil sands:

...represent the largest single deposit of petroleum reserves on the planet, with, by some estimates, between 1.7 trillion and 2.5 trillion barrels of oil inside it. The recoverable oil in Alberta's north has the potential to deliver a stable oil supply to the world for the next one hundred years.

Perhaps a solution to the dilemma caused by a ban on tankers could be found in the creation of sustainable jobs for stakeholders, both aboriginal and non-aboriginal. Sustainable employment in the transportation of these goods could come in the form of creating and utilizing an internationally capable Canadian fleet of tankers, with corporate headquarters in Canada, employing Canadian citizens and transporting Canadian resources. A Canadian fleet with Canadian staff will abide by Canadian environmental standards and would endeavour to ensure that Canadian requirements were met.

● (1225)

Further safeguards, creating additional layers of employment, could be instigated to bring comfort to coastal communities, the fishing industries, and our government, before we even start discussing a ban on tankers.

For example, we could have additional escort tugs, increased numbers of pilots, and specified sea lanes, and we could designate companies with social corporate responsibility status. Also, with respect to a very current issue now, we could see the continued retention of coastal watch by staffed light stations, thus building a strong coastal infrastructure and creating numerous jobs for aboriginal and non-aboriginal stakeholders along the west coast.

The extraction and exploration industries are major employers, but to constrain our ability to transport will only see a reduction in the employment opportunities afforded by exploration and extraction.

We are of the view that trade diversification is more desirable than reliance on a single market. If Canada were unable to export from the west coast to areas of the world where demand existed, such as Asia and India, would we not be limited in the markets to which we could sell, in the jobs that we could create, and in the prices we could command?

Would a west coast ban not result in the reduction of employment opportunities within the oil and gas sector? If you cannot sell the product internationally, you cannot command an international price. Therefore, inevitably, we would be giving it away at a discount. Is this the U.S. agenda and are we playing into this plot?

On the east coast, oil goes to the U.S. as a consequence of choice. On the west coast, in the face of a tanker ban, oil from the oil sands will be denied the markets of Asia and elsewhere. By consequence, we will be restricting our sales to the U.S.

The irony is that tanker traffic from Alaska to Washington State along the west coast of Canada will continue unimpeded. Recent statistics show there are over 500 such voyages a year. American flagged vessels under the Jones act can transit from one U.S. port to another U.S. port of call. Of interest should be why they are travelling along the coast and not shipping the oil by pipeline.

The answer is evident: it's American security of supply. They do not want American oil to enter Canada by pipeline, but they will take Canadian oil via pipeline for their own use. This again provokes the question: why? The arbitrary choice of denying Canada the offshore markets seems to fly in the face of the economic development principles of Alberta and B.C. and their indigenous and non-indigenous communities.

Canada has the single greatest coastline in the world. Canada as a trading nation must remain a global trading entity. Canada's environmental concerns must be preserved, but a balance must be achieved to ensure continued global trade.

I will leave you with the example of Norway, a country much smaller than Canada, which boasts a nominal GDP of \$88,000 per capita, while Canada's comparable number comes in at \$40,000 per capita. In Norway, the oil and gas industry is the backbone of its economy. To quote the minister of oil and energy, "It is the government's ambition that Norway shall remain a significant supplier of oil and gas to the world markets for a long time". This industry is embraced by the people of Norway.

We encourage Parliament and this committee to achieve an equilibrium for west coast exports of all natural resources. We further encourage the committee to recognize the appropriateness of allowing Canadian natural resource producers to engage in global trade.

Thank you very much.

• (1230)

**The Chair:** Thank you very much, Ms. Arsoniadis Stein, for your presentation.

We'll go directly to questions by Monsieur Coderre, for up to seven minutes.

[*Translation*]

**Hon. Denis Coderre (Bourassa, Lib.):** Mr. Chairman, in the last two days, I have heard so many conspiracy theories that we should call in Mel Gibson for the sequel.

[*English*]

*Kalispera*, Ms. Arsoniadis Stein. How are you today?

There's a smile there. That's a start.

