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Chair

Mr. Leon Benoit

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• (0850)

[*English*]

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

We're here today to continue our study on the cross-country benefits of developing the oil and gas portion of the energy sector.

We have as our witnesses today, first of all, from the building and construction trades department of the AFL-CIO, Christopher Smillie. Welcome again.

From the Canadian Fuels Association we have Peter Boag, president and chief executive officer. Welcome to you again, sir.

We have by video conference two witnesses. From Fort McMurray, Alberta, from Unifor, we have Roland LeFort, president, Local 707A. Welcome to you, sir.

From the Parkland Institute we have Trevor Harrison, professor and director at the University of Lethbridge. Welcome to you, sir.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Chair, I have a point of order. I appreciate having our witnesses here today. We only got notice that witnesses were appearing this morning yesterday at 4:15, so I'd really like to ask you, Mr. Chair, if we can have at least 24 hours' notice of which witnesses are appearing so that we can better prepare for the witnesses who are coming forward and giving their time.

The Chair: That is absolutely fair, Mr. Julian. I am working on that, and we will certainly do that for the members of the committee to be prepared. I've had the same comments from members on my side. To be prepared, it does take some time, to know which witnesses—point taken, and that will change. Thank you.

Okay, we'll have the presentations in the order that the witnesses are listed on the agenda today. We'll start with Chris Smillie, senior advisor, government relations and public affairs from the building and construction trades department. Welcome to you again, Mr. Smillie.

Mr. Christopher Smillie (Senior Advisor, Government Relations and Public Affairs, Building and Construction Trades Department, AFL-CIO): Thank you very much, Mr. Benoit.

Good morning members of the committee, Chair, and fellow witnesses.

I see Mr. Boag has his green socks on today, so anything I do probably can't beat that.

A voice: They're multi-coloured, Chris. They're not just green.

Mr. Christopher Smillie: Sorry, they're striped.

The Chair: On a point of order, I think it's out of line to comment on the colour of a guy's socks at the table. This time I'll let it go.

Some voices: Oh, oh!

The Chair: Go ahead, please, Mr. Smillie.

Mr. Christopher Smillie: Thank you.

I'm here today representing the Canadian building trades, the almost 600,000 men and women who make up our membership, creating the literal foundation of our nation throughout Canada in every province and municipality. We represent the carpenters, the welders, the steamfitters, and every construction trade in between. As much as our members rely on construction work to put food on their table, the oil and gas sector relies on the construction industry. Construction activity on an oil and gas project is a major employer of our members. In the course of a year, nearly 40% of our national membership is actively engaged on an energy project in some way.

When we talk about construction in the oil and gas sector, we're really talking about two facets. We're talking about the construction of new facilities and the maintenance of capital assets or existing facilities. For example, in 2013, which just passed, in Alberta, our trades worked approximately 21 million new construction hours in oil and gas. The industry as a whole worked about 60 million hours.

At the same time, our members worked 30 million maintenance hours in the oil sands alone, just in Alberta. This doesn't take into account any of the work in Saskatchewan, Newfoundland, New Brunswick, any of the pipeline spreads or the consumer natural gas spread going on in the greater Toronto area right now. It doesn't include any of the hours on the cogeneration facilities in Ontario, like Goreway in Milton, in the GTA, that has employed thousands of people from around Ontario.

To be frank, 2012-13 wasn't a huge year for construction in oil and gas. At the height of the boom, in 2007-08, we did more than 40 million construction hours. The decrease in projects not only affects the number of jobs coming from new construction, but it also affects the number of jobs available in the long run.

When new construction increases, job increases are not just in new construction jobs, but also in maintenance jobs. It's simple. Every project we build requires workers not just to build it, but also to maintain it. In dollar terms, every dollar spent on new construction in oil and gas means $1.50 spent on maintenance costs down the road. So jobs that begin in new construction translate to jobs in the maintenance of the project in the coming years. These aren't just jobs in oil and gas; these are jobs that create jobs. The relationship between these two facets means infrastructure development and investment in construction projects in the oil and gas industry pay huge dividends in employment possibilities for the future of Canada. If you think about it, oil and gas projects are generally not small endeavours. These are big projects that give lots of young Canadians and apprentices opportunities for employment, and at the same time mean good, full-time jobs, with benefits, to workers in the skilled trades.

Think about this. In general, every billion dollars invested by an oil and gas company in construction means at least 4,000 direct construction jobs right away, not including the secondary and tertiary job opportunities in engineering, manufacturing, the service industry, and others.

So right now as we're here speaking, over in the major project management office, there are hundreds of billions of dollars of planned investment. Think of the tens of thousands of jobs, the income potential for middle-class families, the food on tables across Canada.

If you ask me, if you ask the Canadian building trades, how a decline in the oil and gas sector would affect employment and the standard of living in Canada, this is my answer. The more we invest in resource development and the infrastructure that comes with that, the more jobs in skilled trades we create. This means paycheques, good paycheques coming home to Canadian families. This means dollars going into the consumer economy. This means dollars going back into the economy. This means a solid quality of life for middle-class Canadians, the engine of our economy.

I hope you got a sense of some of the person-hours that our members have worked, some of the person-hours that are at stake, from my earlier testimony. The economic interest of our membership in the building trades is inextricably linked to that of Canada.

Another thing to consider, we did a membership survey not too long ago in Fort McMurray. At least 45% of the workforce there today was from somewhere else in the country. Right now there are 82,000 people living in camps full-time, from somewhere else in Canada.

This means the wages earned by those workers go back home to their communities: communities like Gander, Fredericton, Moncton, Hamilton, Burnaby, Laval, Abitibi, Halifax. So the economic benefit of these projects, regardless of their location in Canada, is immense.

● (0855)

When you take a plane across the country these days, in all likelihood you aren't sitting beside a banker or a lawyer anymore. Chances are you're sitting beside someone in the trades going to where the work is—on an oil and gas project.

There are challenges in our industry. There are issues of labour supply. There are issues of training delivery. These are issues of labour mobility. But nothing is insurmountable with the availability of work. With this abundance of work, we have the opportunity to get these challenges right. We're more likely to get training, to get mobility, and to get labour supply right during peak times than during the slow times when there's no work to dispatch people to.

We are at a critical point in the construction trades and construction industry. For those who, like me, took political science, the mode age is the most frequent age. Right now the mode age of construction workers in my membership is 51. It's one of Canada's oldest industries, the construction trades.

This sector is one of the engines of our economy. We need a vibrant and robust workforce. There's no better way to attract young people to an industry than by jobs being available. We need to revamp our thinking in Canada about the K-to-12 education model where everyone is encouraged to go to university. We're seeing people come to us after university and community college into apprentice programs later than we ever have, with ten years of little or no incremental attachment to the labour market—that is, good, sustainable jobs with incomes that can support a family. That's what we're talking about here.

I've told the committee before that innovation in the skilled trades is about going to work. In our view, this is the most important determinant of economic success. Without a solid construction sector, there are implications for the economy, including the people Peter represents.

When I appeared previously, I talked about pipelines. Perhaps the clerk could do me a favour and enter some of that testimony into the record. There's relevant information in that study as well. I decided to keep my remarks short today so that we could get to questions and talk about some more important issues.

Thank you for the invitation.

The Chair: Thank you very much for being here again, Mr. Smillie. We will consider that.

Our second witness today, from the Canadian Fuels Association, is Peter Boag, president and chief executive officer.

Welcome to you again. Go ahead, please, with your comments. You have up to seven minutes.

Mr. Peter Boag (President and Chief Executive Officer, Canadian Fuels Association): Good morning, Mr. Chair, and good morning members of the committee. It's indeed a pleasure to be here once again. I certainly want to extend my sincere thanks for asking the association to appear on your study of the cross-Canada benefits to developing Canada's oil and gas sector.

I have provided some handouts. I think you would have all seen some of that material in the past, but it's clearly relevant to today's discussion.

Canadian Fuels Association's members comprise the downstream component of Canada's oil industry. They're the refiners, the distributors, and suppliers, of transportation and home heating fuels, and the chemical feedstocks that go into a myriad of products that Canadians use every day. If you look in the kit and the fact sheet there will be a listing of our current members.

Refining is an integral component of Canada's oil and gas value chain. Refineries, in essence, are the crucial manufacturing intermediaries between crude oil as it comes out of the ground and the refined products that we as Canadians use every day. Canada has 18 refineries located in eight provinces, and with a total capacity to refine about two million barrels per day of crude oil. They contribute about $2.5 billion in direct GDP, and employ some 17,500 Canadians in communities across the country, all the way from Come By Chance, Newfoundland, to Burnaby, British Columbia.

In many communities these refineries are a major, if not the major, economic anchor in communities like Come By Chance; Saint John, New Brunswick; Lévis, Quebec; Sarnia; Regina; Edmonton. The refining industry, interestingly, is most important to Atlantic Canada, where it now represents about 10% of overall manufacturing capacity in the Atlantic region. I think it's also important to note that in terms of the quality of jobs, refinery workers earn well above average wages and salaries, two-thirds more than the overall Canadian average, and even 50% more than workers in the overall manufacturing sector. Nearly 75% of refinery workers have some form of post-secondary education. They're scientists, engineers, technologists, technicians. They're highly skilled, highly valued workers who get paid good salaries and wages, and obviously then contribute to the communities in which they live.