**Ms. Kaity Arsoniadis Stein:** Very good—

**Some hon. members:** Oh, oh!

**Ms. Kaity Arsoniadis Stein:** You're impressive with the Greek.

**Hon. Denis Coderre:** That's my souvlaki. I eat too much souvlaki. I'm working on that.

**Ms. Kaity Arsoniadis Stein:** *Très bien, monsieur, et merci bien.*

**Hon. Denis Coderre:** *Yasou.*

That means "hey", okay?

From the way you have been talking, you think it is the Americans who are setting the price of oil right now. I thought it was—

• (1235)

**Ms. Kaity Arsoniadis Stein:** I think the point that—

**Hon. Denis Coderre:** You were saying that it is the Americans who are putting up the price of oil. Was that what you were saying?

**Ms. Kaity Arsoniadis Stein:** No, I didn't say the Americans are putting up the price of oil. I'm saying that if Canada is limited to providing its resource to one market—

**Hon. Denis Coderre:** Oh, okay.

**Ms. Kaity Arsoniadis Stein:** —a single market price will be the price we can get. We won't be able to compete internationally.

**Hon. Denis Coderre:** Okay. You like the Norwegian way of doing things. Do you think we should do what Norway is doing?

**Ms. Kaity Arsoniadis Stein:** I think we could look to Norway for examples—

**Hon. Denis Coderre:** Do you want to nationalize oil?

**Ms. Kaity Arsoniadis Stein:** Now we're getting into a different discussion. You're leading it into a different discussion.

**Hon. Denis Coderre:** Okay. I was just checking.

Are you a member of the Conservative Party?

**Ms. Kaity Arsoniadis Stein:** I'm sorry?

**Hon. Denis Coderre:** Are you a member of the Conservative Party?

**Ms. Kaity Arsoniadis Stein:** Actually, I have no alliances at this particular time.

**Hon. Denis Coderre:** All right. That's a good start. I was just checking.

**An hon. member:** [*Inaudible—Editor*]

**Some hon. members:** Oh, oh!

**Hon. Denis Coderre:** I might talk about the Calgary Flames later on.

But there are some alternatives, because there is a pipeline at the port of Vancouver. Don't you believe that...? Because we believe in the ban. Do you think expanding the one that already exists at the port of Vancouver would be a good alternative?

**Ms. Kaity Arsoniadis Stein:** What's curious about the ban, if we really analyze it—

**Hon. Denis Coderre:** That was a specific question, please.

**Ms. Kaity Arsoniadis Stein:** We look at the ban, and it's—

**Hon. Denis Coderre:** That was a specific question about the expansion.

**Ms. Kaity Arsoniadis Stein:** Yes, I'm getting to it. We're targeting—

**The Chair:** Mr. Coderre, you asked the question. Please let her answer. She's answering the question you asked.

Go ahead, please.

**Ms. Kaity Arsoniadis Stein:** Okay. So on my question with the respect to the ban, the ban is targeted in a particular area on our north coast. But what it's banning is entrance in and out of our coast, when at the very same time—and this is where the irony is—we have tankers transiting from Alaska down to Cherry Point, Washington, and Long Beach, along our coast, with freedom of passage through what is called innocent passage. It seems to me that what we're doing is preventing transit from our coast, yet we're allowing it along our coast alongside these areas where the tanker ban is instigated. So it's a curious—

**Hon. Denis Coderre:** Thank you. I'm sorry, but I have limited time.

I have the same question for Ms. Kenny. Secondly, I'm very interested in what you said about the regulatory process. Who should be in charge?

My first question is about expanding the pipeline that already exists instead of building another one.

**Ms. Brenda Kenny:** Starting on the question of expansion, I think you're absolutely correct in pointing to the fact that infrastructure does exist. For over 50 years there has been trade through the port of Vancouver, and that continues. The Kinder Morgan system is expandable, and even today I'm told that out of every 10 barrels that are shipped there, about one is heading to Asia.

I think what's important in terms of looking at public policy is to not foreclose market options. Whether the right choice is to incrementally expand the Kinder system and/or bring in a new system, the key is to leave that open to choices best made in terms of the scale of market development, timing, and the types of investments. I'm not convinced that it's an either-or.

With respect to regulatory decision-making, what I was trying to allude to is that when you're looking at sustainable development, it's very important that you look at questions of the environment within the context of what works for society, social communities, and the

economics related to that. Integrated decision-making is a part of what came out in the Rio principles, as well as public participation.

Today you asked the question with respect to oversight. For any international or trans-provincial pipelines, we have the National Energy Board Act. It regulates the large pipelines that cross borders, which I believe makes a lot of sense, because they are contiguous with a vast network of pipelines in North America.

It's also important to ensure that the requirements of CEAA are met. As of this year, often that can be managed through a substituted process so that, again, you are able to do one project, one assessment.

I remain concerned that some of the permitting can take people off track very late in the game. In your deck, there are some photographs of required permits that are clearly not legitimately of high concern. Those are important to address in final construction design and not particularly relevant in large public interest decision-making. That's the sort of streamlining that will give us the ability to make consolidated decisions a little better than we do today.

● (1240)

**Hon. Denis Coderre:** Thank you.

**The Chair:** Make it a short question for a short answer, Mr. Coderre

**Hon. Denis Coderre:** This is for my colleague, Scott Andrews.

**Mr. Scott Andrews (Avalon, Lib.):** My question is for Kaity.

Yesterday the Auditor General's office gave a scathing report on the coast guard's ability to respond to a ship oil spill. Since they are the lead agency, it's something of a concern when they rely on the shipping companies to be the first responders.

If Canada's lead agency doesn't have the ability to clean up a spill, how can we have any confidence that the shipping companies and the people they contract have up-to-date equipment and are capable of cleaning up spills that happen?

**Ms. Kaity Arsoniadis Stein:** Thank you.

I think that report needs further analysis, but I can tell you that with oil response in Canada it's a cascading system. In other words, the coast guard is the point of first response, but in addition to that, and not to a lesser degree...in fact, I would say that the primary role is where we contract out. On our west coast, we have Burrard Clean, which I would say is the lead agency with respect to cleanup. So I think the two things are a little bit different.

Now the coast guard has the report from the commissioner of the environment and it has recommendations. Great. We need to review those recommendations and we need to ensure that everything is possible to take on the recommendations and address the report that has come out.

[Translation]

**The Chair:** Thank you, Mr. Coderre.

[English]

Monsieur Pomerleau, you have up to seven minutes.

[Translation]

**Mr. Roger Pomerleau:** Thank you, Mr. Chairman.

Perhaps my colleague will also ask a question afterwards.

First, I would like to say something which, to me, seems self-evident. The subject of our study is energy security in Canada. After everything I have heard this morning—we have talked about trade, prices, clients, more efficient deliveries—I feel we should call our study "Trade Security in Canada". That would be more appropriate.

That being said, my question will be for Ms. Kenny.

Ms. Kenny, this project involves the construction of a pipeline to the west coast. We know that, since it was explained to us, there might be problems negotiating an agreement with aboriginal people, on the one hand. There certainly are environmental risks, because we don't know if we could deal within environmental disaster, if such a thing were to happen.

What do you think of this: instead of spending 5 or 6 billion dollars to build this pipeline, someone, somewhere, might say that it would be better to build a processing industry here?

In other words, we would continue to send our fuel via pipeline to the United States, and build the capacity here, spend our money and invest venture capital in the processing of products, and then we could send plastics or other products elsewhere in the world, but in a manner so as not to create environmental problems or problems with aboriginal people, which might happen as a result of the construction of a pipeline.

What do you think of this?

[English]

**The Chair:** Ms. Kenny, go ahead, please.

**Ms. Brenda Kenny:** That question covers several different points. Let me try to respond.

First of all, in terms of focusing on energy security in Canada, my own view is that it's important to keep in mind that economic development can be a tool through which we enlarge other types of energy security. To walk away from the potential for \$500-billion worth of government revenue in 20 years really cuts short the opportunity to provide for advances in renewables, technology investments, other sorts of energy system encouragements, moneys to municipalities to afford better built environments, etc.

So we have to think about an energy system, rather than just focusing on whether trading a barrel of crude creates a disadvantage for the future, because we clearly have an ample supply for the foreseeable future and beyond.