Currently, about 60% of the oil refined in Canadian refineries comes from domestic sources, either from western Canada or the Atlantic offshore. This proportion—happy story—is gradually increasing, and industry is certainly looking to substantially increase its access to and use of western Canadian crude through new infrastructure investments like the reversal of the Enbridge line 9 pipeline between Sarnia and Montreal. We're looking forward hopefully to a favourable decision today from the National Energy Board. Also, of course, there is TransCanada's energy east proposal that would convert a portion of its existing natural gas pipeline that runs from Alberta to Montreal and extend it from Montreal all the way to Saint John, New Brunswick. These projects could be game changers for refineries in eastern Canada with significant economic benefits to the region.

Eastern refineries currently have virtually no access to crude oil from western Canada. Crude oil from Canada's east coast offshore is used to some extent, but imports are really the main source of crude supply. It's paradoxical in today's environment that oil producers in western Canada sell their oil at a price discount due to lack of market access, yet eastern refiners import crude at a price premium because they can't access western crude. Western Canadian producers and eastern Canadian refiners would both gain from oil and gas transportation infrastructure, pipelines in particular, that would bring western Canadian crude to the east, so those refineries benefit from the significant growth in oil output in western Canada, and, of course, for western producers, access to eastern Canadian markets enables a higher value for the crude they produce.

I think most important to note is that, for eastern refiners, access to crude oil from western Canada is an important opportunity to increase their cost effectiveness and maintain their competitiveness in what is an intensely competitive and increasingly global petroleum refining business. It really opens the door to a greater choice in crude oil selection based on availability, grade, and price. This is where we see this as a potential game changer for refineries that, quite frankly, are significantly challenged competitively in the context of today's global market for refined products.

● (0900)

The benefit of western crude access to eastern refineries was well documented last year in a study and report from the Montreal Economic Institute. In a note published in August last year, MEI concluded that access to western crude would certainly help improve the profitability and competitiveness of eastern Canadian refineries. Also of note is that MEI observed that access to western Canadian crude could trigger significant new refinery investments to allow the refiners to process heavier crude that comes from Alberta—in particular, Alberta bitumen.

Specifically, Suncor confirmed last September that it would reconsider a previously shelved plan to build a coker to process heavier grades of crude at its refinery in Montreal, if Enbridge's line 9 project gets the green light. We're obviously very hopeful that this will be announced today. But Steve Williams, the CEO of Suncor, made it clear that the addition of a coker and that kind of investment in its Montreal facility depended on gaining access to western Canadian oil. That's line 9. The energy east proposal will provide significant additional capacity to bring western Canadian oil to Canadian refineries. West-to-east pipelines that provide eastern Canadian refineries with access to western crude will really help secure the future of those refineries and the jobs they provide and the communities they support. For me, that's a great example of how investment in energy infrastructure delivers economic benefits across the country.

I think I'll leave it at that and will look forward to your questions.

● (0905)

The Chair: Thank you very much for your presentation, Mr. Boag, and thank you again for being here today.

We will now go to the next witness on our list today. This is, by video conference from Fort McMurray, from Unifor, Roland LeFort, president, Local 707A.

Welcome to you, Mr. LeFort. Go ahead with your presentation for up to seven minutes.

Mr. Roland LeFort (President, Local 707A, Unifor): Thank you, Mr. Chair, for the opportunity to speak to this committee.

My name is Roland LeFort. I am a miner here in Fort McMurray. I've been here for 30-some years. I'm also currently president of Unifor Local 707A. We represent the workers at Suncor Energy, with more than 4,000 members. On behalf of those members I bring greetings, and also on behalf of our national president Jerry Dias and the more than 300,000 members of Unifor.

In my brief presentation today I want to focus mostly on the development of the oil sands, because I believe that the future of oil and gas is right here in Fort McMurray, for sure.

After reading some of the questions that might be on the theme for today, I think the discussion should be a little bit broader. I think we need to look more at answering what the development of this resource could do for our communities for the future, rather than just what it is doing now. When I talk about future, I am talking about the long term, of course. I believe that our discussion should be mostly centred around sustainability. It can't just be about a yes or no situation; we need to talk about how we develop this resource in a sustainable fashion.

I must say right off the bat that I believe in the science of climate change and think that science is going to be a game changer for us, unless we do our stuff properly.

While we can't argue that the development of the oil sands has not brought prosperity and economic growth to people, communities, and indeed our nation, I can't help but think about the fate of some communities that at one time were prosperous and were suddenly decimated by the collapse of the sector that sustained them. I think of many communities along the east coast after the loss of the fisheries; I think of those communities across Canada left nearly vacant after closures of paper mills; I think of cities like Sudbury and Hamilton and others, striving today to find alternatives for the depletion of the manufacturing sector. I see the same fate for communities like Fort McMurray and others, if we don't change the course we're on.

What we believe the nation needs today more than ever is a strategy for energy. We have a vast resource, yet today we seem to be challenged on how best to position ourselves to take advantage of it.

There only seem to be two positions in the argument on oil sand development. One, by industry and by government, is to develop it without too much intervention. People would say take it while the taking is good. The second position is clearly a position that says abandon development and just leave it in the ground.

The problem is that the latter seems to be gaining a lot of momentum. That latter position is likely to win unless we can come together to propose an alternative position, one that we could say would be sustainable development.

While we're busy today trying to convince Canadians that the best solution is pipelines going to the south and the west, we haven't really bothered to see the reaction of the societies in those directions. We see clearly today the reaction of the American people in their opposition to the Keystone XL, and we saw some reaction in Europe when we started talking about accessing Europe from our west coast. I can assure you that we'll see societies from all nations react in the same fashion, as I witnessed several years ago when participating in the climate change conference in Durban, South Africa.

Today we seem to be putting a lot of faith on the Asian market, but I can tell you, from the same conference, that the presentation made to us from the Chinese government was showing them on a much different trajectory from one we would think is good for us.

● (0910)

In fact, they were projecting reductions in fossil fuels and reductions in greenhouse emissions by 2020. Their proposal included going to nuclear energy and changing their transportation. I think we can say that we've witnessed last week in China—and Bejing especially, a city being shut down by smog—that their plan is going to be put forward with some kind of strength, I would suggest.

The Chair: Mr. LeFort, I'm just letting you know that you have a little bit more than a minute left, so if you can, get right to the focus of your presentation, because in a minute we have to go on with the next witness.

Go ahead.

Mr. Roland LeFort: Thank you.

So what does sustainability mean in a national strategy? It means that we identify the needs for Canada—our needs for energy—and reduce our dependency on imports and concentrate on supplying our own needs. By doing so, we develop our own infrastructure to move our resource from one end of the country to the other. Again, by doing so we can rejuvenate our secondary and tertiary industries, making Canada our best customer. I think by doing so we would position ourselves to better survive the ups and downs in the markets. Truly, we can make a real difference.

We can't do it without concentrating on the fact that we have some responsibilities in this world to reduce emissions. The idea of developing the strategy is to understand how much by way of emissions we will allow ourselves to produce and to control that amount by ensuring that the pace of development doesn't exceed those targets.

● (0915)

The Chair: Thank you very much.

We have to go on to the next witness, but I'm sure there will be questions for you.

Our final witness for today is from the Parkland Institute: Trevor Harrison, director, a professor from the University of Lethbridge.

Go ahead, please, sir, with your presentation.

Mr. Trevor Harrison (Director, professor, University of Lethbridge, Parkland Institute): Thank you.

Good morning, Mr. Chair and members of the committee, and also to the other participants on this panel today.

I want to thank the chair and the committee for this opportunity to present on this very important topic. I think my comments will be found to actually complement and expand in some ways some of the comments already made by earlier speakers.

Just as no business executive would go about retooling a factory without first making a cost-benefit analysis, any assessment of the economic benefits of Canada's oil and gas sector must also consider any costs involved. Public policy is all about trade-offs, of which discussions about the oil and gas sector or energy in general are a classic example.

Oil and gas production is not only an economic issue. It involves serious questions of political power, Canadian sovereignty, and even democracy. It also involves important questions regarding the environment and the oil and gas sector's specific contributions to global warming.

Given the nature of these hearings and the limits of time, however, I will here concentrate primarily on several important issues dealing with the economic impacts. The end of this report provides some references that may be of use to the committee in its deliberations.

Oil and gas in their raw form are what is commonly referred to as “staples”, just as are furs, grains, and fish. Much of Canada's history is that of a producer of raw products for other countries. The Canadian economic historian Harold Innis argued that Canada's founding as a hinterland producer of raw exports for world markets curtailed normal economic and political development. His staples theory of development went further, however, in suggesting, contrary to mainstream liberal economic theory, that countries such as Canada would find it difficult to break out of what he termed the “staples trap”. The nature of the trap was that while staple products were often seductively profitable in the short term, their prices, set on world markets beyond local or national control, were inherently unstable and thus subject to boom and bust. Additionally, argued lnnis, an economy built upon raw resources alone did not develop the forward and backward linkages and social structure characteristic of a fully developed economy

Oil and gas production as it has evolved is clearly more complicated than the sorts of staples about which lnnis wrote, such as furs. Moreover, Canada' s economy as a whole is not a one-trick pony.

At the same time, the Canadian economy in recent years has experienced a structural shift in which exports have become, in the words of Clarke and others, “increasingly concentrated in unprocessed or barely-processed resource products” of which oil and gas constitute a major part. For this reason alone, the broad principles of staples theory, specifically tied to the costs and benefits of oil and gas production, still pertain.

There are a number of specific issues I want to talk on, and I'll go to those.

First is financial costs. Resource development, especially in the oil and gas sector and more so in the Alberta oil sands, is particularly capital-intensive and requires a long time horizon. The potential of huge profits to be made through this private capital investment is matched by the potential of huge losses should the investment not pay off. In practice, this has meant government backstopping these investments—in effect, the public becoming the end holder of risk.