You also questioned spill response. I believe the regulatory review will do a good job of airing the facts around that: the risk factors, the response, the requirement, and the additional investments to improve navigation oversight. Certainly on the pipeline portion, I can tell you in detail about some of those sorts of factors that are routine beyond my statements, but I'm confident that can be addressed.

Finally, on the question of processing crude in Canada versus abroad, there are a lot of avenues to encourage market responses that are appropriate to meet Canadian needs and to make sure we optimize value for Canadians. Right now, the market signals are causing us to move those offshore. That's appropriate, and I don't think it has to be an either-or situation. You can establish good trade

in one commodity. Keep in mind that a tube of steel can serve a lot of different products, so if in the future there were a choice to upgrade in Canada, we might be exporting gasoline.

The key is whether you have the right infrastructure in place to be a competitive global player. Are you addressing the safety and environmental issues appropriately and are you considering reinvestment for Canada's long-term security?

● (1245)

[Translation]

**Mr. Roger Pomerleau:** Ms. Kenny, don't you have the impression that, if we invest billions of dollars in the construction of a pipeline, we are in fact building something which might deter us from investing many more billions of dollars in processing capacity, which would interfere with the construction of a pipeline? In other words, the choice we are making would mean that there is no going back, given the amount of money which would be invested up front.

[English]

**The Chair:** Ms. Kenny, go ahead.

**Ms. Brenda Kenny:** I think it's important to put the \$5.5 billion into context and to consider the scale. I don't want to focus on Gateway, because the same could be said of expansions on the Kinder Morgan line. Either way, infrastructure investment to provide the choice of exports does not take away from the economic options of you might choose with respect to bitumen in Canada, just like building a new highway doesn't predetermine whether you're going to have shipments of oranges or shipments of orange juice.

It is about having appropriate infrastructure to create options in terms of trade. I'm not an expert in terms of netbacks, but I would also say that directionally there is a significant discount on Canadian crude right now because of having only one market. Just the differential, and the government revenues related to that, if you had multiple markets, can in itself create a huge economic opportunity to reinvest as you see fit as government.

**The Chair:** Mr. Bellavance, go ahead. You have just one minute for the question and the answer.

[Translation]

**Mr. André Bellavance (Richmond—Arthabaska, BQ):** Thank you, Mr. Chairman. All I need is a minute.

Mr. Nagy, how many fishers do you represent? I would like you to provide us a bit more detail about the fishing zone which would be affected by the pipeline. As you know, there are surely stream and rivers through which the pipeline will pass.

[English]

**The Chair:** Did you hear the interpreter, Mr. Nagy?

**Mr. Arnold Nagy:** I represent between 4,000 and 6,000 members depending on the type of fisheries that are going on.

[Translation]

**Mr. André Bellavance:** Wait a moment, Mr. Nagy.

[English]

**The Chair:** The question was for Ms. Kenny, I believe.

**Mr. André Bellavance:** No.

**The Chair:** Oh, go ahead, Mr. Nagy. That's my mistake.

**Mr. Roger Pomerleau:** It was not complete.

[Translation]

**Mr. André Bellavance:** No, I wasn't done yet. Wait a moment.

[English]

**The Chair:** We will have Monsieur Bellavance ask the question again.

[Translation]

**Mr. André Bellavance:** It won't be long, Mr. Nagy. Our colleagues are having a bit of a translation problem.

You understood the question, which was about the number of fishers you represent. I would also like you to talk about the fishing area in British Columbia which will be affected by the pipeline, because it will surely go through streams and rivers.

To what extent will this pipeline negatively affect your fishing zones? It's not just the pipeline. We know that the pipeline itself has a purpose, namely to reach the oil tankers. Therefore, there will be many oil tankers in the ocean. As a result, some of your members will be affected by the fact that there will be more and more oil tankers in their fishing zones.

I would like to know what you think about this.

[English]

**The Chair:** Mr. Nagy, go ahead.

**Mr. Arnold Nagy:** I represent between 4,000 and 6,000 people in the commercial fishing industry in British Columbia. In the north, I represent about 3,000 members.