Next is employment. The oil and gas sector contributes considerable money directly to the state through either provincial royalties or corporate taxes, and indirectly through employee wages. Much of the employment involved in oil and gas production is indirect, however, tied to construction work, as we've heard, and to infrastructure or servicing.

This is particularly the case with current pipeline proposals, in which the bulk of jobs exist in the beginning stage of pipeline construction. To put oil and gas sector employment in context, Clarke et al. note that, “although 16,500 mostly well-paying direct jobs were created in the petroleum industry (mostly in bitumen-related developments) in the decade ending in 2011, this amounts to less than 1 percent of all the new jobs generated by the Canadian economy during this period.” One way of maximizing the employment benefits of oil and gas production would be though increased value-added production.

Next is upgrading or value added. The Alberta Federation of Labour, the Parkland Institute, and other groups have lobbied for the domestic upgrading of bitumen, as opposed to the export of raw product to the U.S. via the Keystone and other pipelines, in order to maintain value-added jobs in Canada.

Pipeline supporters, by contrast, argue that building capacity in Canada for domestic production is too expensive and that in any case Canada has huge amounts of available bitumen that might as well ship to the southern U.S., where upgrading capacity already exists.

● (0920)

Then there is pacing. Rapid development means, as already stated, a lot of construction jobs. The downside of this is enormous expense to the public purse, the attendant costs of social adjustment in many instances, and accelerated production of a non-renewable resource. The Parkland Institute has repeatedly suggested that greater long-term benefits would accrue to Alberta and Canada as a whole through a slower pace of oil and gas development.

Next is “crowding out"—economic trade-offs, in other words. Every economic development involves an investment of resources, including land, capital, and labour, the precise amounts of each depending on the type of enterprise and the stage of development. Any investment by an enterprise in oil and gas risks coming at the expense of investments that might have been made in other activities, including alternative energy.

Then there are multiplier effects. Some of the costs of investment in oil and gas are offset by gains in either backward or forward linkages, sometimes also referred to as multiplier effects. There is considerable economic activity in Canada related to manufacturing and services. Nonetheless, many of the indirect benefits of oil and gas production occur outside Canada. Foreign—primarily American-owned—companies make up 71% of the oil and gas companies operating in Canada and tend to source in their home countries. In short, at least some of the spinoff benefits and profits of oil and gas production leak out of the Canadian economy.

Next is oil price volatility. The direct economic benefits of oil and gas production can be enormous when the price of oil is high. But like all staple resource products, oil and gas is a notoriously volatile commodity. The price of oil has varied between $17 in 1999 and $145 just prior to the recent recession. The resultant booms and busts have real political and social consequences upon staples-based economies, something Alberta knows very well. But this volatility also has impacts upon the Canadian economy as a whole and arguably upon the Canadian dollar.

What about the Canadian dollar volatility? The impact of the price of oil upon the Canadian dollar is difficult to calculate and even more difficult to predict. An Enbridge study prepared for the northern gateway project argues that the value of the dollar will hit 85¢ by 2016 and remain there for 30 years. But a study by the Canadian Energy Research Institute in 2011 predicts that the Canadian dollar will rise to $1.23 by 2030 and $2.00 by 2044. The volatility and unpredictability of the dollar has negative consequences for oil and gas production and for the Canadian economy as a whole.

There are externalities. Externalities are those costs not built into the actual pricing of a commodity or product. Current economic thinking suggests that the end price of an economic activity should reflect—that is, internalize—the real costs of that activity. These often-externalized costs include the environment, but can also be seen to include such things as the costs of health, education, retraining, and infrastructure, as well as other social costs incurred by individuals, families, and communities impacted by oil and gas and other economic activities.

Finally comes income inequality. The economic benefits and costs of any activity may not be evenly distributed across or within populations or regions. Alberta has the highest median income in Canada, but a Statistics Canada report in 2012 showed that the bottom 90% of Albertans have not seen a real income rise in roughly 30 years. That's partly because of the effects of inflation, which rapid staples-based resource development tends to actually increase, and so it eats away at the value of the wages that people earn.

That's the end of my presentation, and I certainly welcome questions from the committee.

Thank you.

● (0925)

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

We'll go now directly to questions and comments.

In the first round, the seven-minute round, we have Ms. Block, Mr. Julian, and Mr. Regan.

Go ahead, please, Ms. Block, for up to seven minutes.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair.

I'd like to welcome our witnesses here this morning and thank you for your testimony.

We embarked on this study because we had a sense that the impacts of developing our oil and gas upon other sectors, such as the manufacturing, agricultural, and construction sectors and through them upon communities all across Canada, are very significant.

Mr. Smillie, your testimony this morning has certainly confirmed this. I'll just go back to something you said in your opening remarks. “These aren't just jobs in oil and gas; these are jobs that create jobs.”

You also highlighted, though, a number of challenges, such as training delivery, labour supply, and labour mobility. In economic action plan 2014 there are a number of measures to support the construction workforce, such as reaffirming the Canada jobs grant, the new Canadian apprentice loan, the employer EI top-up to apprentices and technical training, and the flexible apprenticeship delivery pilot.

I'm wondering how important these measures are for training, and in particular training in your industry, both now and in the future.

Mr. Christopher Smillie: The Canada job grant is the first action that a federal government has taken on training in a long time. It's a step in the right direction. It will mean we're able to train more people through our training centres. We have close to 300 training centres across Canada and we currently only train members. But with the Canada job grant, we'll be able to expand that training to members of the public who are interested in receiving training in one of our construction trades.

The key part we like about the job grant is that it's aligned with what employers are willing to do. It requires employers to hire these people at the end of the training program. In our universe, employers will know that they need 35 carpenters to go to Kitimat between March and May. This will mean that between September and January, those carpenters would be able to go to a training facility, receive what they need in order to meet the requirements of the B.C. government to be a carpenter in that province, and get that training. It also means that the company that's doing the construction work will hire these people and will put them to work. We have a tough time sometimes getting companies to take on apprentices, and the job grant encourages them to do just that. As far as we understand from HRSDC, you will be able to use the job grant for training towards your curriculum. It's excellent.

The second part of your question was on the Canada student loan issue. This has been a real bee in the bonnet of construction apprentices for a long time, because theirs are short-duration courses —eight or nine weeks. Previously, to qualify for Canada student loans you needed, I think, an 18-week program.

It's an amazing change. It means our guys and girls will be able to go to their community college and get a loan to be able to take their in-class portion, something they were never able to do before.

The third thing I'll address really quickly, as I know you have limited time. I can't remember the acronym. It is the flexible program wherein there's going to be a pilot to look at delivering training in a different way. This will help solve the problem of the New Brunswick carpenter who is working in Alberta and who gets a letter from the New Brunswick government saying, you must come home and take your block training between such-and-such dates. However, the guy is employed and is making $85,000 a year and can't quit the job to go home to sit on EI and take the training.

This will hopefully allow that person to take the New Brunswick curriculum in Alberta at SAIT or NAIT. This will allow NAIT and SAIT to get paid in the way they need to be and deliver the New Brunswick curriculum.

We're really hopeful that those things will work out.

● (0930)

Mrs. Kelly Block: Okay. Thank you.

Here is my second question. We know that part of our responsible resource development plan—one of the pillars—is enhanced consultations with aboriginal communities. Embedded in that also are the opportunities that aboriginal communities and first nations would experience.

Does your industry work with aboriginal groups to identify employment opportunities or to even advance training for aboriginal persons?

Mr. Christopher Smillie: Thanks for the question. It's timely.

We are working currently on a deal with the National Association of Friendship Centres, a national organization that works in urban areas. We're setting up a system whereby, when they identify candidates who are ready for our industry or who just need a bit of upgrading to be able to work in our industry, these people are being flagged, and we're going to give them front-of-the-line treatment into apprenticeship programs in a way similar to what we're doing for people when they come out of the armed forces through out helmets to hardhats initiative. The National Association of Friendship Centres is a key organization that we're linking up with to identify and to increase the penetration of our membership.

At the end of the day the companies have to commit to hire these folks as well, and so when we're in negotiations with these companies we're really pushing this activity and others to make sure that there are local workforce requirements also.

Mrs. Kelly Block: Just to follow that up, then, you try to ensure that the companies you're working with have some sort of strategy for the employment of aboriginal persons.

Mr. Christopher Smillie: The best way to do it, we've found, is go directly to the purchasers of construction—the Suncors, the Shells, the CNRLs—and tell them when they make arrangements with their contractors to make it part of the contractual obligation between an energy company and a construction company that, if that company is a contractor of Suncor or of CNRL, it must do *x*, *y*, *z* and have an engagement plan.

We work really hard on the work sites to implement that kind of change. It's slow, but there are really good examples, and I could provide those examples to the committee in writing afterwards.

The Chair: Thank you, Mr. Smillie.

Thank you, Ms. Block.

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

Mr. Peter Julian: Thanks to all our witnesses. It's very interesting testimony.

I'd like to start with you, Mr. LeFort, because you gave very compelling testimony around sustainability.

I've been up, as you know, to the oil sands about half a dozen times over the last year and a half, and issues of sustainability are something that many people in Fort McMurray and the region share. Certainly Brian Jean, the former Conservative MP, spoke as well, once he stepped down, about the pace of development, as you did very eloquently today. I think there's more and more questioning of current government policy and the government's approach on the oil sands.

I'd like you to speak a little bit more to the issue of sustainability. You referenced the reaction of the Americans and the Europeans, and I've certainly heard first-hand that a lack of oil and gas regulation is something that is a real black mark on Canada internationally and that the reason there is so much objection internationally is that many people see the current government's lack of responsibility on the environment as profoundly irresponsible.

Could you speak to what we need to put in place to assure the sustainability that you spoke so eloquently on?

Mr. Roland LeFort: Thank you, Peter. I can for sure.

I live in a community that has grown from 25,000 to more than 100,000. When we build an infrastructure like that, we have to put it into context. Where is it going to go, if society, as we believe it will, takes a different view on the development of the oil sands or on oil and gas and fossil fuels altogether? What do we do with a community like Fort McMurray, if that slowdown ever occurs?

When we talk about sustainability, that's what we want to talk about: moving this forward so that, as we're doing so, we maximize our ability to extract the oil sands and the value of them to build a better country. We can develop the resource to move it across the country, as the other speakers have identified so well, and build our country, whether it be through the infrastructure....

For example, we saw some real tragedies with Lac Mégantic and the transportation of the product without proper legislation, without any concern about that infrastructure being the right infrastructure for moving that resource.

The rail system is a great infrastructure, if we build it for that purpose and for other purposes. We heard about the tertiary industry being, for example, agriculture. I don't think we have the infrastructure in rail now to adequately supply that tertiary industry.

It has to be part of a strategy that means everything to us; that means we're going to be developing this resource knowing that at some point there is an end, so that we prepare for that end in the transition process; that means we develop it knowing that we have some responsibilities to the world, that we're not growing it to an extent that is not sustainable, that our strategy includes not only the extraction of the resource, but the refining and marketing; and that means we accept responsibility for emissions in all of that and come up with a target that is achievable.

If we are increasing our emissions because we are developing the resource, then we need to find other ways to reduce our total emission, and that could be by developing the right infrastructure on public transit, for example, or on rail, again, because we already know that transportation—

[Technical Difficulty—Editor]

● (0935)

Mr. Peter Julian: I was actually going to go to Mr. Harrison next. How long will it take to get him back?

The Chair: It could take a while to get him back; you never know. If you want to question the witnesses who are with us by video conference, then why don't we finish your last two minutes and a bit after they're back on?

Mr. Regan, were you going to question the people who are here? Could we go to Mr. Regan, have him complete his time, and then when the witnesses with us by video conference are back, we'll finish yours. How's that?

For up to seven minutes, Mr. Regan, go ahead, please.

Hon. Geoff Regan (Halifax West, Lib.): Mr. Boag, you heard Mr. Harrison talk about the issue of value added, and I think most Canadians would like to see the kinds of value added for all kinds of resource products that would bring in good jobs for Canadians. Mr. Smillie certainly talked about lots of good jobs associated with the industry.

Mr. Harrison said the thinking in the industry is that you have huge amounts of bitumen, so you might as well ship it south or to the coast. Clearly there is certainly a lot of concern about the gap between WTI prices and prices in Alberta—what we're getting for our oil, so to speak—and there's a feeling that there's a strong need to be able to get the oil to tidewater so that it can be sold at world prices and shipped internationally.

In your view, what is it that impedes more of that value added from happening in Canada?

Mr. Peter Boag: The economics of the refining business are very complex. As you will know, it's a very capital-intensive industry. When you're talking about building new refining capacity, for a modest size of refinery that's capable of refining the growing amounts of heavy crude, you're talking about an investment of $8 billion, $10 billion, or $15 billion, and of course the payback period for that kind of investment is 25 to 30 years or more.

There's a complex set of variables that really do determine if that is a smart investment and if that investment can address all of the issues associated with commercial risk, economic risk, technical risk, or regulatory risk. It's not a simple decision for someone to decide that they're going to put $10 billion on the table to invest in a new refinery capacity. Also, of course, we have to look at the overall supply and demand situation within the market where Canadian refineries would compete.

Certainly, the challenge in North America for our business is that it's really a declining market when you look at the demographics of North America and our mature transportation systems. There are significant new regulatory requirements that will substantially increase fuel economy and reduce the fuel demand from our vehicle fleet. Of course, there's the diversification of the transportation fuel mix, with more biofuels, electricity, and natural gas.

All of those factors really come together to create a market—at least in the North American context, where our refineries have traditionally been market participants—that is in fact flat to declining. That's not unique to Canada or North America. That's essentially the situation that exists in any OECD developed country.

We already have enough refining capacity in Canada to more than meet our own demand. We are net exporters of fuels, with significant imports into the U.S. and beyond. The challenge within our current market is that there is already more capacity than there is actual demand. As a result, unfortunately, we've seen refineries closing, particularly in what we call the Atlantic basin, and there's still an overcapacity.

Unfortunately, we've seen refineries close in Canada, and obviously one very close to your constituency, the Imperial Oil Dartmouth refinery. We saw a refinery close in Montreal. Back a decade ago, we saw a refinery close in Oakville, and we saw refineries close in the U.S., in the Caribbean, and in Europe. It really is reflective of this kind of supply and demand dynamics in an overcapacity. It creates a huge challenge in an investment environment to substantiate a $10-billion or $15-billion investment in new refining capacity.

Quite frankly, our members are challenged to keep our refineries viable, competitive, and open, particularly in eastern Canada. The Atlantic basin is the most challenging market right now with respect to an imbalance between capacity and supply.

So certainly, the access to western crude, the ability to have a more diversified crude access and make choices based in part on price differentials, is an important issue for sustaining the competitiveness of existing refineries. Investors will ultimately determine whether those issues change the competitive dynamics enough to warrant new investment.

Investment to pursue export markets beyond Canada is again very challenging. We are seeing significant refinery investment already happening in the U.S. Gulf coast and Asia. It's a question of whether the supply and demand dynamics within our traditional local North American markets and also the supply and demand dynamics more broadly across the globe really address satisfactorily the economic, commercial, technical, and regulatory risks that can warrant the investment of the kind we're talking about.

So that's really the complexity of.... It would be great to say that we are producing all this oil, we should just refine it here in Canada, and we should be selling refined products. You need to have a market for it, you have to be able to get it to market, and you have to be able to do it and actually make a reasonable return on investment. That's the issue that investors face today.

● (0940)

Hon. Geoff Regan: Aside from the question of supply and demand in North America, are you able to comment on other economic factors that go into deciding whether processing happens close to production or close to market or population?

Mr. Peter Boag: Traditionally in our business, processing has generally been close to market.

Hon. Geoff Regan: Do you want to explain why?

Mr. Peter Boag: I think that's because, number one, it's much easier and more effective and more efficient and less costly to export and import crude than it is to move refined product. The costs of moving refined product are higher than the costs of moving crude because of the quality standards initially that need to be maintained. With regard to the ability to respond more quickly to changing patterns, whether we're talking about seasonal demand patterns or demand over a longer term, it's easier to do that when you're supplying a market that's close.

Today the dynamics are shifting. Being closer to market is not so important anymore. It's still important, but it's not as dominant as it used to be. I think that's in part because we've seen continuing growth in the size of refineries. Refineries that do have tidewater access are actually able to access transportation through large VLCCs or potentially even ultra large crude carriers and use those to ship product at a price and a cost that can begin to make them competitive in the market. As a result, from the Canadian perspective, we're now seeing the people we compete with for our own domestic market expanding beyond their traditional competitors in the U.S. to competitors as far away as Asia that are building massive refineries, where there are lower labour costs and environmental standards that may impose less of a cost burden. The ability to ship large quantities at a relatively low cost is now making them competitive in the North American market. So being close to market isn't the only factor any more.

● (0945)

The Chair: Thank you.

Thank you, Mr. Regan.

For the two witnesses with us by video conference, as you know, we had a technical problem and we lost you for a while. You're back so we'll go back to Mr. Julian to continue his line of questioning.

Mr. Julian, you have about two and a half minutes left.

Mr. Peter Julian: Thank you, Mr. Chair.

Welcome back, Mr. Harrison and Mr. LeFort.

Regarding the issue of value added, we heard from the Alberta Federation of Labour earlier this week. They talked about the impacts of an export pipeline, exporting raw bitumen or diluted bitumen, as Mr. Calkins likes to say, and the thousands of jobs being shipped south of the border. Both of you referenced the value added.

Keeping the emphasis on exporting raw bitumen or raw logs or raw minerals as opposed to doing value-added production in Canada: what does that cost us economically?

I'd like to start with you, Mr. Harrison.

Mr. Trevor Harrison: I don't have an exact figure on it, but from some of the earlier testimony here we can see that certainly when you have a finished product, you're going to get a higher value for that. I referred earlier to the issue of staples production. Of course these are highly capital-intensive projects. One of the downsides of this is that the shareholders want a return on this. What tends to happen quite often in staples-based economies is that the impetus to pay off the shareholders means that you start to produce higher quantities of whatever the staple is at the expense of that value added. You try in a sense to increase the amount of money coming in through the sheer volume of the product as opposed to limiting the size and the amount of the product but raising the value that you're actually getting from it.

One of the things we're seeing with the pressures to export bitumen is that so much money has gone into oil sands development to increase the sheer volume of product that to now pay it off you have to find a way to get it out of here. We don't have the capacity for processing, but we're going to keep shipping larger and larger amounts hoping that doing so will pay off in a gross amount of money. I think that's the dynamic that is actually pushing this.

Mr. Peter Julian: Thank you.

Mr. LeFort.

The Chair: Go ahead very briefly, please, sir.