The plan is for the pipeline to go through the Skeena River and the tributaries. A spill up there or an accident on the pipeline would send that water—

• (1250)

**The Chair:** Mr. Nagy, could you just wait a minute? We're not getting the translation into French now. We'll see if we can get that arranged.

Try it again, Mr. Nagy.

**Mr. Arnold Nagy:** I represent between 4,000 and 6,000 members close by. In the area in the north that I represent, my members number about 3,000 people. The proposed Enbridge project would run pipelines at the headwaters, crossing some of the tributaries and streams on the Skeena River, and the tanker traffic coming out of Kitimat places our industry at risk from both ends.

An accident on the pipeline area would bleed into the main stem of the Skeena River, killing an industry that has been rebuilt over many generations to a sustainable run and that employs a lot of our people. An accident on the route that the tankers are travelling would be in the same area where the *Queen of the North* went down off Gil Island. In the past year or so, another tanker coming through Douglas Channel ran up on the beach. The risk to the area and to our fishing industry posed by these two projects is unacceptable.

**The Chair:** Thank you, Mr. Nagy. I have to end your answer there. We are running out of time and have two questioners.

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

**Mr. Nathan Cullen:** Thank you, Chair.

Thank you to our witnesses.

I'm going to butcher your name here, but I'll give it a try. Ms. Arsoniadis Stein, are you aware of the liability regimes for tankers in Canada? Are you familiar with that act?

**Ms. Kaity Arsoniadis Stein:** Yes, I am.

**Mr. Nathan Cullen:** I'm just reading from the act now. There's a \$30 million liability limit "in respect of any area to which the Act applies and for which no other limit is prescribed by these Regulations, the amount of 30 million dollars". Is that correct, to your understanding?

**Ms. Kaity Arsoniadis Stein:** I think you need to look at the holistic regime. We have the ship-source oil pollution fund in Canada, and then we have the international oil pollution compensation fund. That's an international fund.

I don't have the numbers in front of me, but billions are available for any type of spill that would come. I could come back to you with the analysis of that. I don't have it off the top of my head.

**Mr. Nathan Cullen:** That's fine.

**Ms. Kaity Arsoniadis Stein:** It's way in excess of \$30 million, way in excess.

**Mr. Nathan Cullen:** The way the act is written right now, liability limits exist unless negligence is proven. Is that correct?

**Ms. Kaity Arsoniadis Stein:** Liability will be there irrespective of the type of accident. I don't understand what you're getting at with this.

**Mr. Nathan Cullen:** Okay. That's interesting. The liability regimes in Canada that exist, even precluding those two funds you mentioned, subscribe that the liability limit for an oil spill in the ocean environment off the west coast is \$30 million until liability can be proven—negligence can be proven—in court.

I have a question for our friend from Calgary. I'm looking at the Alberta Energy and Utilities Board report, "Pipeline Performance in Alberta, 1990-2005". Are you familiar with this report, Ms. Kenny?

**Ms. Brenda Kenny:** Only vaguely, because that covers a large number of pipelines that are more related to gathering and small-level pipelines, not the major transmission systems.

**Mr. Nathan Cullen:** Sure. I'm a little surprised, because this is one of the most major and comprehensive reports done by the Alberta government with respect to pipelines in general. That is your association, the Canadian Energy Pipeline Association, and in this report—

**Ms. Brenda Kenny:** But what—

**Mr. Nathan Cullen:** Allow me just to—

**Ms. Brenda Kenny:** —I have to point out, sir... Okay.

**Mr. Nathan Cullen:** Allow me to suggest what this report says, and I'm quoting again: "During the period 1990 to 2005, there were 12,848 pipeline incidents reported to the EUB (not including test failures). Of these, 657 were hits with no release, leaving 12,191 resulting in a pipeline release". That's industry terminology for "oil spill". It says that of all of these "93.8% were leaks, and the other 6.2% were ruptures".

Should that cause any pause for the people in northern British Columbia who are facing the prospect of another pipeline?