Mr. Roland LeFort: I think it's very clear if we look at the other industries, such as forestry, for example, that the move towards exporting the raw product is totally decimating the jobs and work in Canada. We've seen it and we are seeing closures of communities that were once vibrant. Without the focus on the secondary industry, if we call it that—the paper mills and the industries that were supporting those communities—there are drastic effects such as closures and vacancies and ghost towns.

I don't think as a country that we need to submit ourselves to that. I think we can do much better. We can plan for what it should look like, not only for today but for the future. I think it's irresponsible to say we develop without knowing where we will end up or, as our previous speakers said, that we have overproduction and now we're stuck in a system that says we got here and the only way out is to ship to markets elsewhere. That's what happens when we don't build a strategy. What happens when that market ends?

● (0950)

The Chair: Thank you, Mr. LeFort, and thank you, Mr. Julian. We now go to the five-minute round, and we have Mr. Leef with us first, followed by Mr. Calkins, and then Ms. Duncan.

Go ahead please, Mr. Leef, for up to five minutes.

Mr. Ryan Leef (Yukon, CPC): Thank you, Mr. Chair, and thank you to all of our witnesses here today.

Mr. Boag, I was looking through this document here, and some of the statistics around the kilometres of road and the volume of passenger travel around the country are pretty impressive.

When we have discussions about the oil and gas energy sector, a lot of times it seems that the overall sort of tone and tenor of it is that we're consuming this, but we don't ever really seem to drive down to the point that the consumption of oil and gas is not necessarily, in most cases, the end use. It's really a facilitator to do other things, to achieve other things. For example, it's for moving goods and supplies and services and people, for getting people to their jobs, and for getting products like critical medical supplies around the country. It really helps facilitate the movement of everything in our country, but I think a lot of that gets lost, in that we don't fully acknowledge that the consumption of that product is not the end option for us.

On that vein, what do pipelines do to help facilitate that movement of people and goods across the country for this nation?

Mr. Peter Boag: Number one, you're quite right in observing that, ultimately, energy is all about the provision of a service. Energy is not the end. The end deliverable is the service that people expect. Whether it's mobility for people or goods, or for home heating or electricity, those are services that ultimately Canadians expect and demand and that underpin our economy and our standard of living. It's very good for you to recognize that.

On the pipelines: where oil is found and produced isn't necessarily where it's needed. We need to have some form of energy infrastructure to take and transport that raw energy product, which for our industry is crude oil in its various forms, and get it to facilities that can transform it into the useful product that people need. In our industry, it's primarily transportation fuels that ultimately underpin that mobility, the importance of which you have so eloquently spoken to.

For us, pipelines are a critical part of the overall oil and gas value chain, providing that essential linkage between the location where the raw material is found, the processing facility, and beyond the processing facility. What most people probably don't understand is there is actually—particularly here in Eastern Canada and Ontario and Quebec—a substantial network of pipelines that deliver finished product to market. The gasoline or the diesel fuel you buy at your local station here in Ottawa has most likely come via pipeline from Montreal. The terminus of that pipeline is in the southwest part of the city, where there's a large terminal, and from there, it's delivered by truck to facilities.

Pipelines are an integral component of the overall oil and gas value chain. In industry terminology, they often get called the "midstream" component of the industry, which connects the upstream to the downstream, but in a context of product pipelines, they connect that product almost directly to consumers as well.

Pipelines are a big part of our industry. As we continue to increase our crude oil production, we're now coming up against the limits of the existing infrastructure. Clearly, the infrastructure I spoke about in my prepared remarks, which would enable bringing crude oil from western Canada all the way to Montreal and refineries in Quebec and ultimately to refineries in Atlantic Canada, is a key part of what will help to maintain competitive refining infrastructure in Canada, which will continue to provide those fuels so essential to our Canadian mobility.

● (0955)

Mr. Ryan Leef: Excellent. Thank you.

Mr. Smillie, welcome back to the committee.

The Chair: Actually, Mr. Leef, you're out of time.

Mr. Ryan Leef: I wanted to welcome him back.

The Chair: That's very nice of you. You're just a nice guy and we all know that.

Voices: Oh, oh!

The Chair: I think you're the best MP from the Yukon, Mr. Leef, because you're the only one, but you would be the best anyway.

Mr. Calkins, you have up to five minutes, please.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Chair.

Thank you to our witnesses who have come in today.

Mr. Smillie, you said that there were some 82,000 workers in Alberta from other parts. That comprises 45% of the camp workers, I believe you said. The workers are there transiently. Most of the workers you represent, of course, are construction workers. By their nature, construction jobs are temporary jobs. They move on to different jobs. Could you give us a breakdown of where those 82,000 workers are actually from? Do you have that kind of information? Does your organization have that kind of information on what provinces they would be from?

Mr. Christopher Smillie: They're from every province. We have the travel-card system, so when there's no work available in their home province, or if they choose to go and work out west, they can travel to another location to work.

We could endeavour to get a breakdown for you. Mainly, the workers would be from Ontario, British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick, P.E.I., and Nova Scotia. They're from everywhere.

Mr. Blaine Calkins: And primarily from Canada?

Mr. Christopher Smillie: For those living in the camps, I would say that 95% of the workers there would be Canadian, and 5% would be from either the United States or somewhere in the United Kingdom, if they're construction workers.

Mr. Blaine Calkins: Okay. Great.

Now, you've said that these are jobs that create jobs—I agree with that—and that a decrease in projects affects construction jobs. It has been argued by some at this table that maybe a different pace needs to be looked at. I'm not saying that's right or wrong; I'm just saying that it's what's being argued by some.

Could you talk a little about that and maybe explain to the members of this committee and the witnesses who are here today how long the project approvals are for some of these projects? Also, how do you anticipate having the workforce ready for them?

Mr. Christopher Smillie: I'll talk a bit about Kitimat. We'll do that one because it's the prime example right now. It's an LNG terminal in B.C. We're currently going through the planning stage for a workforce for that project with a major construction company and a major oil company. A couple of them are partners on that project. We're currently planning a workforce to start construction soon.

As for generally what happens, an energy company will decide that they're going to do an expansion, and there is an RFP process wherein construction companies bid on that project. That's generally two years before any worker ever hits the ground. It's about a two-year window between when Suncor, say, or Exxon, or Imperial decides they're going to build something and when the worker actually gets to the job. In that time, there's the bidding process, there's the engineering, and there's all kinds of other stuff that's going on. We're still waiting for the Mackenzie pipeline, so....

Voices: Oh, oh!

Mr. Christopher Smillie: I'm trying to be a bit funny.

Mr. Blaine Calkins: Yes. That's a bit different.

Mr. Christopher Smillie: Yes.

At the end of the day, these projects aren't decided overnight. Generally in the past there have been regulatory dances for five, six, seven, or eight years before people actually get on the ground and get to work.

We know that has changed. We know that there are new rules inside the NEB for maximum review periods, and we support that kind of thing. We want to make sure the review is rigorous and we want to make sure the review is strong. We don't think a project needs to be reviewed by two different jurisdictions. Let's take the most rigorous application of it, take a look at it, and have a maximum review period.

● (1000)

Mr. Blaine Calkins: Thank you very much. I appreciate that.

Mr. Boag, I'll go quickly to you. You said that it has been argued by some at this table—I think it was Mr. LeFort who said it—that we are dependent on imports for oil. I would suggest that any country that is a net exporter of something is not dependent on anything. It's simply a matter of economics that makes the determination as to where our oil is sourced.

Line 9 is going through reversal, and hopefully we'll hear from the NEB today. Hopefully, it will be something positive. I maintain the position that frankly I think it's ridiculous that the NEB would even be involved in a public hearing process or be involved in a reversal of the direction. I mean, CN doesn't ask for permission to turn its train around and—

Mr. Peter Boag: Yes, but it's a re-reversal.

Mr. Blaine Calkins: I know.

But anyway, when did the economics change to make it more viable to take oil from the western basin to eastern Canada? If line 9 goes ahead and is fully implemented, how would that ratio change? It's 60:40 right now.

Mr. Peter Boag: First of all, the economics have probably changed, certainly within the last decade. But I think it's also important to note the context, that this isn't the first time the economics have changed.

That pipeline was originally built in the 1970s for the specific purpose of taking western oil to eastern Canada at the time of the original OPEC oil embargo and disruption in the Middle East. Economics changed, and by the 1990s that pipeline was reversed to be able to take imported crude as far as Sarnia.

Economics have changed again, and now there is an opportunity to move up to 300,000 barrels of oil per day. That's what Enbridge has requested from the NEB. That amount is enough to supply more than the total needs of the Suncor refinery in Montreal and half of the needs of the Valero refinery in Montreal.

You could potentially reduce what is about 600,000 to 700,000 barrels of oil imported into eastern Canada today by about 300,000 barrels.

The Chair: Thank you.

Thank you very much, Mr. Calkins.

We go next to Ms. Duncan for up to five minutes followed by Ms. Crockatt and Monsieur Giguère.

Go ahead, please, Ms. Duncan.

Ms. Linda Duncan (Edmonton—Strathcona, NDP): Thanks, Mr. Chair.

Thanks to all of the participants, especially those in Alberta who had to get up in the wee hours to testify. I hope they're providing you with lots of coffee.

Dr. Harrison, you may well have participated and you're probably well aware that about 10 years ago the Province of Alberta and, I think, the federal government participated in a big review of the oil sands, the cost benefits and so forth, which a lot of people were involved in. A number of reports were initiated from that. The Alberta government hired Mr. Radke, who was a former deputy minister in the Alberta government, to do a review of the costs and benefits and how things were proceeding. In his report Mr. Radke made the same recommendation that former Premier Lougheed did, which was that the industry should be paced.

One of the strong arguments for that had to do with the escalation of costs. We've heard some testimony. We've heard from The Conference Board of Canada about $100 billion being invested, but that's by and large only in taking the bitumen out of the ground. If all the money is going into that, obviously there is not a lot of money left over for refineries, Mr. Boag's sector.

I wonder, Dr. Harrison, if you could speak to the implications for other sectors, in particular the municipal construction sector, with regard to competition for workers and the rising costs in this highly escalating, fast-paced industry in northern Alberta.

Mr. Trevor Harrison: In many ways, actually, everybody who has been to Fort McMurray knows it's quite unique. It's like a unique little economy within the province of Alberta.

One of the problems for other municipalities—and for the provincial government and Albertans as a whole—is that it tends to skew the economics of the entire province. For example, when you're trying to hire people to go to Fort McMurray, you know what the wage rates are up there, so it's very difficult sometimes to get people working in other parts of Alberta. You end up with a kind of very individual inflation rate that is set by Fort McMurray but that infiltrates into the rest of the province. So it does create all kinds of other difficulties for the province.

You've pointed out the huge amount of capital investment there that is sunk into a particular project. That tends to skew the economy in all kinds of ways—wage rates and everything else—and skew the tendency towards raw production as opposed to value added.

The late Premier Lougheed did in fact, right up until the time he, sadly, passed away, continue to encourage the Alberta government to set a better pace for the development. He said that it really was too rapid.

When you have this amount of investment in a single resource, I can't help but reflect, if I can have a moment, on something Mr. LeFort talked about, which is basically that throughout the history of Canada we've had resource towns that have suddenly boomed one moment and then suddenly just disappeared. What do you do with all that money and resources and human activity that went in there?

If I can just take a personal moment here, I actually worked in Fort McMurray for a number of years in the 1980s. In fact, my daughter was born there. I can actually remember very clearly the morning when Uranium City shut down. Uranium City is not peculiar in the history of Canada. What we have is a whole history of resource towns into which huge amounts of investment were put and then for whatever reason—sometimes technological innovations or changes in fads and fashions elsewhere—the economics simply didn't work any longer and the town suddenly shut down.

One of the things in terms of pacing and getting it right is to think not just about the short term, as in right now, but about how we build an economy, communities, and this country in the long term as opposed to putting huge investments in a single resource. That seems to me to really be the problem.

I'm not sure anybody would disagree with that, but how do we get it right?

● (1005)

Ms. Linda Duncan: Thank you.

I have a few more seconds, and I have a quick question for Mr. Smillie.

Would it be fair to say that the majority of construction workers are agnostic in what they work in, but that they would like a well-paid construction job? In other words, whether they're doing it in a municipal infrastructure or building a pipeline, do construction workers simply want well-paid construction work?

Mr. Christopher Smillie: It's fair to say.

The Chair: Thank you, Ms. Duncan.

We will now go to Ms. Crockatt followed by Mr. Giguère, and then Mr. Trost.

Go ahead, please, Ms. Crockatt.

Ms. Joan Crockatt (Calgary Centre, CPC): Thank you very much.

Welcome to all of our witnesses here today.

Mr. Smillie, I want to start by noting that when you appeared before this committee last time, you represented 550,000 workers, and now you're representing 600,000.

Mr. Christopher Smillie: Yes.

Ms. Joan Crockatt: Have you seen that kind of an increase in jobs? Is that increase since April mostly related to the oil and gas sector?

Mr. Christopher Smillie: It's a mixture of two things. It's municipal infrastructure work, which Ms. Duncan mentioned, in Ontario, and also various shutdowns that are occurring in Alberta for maintenance cycles.

When we take a snapshot, it really depends on what's going on and what's happening. However, a 5% to 8% fluctuation in membership isn't a strange thing. Sometimes in certain marketplaces we can't dispatch people to work sites, so they seek their own employment somewhere else.

There definitely has been an increase in new construction activity. In 2012, for instance, there was roughly only 5 million new construction hours in the oil sands; in 2013, it was close to 21 million. We definitely have seen an increase in activity, year over year, in new construction in Alberta.

Ms. Joan Crockatt: I think we heard a very clear explanation from Mr. Boag on the challenges for refineries these days, to keep them viable and open.

Mr. Boag, what is the best way you can think of that Canada can keep refineries viable and open?

Mr. Peter Boag: It's a realm of making sure the economic environment...and that includes a number of variables. One is the infrastructure issue—we've talked a bit about that today—and making sure that Canadian refineries have access to a diversified supply of crude, where they can make crude selection choices based on availability, quality, and price. Their choices are much more limited in eastern Canada right now; certainly, that's a factor.

The other factor, which we haven't talked about, is the kind of regulatory environment we have. There are regulatory pressures. That's not to say that increasingly stringent environmental performance requirements are wrong. We have a very strong record of continuous improvement in our environmental performance.

We can look at how Canada, whether at the provincial level or federal level, imposes new regulatory requirements on our refining sector. We want an approach that is clearly validated by solid cost-benefit analysis, that we're investing money that's going to deliver value, an improved environment, and improved Canadian human health. We want it to be done in a way that recognizes that we can't eat the elephant all in one bite, sets some priorities, and paces new regulatory requirements in a way that they are digestible by the industry.

Let's not forget that we compete in an environment where other jurisdictions may have different environmental requirements. For the most part, we need to ensure that we look at alignment. To Canada's credit, and most provinces, we've done a very good job of making sure that the substance and pace of our environmental regulation is largely aligned with that of the U.S. They're certainly our significant competitor.

There are definitely things that government can do in terms of helping to create the kind of economic and regulatory environment, and infrastructure environment, that sustains a viable and competitive Canadian refining sector.

● (1010)

Ms. Joan Crockatt: Okay.

I want to bring this down a little bit. I think we've heard from both of our witnesses that communities can be dramatically affected if the oil and gas industry is developed.

Do you believe we can keep marginal or economically fragile refineries open or see the reopening of some refineries that have been closed—or expansion—through development in the oil and gas industry?

I'd put that to both of you, please. If that is the case, where, and can you give me examples?

Mr. Peter Boag: Certainly.

We've talked about the challenges for the refining sector. We mentioned that there have been some recent closures, but there's also been some expansion of existing refining capacity. We are seeing the first new refinery in Canada in 30 years being built to the north of Edmonton.

It's not all just the challenges and retrenchment of the sector. Certainly we've seen—

Ms. Joan Crockatt: Well, that one's been delayed, I'm sure you're aware.

Mr. Peter Boag: Yes, a significant expansion of the co-op refinery in Regina over the last number of years going from 100,000 barrels a day to 145,000 barrels a day.... The North West Redwater upgrader refinery project north of Edmonton, the first phase now under construction, 50,000 barrels per day initial capacity.... We've seen expansion in Irving; we've seen expansion in Petro-Canada refineries.

Ms. Joan Crockatt: What about Quebec? Could you go—

The Chair: Thank you, Ms. Crockatt. Your time is up.

We go now to M. Giguère followed by Mr. Trost and then Mr. Julian.

Go ahead, please, Mr. Giguère.

[*Translation*]

Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP): I want to thank the witnesses for coming to meet with us. Some of them had to get up very early this morning to be here. I appreciate the fact that, by participating in this meeting, they are helping improve the economic performance Canada can produce by developing its natural resources.

I heard the government representative say that the National Energy Board would be excluded from the approval process for building pipelines and that this process would be handled directly by Enbridge.

Does this mean that the oil industry is officially asking the committee to recommend the abolition of the National Energy Board?

[*English*]

Mr. Peter Boag: Absolutely not, if that question is posed to me. I'm not sure why anyone would have thought we would have been asking for that.

[*Translation*]

Mr. Alain Giguère: I really appreciate this answer. So we can be sure that the government will not vest this regulatory power in a private company.

My next question, which is about value added, is for Mr. Harrison.

In Canada, we will export oil from the oil sands, which already require special processing in terms of refining and cracking.

Before that natural resource is exported from a port like Gros-Cacouna, couldn't an initial processing method be developed to increase the value added and facilitate the global exportation of that product?

● (1015)

[*English*]

Mr. Trevor Harrison: I think that's one of the things that I'm hearing, that I'm saying and a number of people are saying is that there are real jobs at stake here in terms of if we do the refining ourselves, as opposed to effectively exporting jobs. One of the ways of protecting Canadian workers and their communities and the Canadian economy as a whole is to refine to the largest extent possible the raw product here and to, in terms of pacing again, consider the export of a smaller quantity of the product but with greater value added, as opposed to trying to ship all of the raw product as much as possible out all at once.

[*Translation*]

Mr. Alain Giguère: Thank you.

A document indicates that, in Canada, the refining capacity is 1,973,000 barrels per day. However, that is optimized maximum capacity. Unless I am mistaken, Statistics Canada said that this capacity is more likely around 1,600,000 barrels per day and that our actual consumption was 1,800,000 barrels. So Canada is a net importer of gasoline.

Don't you think it is a bit strange that Canada, a country swimming in oil, has to import gasoline?

[*English*]

Mr. Peter Boag: Canada is not a net importer of gasoline; we're a net exporter of gasoline. We export substantial quantities of gasoline to the northeast United States. Our current refining capacity in Canada is about two million barrels a day; our actual production is closer to 1.6 million or 1.7 million barrels a day. What that reflects is that our capacity utilization of our refining sector is really only running in the low 80% today so we are underutilizing our existing capacity to a certain extent. Notwithstanding that fact, we are still a net exporter, principally, to the U.S.