• (1255)

**The Chair:** Go ahead, Ms. Kenny.

**Ms. Brenda Kenny:** Not at all. I would direct you to the slides I provided. The actual data with respect to large transmission pipelines, as provided by the National Energy Board, is on the seventh-view graph you have. It clearly demonstrates that ruptures for large-scale pipelines are significantly lower and are declining rapidly. That goes back to what I said in my opening statements with respect to internal inspection.

The numbers you're directing to are numbers related to upstream development. That is not at all related to the major pipelines. It would be similar to saying that the design of a major highway compared to a gravel road, for instance, is quite different. The safety requirements for small travel versus large travel are quite different. So the results I have for you there are much more relevant.

**Mr. Nathan Cullen:** Thank you.

Are you aware of the recent Sinopec deal in May of this year to purchase, with \$4.6 billion, a portion of the Syncrude operations in Alberta? Are you familiar with that at all?

**Ms. Brenda Kenny:** Yes, somewhat.

**Mr. Nathan Cullen:** You realize that the government, the Prime Minister's Office, decided to end that deal before it could get any progress. Is that true?

**Ms. Brenda Kenny:** I can't speak to the validity of that directly, but I do know that there were requirements clarified over the last couple of years with respect to foreign direct investment. They were really targeted at ensuring that money flowing into Canada would be governed under the same sort of classification as private enterprises here: transparency, good governance, and clearly not co-opted by state regimes.

**Mr. Nathan Cullen:** That's interesting, because that's not the reason given by the Government of Canada. Mr. Harper's spokesperson, Andrew MacDougall, said, "The government is committed to implementing our campaign pledge" to not send raw bitumen to places where they have lower environmental standards. Are you familiar with this pledge from Mr. Harper?

**Ms. Brenda Kenny:** I am familiar with that pledge, yes, and—

**Mr. Nathan Cullen:** The confusion that's raised with respect to the projects, particularly with the Enbridge project, is that it's designed, as both you and our friends from the shippers association—to ship raw bitumen to Asia to, as you say, "diversify" our markets.

**Ms. Brenda Kenny:** Yes—

**Mr. Nathan Cullen:** The raw bitumen would be going into a regime with lower environmental standards than we have here in Canada. Is that not true?

**Ms. Brenda Kenny:** I don't think that is true. I think what's important to keep in mind is that by the time these pipelines... If they were to be deemed to be in the public interest, what you're going to be seeing overseas is a significant development of brand new technology, so just as we have a number of upgrades under way in our own refineries today, and current and new technology is at least compatible with Canadian standards.

I believe that when we're looking at Canadian public interest, particularly on global issues such as air quality and climate change, we need to understand the energy system on a global level. That would be something that over the course of the next six to seven years I think you'd see considerable gains in with new installations.

**The Chair:** Thank you, Mr. Cullen.

I'll go finally to Mr. Anderson for about six minutes.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Oh, Mr. Chair...

**Voices:** Oh, oh!

**Mr. David Anderson:** To go back to Ms. Kenny, you referenced the handout you've given us about the historical pipeline ruptures. Are we to read from this that from 2003 to 2009 there were only two ruptures in the large-scale pipelines?

**Ms. Brenda Kenny:** Yes. I believe 2008 is the last date on that particular view graph. The National Energy Board had released its data based on that. Yes, that's correct.

**Mr. David Anderson:** So according to your organization, what are the reasons for this decline in these incidents over the years? Because that's quite a significant change there.

**Ms. Brenda Kenny:** It is. I think the number one development is much better internal inspection tools. Internal inspection is routine for these large diameter pipelines, much as medical technologies have advanced considerably in terms of imaging and an ability to see inside your heart, let's say. You can determine without having to see with your own eyes that there is or is not a problem or what you need to monitor.

Also, that data feeds into much more advanced integrity management systems, and that has allowed us to have a very elaborate system in place. There will be mistakes from time to time, but the trend line is very positive and will continue.

• (1300)

**Mr. David Anderson:** Ms. Stein, this morning we had a witness who told us that nothing has changed in 40 years in terms of safety technology and marine transportation. I'm just wondering if you have any comments on that or, anything to say about changes in ship technology and those kinds of things.