[*Translation*]

Mr. Alain Giguère: In Montreal, there was a Shell refinery, which closed its doors mainly because Shell now imports its gasoline from a refinery in the state of New York. If you ever wanted to bring back a Shell refinery to Montreal, I assure you that you would be welcome to do so. We by far prefer using gasoline produced in a Quebec refinery than importing it from the state of New York.

We were also told about value added. Oil tankers will be brought into the Gulf of St. Lawrence to export our oil. Similarly to what is being done in Alaska, why wouldn't those oil tankers be Canadian? Why wouldn't they have a Canadian crew....

[*English*]

The Chair: Mr. Giguère, you're time is up. You won't have time for a question, so I guess we'll consider that a comment.

We go now to Mr. Trost, followed by Mr. Julian, and then Mr. Calkins.

Mr. Trost, go ahead for up to five minutes.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Yes, thank you, Mr. Chair.

As the title of our study says, we're looking at the cross-country benefits of the oil and gas industry. In the last few days, I've often asked witnesses about benefits in areas where one normally doesn't think about. One of our witnesses, or a couple of our witnesses, talked about benefits to parts of Atlantic Canada that you don't think of as being predominant in this industry, for example, New Brunswick was talking about possibly having enough development to get off equalization and be a "have" province.

Mr. Smillie, if there was substantive development in provinces like New Brunswick, Quebec, if things like tight shale start to open up, what would be the ability for your members to supply the labour for that? You talked earlier about 51 being the age mode for your members. Would you have enough workforce if all of a sudden there was an explosion of growth in Quebec and New Brunswick? How would you deal with that situation?

● (1020)

Mr. Christopher Smillie: We're operating at 100% capacity today in the available workforce for these projects. We're in a place where we need to be developing young people in the tens of thousands to get them ready for the mass exits that are coming.

BuildForce Canada is an industry-led think tank. It used to be the old Construction Sector Council. They just released their workforce projection numbers, and I believe it's somewhere in the high 200,000s that will be required in order to fill gaps past 2018. We need to change the focus of our education system and make sure that young people understand the opportunities that will exist and even today for opportunities that exist. If growth in New Brunswick and Quebec exploded and offshore Newfoundland doubled or tripled, we would have to add thousands of more people to the construction workforce.

Mr. Brad Trost: If I understand this right, if we let the oil and gas industry develop in eastern Canada, we would have good-paying jobs for young people. Instead of having high unemployment in that region, we could easily see a labour shortage across the board.

Mr. Christopher Smillie: We would easily see that. First, those people would come home. They wouldn't be forced to work in western Canada or B.C. or Saskatchewan. You'd see a redistribution of the workforce. I believe they would go home and work close to where their families stay. Then, you'd have the ability to train local forces where those projects exist in their home provinces, if we get the training thing right and if we make sure that we're educating our young people about the opportunities that exist.

Mr. Brad Trost: Mr. Boag, you also noted that your industry, or the refineries and certain elements of your industry, is more concentrated in eastern Canada; again, in places where we don't often think of the benefits accruing for this industry.

If there was more industry development in New Brunswick, Quebec, etc., would that have positive spinoffs directly for the refineries? We're mostly talking about gas here, but with large supplies of natural gas, there tends to be more ability for petrochemical industries to develop. Would there be more benefits for your segment of the industry?

Mr. Peter Boag: It's difficult to say for our segment of the industry. I'm not an expert on natural gas, and I'm not an expert on that component of the sector, but certainly any positive activity like that will have spinoff benefits that ultimately would impact our membership.

On the natural gas issue, one thing is that natural gas is the principal fuel of choice for operating a refinery. One of the disadvantages eastern Canada refineries have, particularly when you go to a refinery in Newfoundland, is the absence of natural gas as a fuel. As a result, you would need to use much more expensive fuel, so certainly access to natural gas would be a factor in increasing the competitiveness of Canadian refineries in eastern Canada.

Mr. Brad Trost: So this would actually bring your costs down if natural gas were developed, an inexpensive local source...?

Mr. Peter Boag: Yes. For those who don't currently have access to natural gas, yes.

Mr. Brad Trost: Going back to—

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

We go now to Mr. Julian for up to five minutes, followed by Mr. Calkins.

Go ahead, Mr. Julian.

Mr. Peter Julian: Thank you very much.

Coming back to a comment you made, Mr. Harrison, about the leaking out, the preponderance of foreign-owned companies working in the oil sands, I certainly saw this first-hand in Calgary when the government rubber-stamped the CNOOC takeover of Nexen. There was a lot of concern expressed by Calgarians. I went to that community three or four times and met with people in the oil and gas sector and, of course, outside the sector in organizations that had benefited from Nexen's support. This takeover that was rubber-stamped I think provides a compelling narrative that references your concern around the leaking out.

The Alberta Federation of Labour also testified, even though it's a provincial jurisdiction, about the low level of royalties that Alberta currently receives for its resource: less than even a third world country such as Angola. We also had testimony earlier this week about the lack of a sovereign wealth fund. Countries such as Norway have built up a very robust ongoing support so that the sustainability that Mr. LeFort referred to.... Because they've built up over time a robust sovereign wealth fund, the sustainability of the country, the long-term prosperity, is guaranteed.

Can you comment on the leaking out, on the fact that there's a series of largely federal government decisions that have been profoundly irresponsible and mean that Albertans and Canadians as a whole don't benefit to the same extent we could if we had wise policies in place that would allow us to stop the leaking out and ensure that the benefits of the resources are actually shared by Albertans and Canadians?

● (1025)

Mr. Trevor Harrison: Yes, certainly.

In its entire history, one of the things that Canada has tried to do is position itself as an independent country, but that's very difficult on the North American continent, obviously. There's always been a concern here: are we just simply a kind of branch plant, particularly of the United States? So I think that for a lot of people, one of the concerns in terms of oil and gas.... As I said, 71% of our companies in Canada are foreign-owned and mainly American-based, so that provides a huge amount of political and economic control over what kind of economy we're actually going to have, as well as political effects.

You mentioned the Norway fund. The Norway fund actually started based on the Alberta heritage fund model, which Peter Lougheed had come up with, but started 20 years after Lougheed began the one in Alberta. As a comparison, the current Alberta heritage fund has I think about $14 billion in it. It has been static for years. At the last count I saw, I think Norway's sovereign fund had about $770 billion. Because they have control over it, they put the money into an investment fund, but they invest outside the country. One of the effects of that is that they're able to actually control inflation. As I said before, one thing that eats away at the real wages of people in Alberta is the fact that inflation is constantly there.

This all comes down to political control and using a resource to develop your society and your country in the way that at you want to do it. There is no doubt that oil, which was the most important commodity in some sense in the 20th century, is going to continue to be very important in the 21st, perhaps rivalled only by water, but we are going to be seeing changes here. There are real pressures in terms of innovations and technological changes.

Some people are even talking about a post-carbon future. If that is going to be the case, what we need to do is think of how to actually get, from the current resource, the capacity for Albertans and for Canadians as a whole to move ourselves responsibly into the future, and to use this incredible resource we have in a way that will be sustainable for generations to come and not just simply hop on the train right now because it's a great ride.

Mr. Peter Julian: Thank you.

Mr. LeFort, I'd like to ask you the same question. You raised concern around the pace of development, but also how this current federal government structures resource development so that Canadians get a far lower percentage return, both in terms of value-added jobs—you've spoken of that—and also in terms of government revenues.

Why does Canada fare so poorly compared to other countries worldwide?

The Chair: Unfortunately, Mr. LeFort, you won't have time for an answer. Mr. Julian's time is up.

We go now to Mr. Calkins, followed by Mr. Leef.

Mr. Blaine Calkins: Thank you, Chair. I'm going to try to get my questions out before the stampede of Albertans leaving for Angola happens.

I just want to talk a bit more to Mr. Smillie. We talked about the education aspect of things, and I noticed you referenced places like NAIT and SAIT in Alberta. I used to be a faculty member at Red Deer College. I taught computing systems technology there for a number of years. The entire program component of Red Deer College from when I started in 2000 has completely changed. The trades component of Red Deer College has been absolutely booming. It can't get enough instructors, because the instructors have to come out of the trades themselves in order to teach, so that's an ongoing issue they've had there. So many resources at that college have been repurposed to make changes in their delivery system, and they still can't keep up.

Albertans still can't keep up with the demand for skilled workers. I'm grateful for the 80,000 or so people from across Canada who come to Alberta and are now coming to Saskatchewan and so on. I'm hopeful that Atlantic Canada does have the opportunity to utilize its resources. It's only going to make things even more competitive across Canada, and it's only going to improve conditions for workers, and so on.

But I want to talk about this education thing. In one of my communities, named Breton, where people actually work in the oil field and live where the oil is extracted, a group of concerned people —even the members of the school board, local teachers, and so on— are trying to use the flexibility within the Alberta curriculum to prepare people leaving high school to go right into the oil and gas sector because they know that's where the future lies for them.

Could you elaborate on what your organization might do insofar as partnering with these colleges and technical institutes, whether it's the Alberta teachers or whatever the case might be, dealing with the provincial government to focus the curriculum and prep people for this?

• (1030)

Mr. Christopher Smillie: We work in partnership with the community colleges and the technical institutes across Canada. We sort of take turns offering the curriculum. Sometimes they don't offer third-year welding and so we would deliver that curriculum at that time, or if industry is really demanding it, we will deliver it. I like your example from Breton where they're talking to high school students. I spoke to a group of students not that long ago here in Ottawa from the Ottawa tech school. It has gone from enrolment of, I think it was 3,000, down to under 500, over the course of its evolution. So the training institutes and the colleges are important, but we need to get to the kids before that. We need to do what your folks in your riding are doing, talk to the high school students.