**Ms. Kaity Arsoniadis Stein:** Oh, that's a gross misstatement, and actually, if you look at statistics in the past 40 years and compare the amount of oil that has been transported then and today, of course there has been a tremendous increase in transport and again a tremendous decrease in incidents. In fact, in 2009, there was not a single incident of oil spilled over 700 tonnes. The reason for this is better practices and better technologies. I think everybody knows that we're transitioning from single hull to double-hulled vessels. By 2015, no single hull vessels will be transiting our waters.

Further to that, I can tell you that when an incident occurred, many international organizations and shipping companies themselves analyzed what went wrong and why it went wrong, and improvements are consistently being made. Then, we layer on top of that the global regulation of the shipping industry by the International Maritime Organization, with literally hundreds of conventions that have been established and accepted. Over and above that, we have—

**Mr. David Anderson:** May I interrupt you?

**Ms. Kaity Arsoniadis Stein:** —the additional layers of protection.

**Mr. David Anderson:** I'll just interrupt you for one minute. Mr. Coderre is off-camera and you can't see him, but I think he was wondering what the difference is between single hull and double hull. I'm wondering if you could tell us the difference and what an impact that makes on ship safety.

**Ms. Kaity Arsoniadis Stein:** A single hull is just the one hull of the vessel. A double hull includes a second skin, so if there's a grounding and there's a piercing within the first hull of the vessel, there's still the second skin.

I'm just looking at people laughing, but anyhow—

**Hon. Denis Coderre:** I don't understand English anyway, so I don't mind—

**Ms. Kaity Arsoniadis Stein:** Anyhow, a double hull affords a second skin to the vessel, a second layer of protection.

**Hon. Denis Coderre:** On a point of order, Mr. Chair, I thought he meant single malt.

**Voices:** Oh, oh!

**The Chair:** I'm sure that's not a point of order, Monsieur Coderre.

**Mr. David Anderson:** We're just discovering whether Mr. Coderre's skin is thin or thick, I think.

I just have time for one final question here.

Mr. Nagy, earlier when you made your presentation, you made a statement towards the end that you'd been accused of representing U. S. interests. I'm just wondering what are the specifics of those accusations. What have you been accused of?

**Mr. Arnold Nagy:** It was stated to me that I'm being used by the Americans on the agenda that I'm pushing forward to protect our

coast because I do not support the issue of tankers along our coastal waters in the north. It was a statement that I had—

**Mr. David Anderson:** The issue of funding has come up a few times. I'm just wondering—

**Mr. Arnold Nagy:** It was an issue—

**Mr. David Anderson:** Can you tell me if you get any funding from outside the country for your union activities or organization?

**Mr. Arnold Nagy:** What I do with my union here in Prince Rupert is fully funded by our membership on the dues that we collect as part of our mandate to represent the workers in the—

**Mr. David Anderson:** So all of your environmental activism in your area is paid by your local members? There's no money coming in from the unions from outside Canada?

**Mr. Arnold Nagy:** None coming for the work that I've been doing for the last 32 years has gone into my pocket. The majority has been voluntary on my behalf, and it has actually cost me thousands of dollars over the years in wages that I won't accept to represent our membership. To me, it's a principle of protecting my industry—

**The Chair:** A point of order, Mr. Coderre?

[*Translation*]

**Hon. Denis Coderre:** I must say that I find it highly unfortunate that my colleague Mr. Anderson is questioning the credibility of our witness. From the very start, our witness said that his organization's activities were funded by the membership. I find that the campaign of allegations and the smear campaign is very unfortunate.

[*English*]

**The Chair:** Okay, Mr. Coderre. That of course isn't a point of order and the questions are completely within reason and appropriate.

Mr. Anderson, we have to wrap up, very quickly.

**Mr. David Anderson:** Well, yes, just to respond to Mr. Coderre, I just asked that because typically and often these unions are funded across the border internationally. Certainly that would play into a lot of the discussion and debate that we've heard over the last couple of weeks.

Thank you.

**The Chair:** Okay.

Thank you very much to all the witnesses. That was very helpful information indeed. We do appreciate your time, effort, and costs for being involved in this.

We are finished our meeting for today. We'll be back again on Tuesday morning at 11 o'clock.

The meeting is adjourned.







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