In Oakville where I grew up, there wasn't even shop class in my high school. So provincial governments need to understand—and I would argue particularly Ontario, being the country's largest province in terms of population—and need to refocus on looking at technical training at the high school level and streaming people to move them through.

Next week, Minister Kenney is going—I hope I'm not releasing secrets—to Germany and the U.K. to start to study some of the apprenticeship systems overseas, and we've been invited to go along, to look at what they're doing in Germany and to look to bring that model back to Canada.

So we need to talk to them earlier and we need to talk to them more often.

Mr. Blaine Calkins: Perfect. Are you aware of any studies about the cost of actually training somebody?

Let's face it: a tradesperson gets on-the-job training coupled with the apprenticeship steps that go in there. There are costs for the taxpayer of producing a plumber and so on, because we have a very generous publicly funded post-secondary education system in Canada, and those graduates get remuneration. Based on the investment in those particular people versus people who might get a university degree or something like that and what their remuneration is, are you aware of any information along that line?

Mr. Christopher Smillie: Frankly, if someone is in an apprenticeship program, the government isn't putting any money into that training. It's all privately done by that individual. They're going and paying for their technical training, or the building trades are paying for their technical training, or industry is paying for that.

I'm not aware of studies that have looked at return on investment, but all construction training is basically borne by the private sector. There is hardly any government funding at all in terms of training a workforce. We'd like to let you know that we'd like to change that. We'd like to move to a system that has more of a shared cost. I'm sure some of Mr. Boag's members would agree. At the end of the day—

Mr. Blaine Calkins: The instructors at Red Deer College are going to say they're paid by the college, right?

The Chair: Mr. Calkins, time is up.

Mr. Christopher Smillie: Yes, that's fair.

The Chair: Your time is up. Thank you.

We go now to Mr. Leef for up to five minutes.

Mr. Ryan Leef: Thank you, Mr. Chair.

Welcome to the committee, Mr. Smillie. I'm repeating that again.

I'm going to build on something Mr. Calkins was asking a little while ago in terms of training. We've made some investments in the Red Seal program to elevate the status to being equivalent to the university or college-based recognition programs. We're seeing that across the north. I'm from the Yukon. Yukon College is doing a lot of work around the Centre for Northern Innovation in Mining. A lot of the workers there are realizing that there are opportunities in Fort McMurray and in Northern British Columbia. I know it's been said that when you're flying in a plane now, you're likely sitting beside someone in the trades going to find work. We certainly see that in the Yukon.

We've touched on it a bit, but how adaptable is the workforce in terms of getting that training at those colleges and then being able to deploy that across a wide spectrum of jobs? How important is that to an economy that can, not necessarily boom or bust as we've heard it described, but certainly fluctuate at times, in which there are highs and lows. Sometimes those are seasonal highs and lows or monthly highs and lows and not necessarily decades of highs and lows. Could you maybe touch on a little bit of that?

• (1035)

Mr. Christopher Smillie: Sure.

There is a credentialling issue across Canada in construction generally. As you said, we have the Red Seal program. It works. You write your provincial ticket. You have your Ontario ticket. You can challenge the Red Seal, and then you can take that Red Seal and go anywhere in Canada and work.

We promote more trades being put into the Red Seal program to encourage better labour mobility. To answer your question, the workforce in construction is not a “sit at home and wait for the work” workforce. If a member can't get a job where he is in Moncton, he or she has access to our organization across Canada where there might be an opportunity somewhere else. Getting there is a separate issue. Usually it's up to the individual to travel to where that work is. That's a barrier to mobility in our view. We're trying to work on that. Generally, our folks aren't “stay at home” folks. They get on a plane and go to work or they get in the truck or the car and they drive from Hamilton up to the Bruce nuclear facility and they go do their work.

With regard to credentialling, we're ahead of other industries in construction. We've had the Red Seal for 50 years. We're not fighting about credentialling generally. We're actually doing an experience review right now with HRSDC on the Agreement on Internal Trade, specifically on the labour mobility file. We haven't had one issue or one problem with that agreement or with the chapter 7 issues. Those are beyond the scope of this committee.

I would say we are the most mobile workforce there is. The one challenge we do have is the financial constraints of the person who's on employment insurance in New Brunswick who can't afford a plane ticket to get to where the work is if their employer isn't paying for it or if Peter's members, Suncor or the other big companies, aren't paying for that plane ticket.

Financial barriers aside, the workforce is completely mobile always for temporary jobs, and their families always stay home.

Mr. Ryan Leef: It would be interesting to receive information on the value of that mobility in terms of what we could do. There's probably a saying right across Canada similar to what we say in the Yukon: Yukon people for Yukon jobs. Invariably, that expression exists in Atlantic Canada as well as in other regions. There is also some value to mobility.

Could you just touch on that dichotomy of wanting to keep people local, keep them at their homes, and keep them working? Could you also touch on that cross-country benefit of having a mobile workforce and what other industries indirectly benefit from a mobile workforce in our nation?

Mr. Christopher Smillie: We have pitched for a labour mobility tax credit, a few times. A grant from EI, or a tax break on expenses that people lay out to go to where the work is, was decided in the House of Commons not too long ago. It was Chris Charlton's bill, which was defeated. That was a bit disappointing, in terms of an opportunity to address labour mobility in a way that helps people on their taxes. We're hopeful that Minister Flaherty and the folks at finance will see the value in that. It perhaps wasn't the right pitch, but we're hopeful that the finance department and the government will see that there is value in incenting people to go to where the work is.

We have to do something. At the end of the day, if folks aren't on employment insurance and they're working, then Canada benefits. We need a formalized system to help people move to where the work is if the folks can't afford it, and if Peter's members aren't paying to fly them there.

● (1040)

The Chair: Thank you.

Thank you, Mr. Leef.

Ms. Duncan, as you see, we've lost the two witnesses who were with us by video conference.

Do you want to go ahead and ask questions of the two witnesses who are here?

Ms. Linda Duncan: Absolutely. I have some questions for Mr. Boag.

The Chair: Please go ahead, Ms. Duncan, for up to five minutes.

Ms. Linda Duncan: Thanks.

I did have questions for the other witnesses, so it's disappointing.

Mr. Boag, I appreciate your testimony.

Several questioners back raised the issue about the access to the feedstock and so forth. I guess it's just common sense that the more you can keep costs down.... For example, in Alberta they allege that coal-fired power is cheap, although we pay a lot for it, because the coal is right beside the plant. Obviously it has been an advantage in Alberta for the chemical processing and refining because they have easy access to the feedstock.

There is another issue when you do the full cost accounting and look at the risk benefit, not even cost benefit. It's the same with transport of hazardous waste. When you are dealing with, for example, building upgraders and refineries, you are going to reduce the risk if there's less transport in the pipelines because you are reducing the risk of pipeline leaks and so forth.

Would it not make sense, since we have the feedstock in Alberta, B.C., and Saskatchewan, to be having some kind of incentive or requirement? For example, the federal government has the power in export. When they are evaluating public benefit or public interest, surely a factor should be that you're going to create jobs here in Canada. Also, it's going to be more cost effective if you develop that refining.

Now I'm not taking away from what's going on in Atlantic Canada, or even Ontario or Quebec. But does it not make economic sense? Because the feedstock is so close at hand and you have the manpower, I don't see these arguments that it's too expensive. They're already investing $100 billion in getting the raw product out.

Mr. Peter Boag: Mr. Regan asked a similar question on the factors that influence cost, and ultimately profitability and viability of a refinery.

Certainly proximity and access to feedstock is one, but it's not the other. We talked a bit about it. It used to be that close to market was the most important part. It's one of those many factors, but the factors are complex. You run into issues like crude feedstock—the type, access to it, how close they are, the energy requirements, and the access to energy. We talked about the issue of natural gas in Atlantic Canada and the disadvantage, at least to one refinery, of no access to natural gas, which has an impact on their cost. Then you get into all the issues around plant complexity, plant efficiency, plant size, various logistics in transportation issues, and, of course, then there's the regulatory environment.

It's a complex set of variables. I wish it was that simple—

Ms. Linda Duncan: I wasn't saying it was simple.

Mr. Peter Boag: —but it's not.

Certainly the Edmonton area refineries enjoy the benefit of a relatively easy access to crude. They also enjoy the benefit of a fairly strong and growing market. In fact, it's the one area of the country where our refineries are consistently operating at or above capacity —

Ms. Linda Duncan: And there's the petrochemical industry.

Mr. Peter Boag: And the associated petrochemical.

We said the same thing in the Sarnia-Lambton area, where we have those refineries—

Ms. Linda Duncan: I'm going to have to cut you off, and I appreciate the answer.

The Chair: Yes, you are, because we are finished. The bells have been ringing, and I see some members are anxious.

I want to thank all of the witnesses for being here today and for giving us very valuable information for our study.

First of all, Mr. Smillie, senior advisor government relations and public affairs, from the building and construction trades department of AFL-CIO, thank you very much. From the Canadian Fuels Association, Mr. Boag, president and chief executive officer, thank you very much, once again.

By video conference from Fort McMurray, Unifor, Roland LeFort, president local 707A, we thank you, sir. By video conference from Lethbridge, Alberta, we had Trevor Harrison, director of the Parkland Institute and professor at the University of Lethbridge. Thank you to you, sir.

Thank you all very much. I will see you back after the constituency workweeks.

The meeting is adjourned.