

The Importance to the Economy of Expanded Oil Pipeline Infrastructure

Energy and related products are a significant part of Canada's annual exports. Along with metals and mineral products, energy products represent the single largest positive annual contribution to Canada's balance of trade.

Across Canada, energy commodities generate direct and indirect wealth through production and export of coal, oil, natural gas, and electricity. These commodities already support tens of thousands of direct, indirect, and induced jobs. There is an unprecedented opportunity for them to play an even greater role in the economy, to the benefit of all Canadians.

Through the development of new pipeline infrastructure, oil can create exceptional opportunities for our small and medium-sized enterprises and the communities they operate in, serve as an important source of near and long-term job creation, and generate lasting benefits for the country, provinces and territories and municipalities.

Oil pipeline infrastructure has national economic significance. Canada's primary energy transmission pipeline systems total approximately 115,000 km in length. By comparison, there are 38,000 km of primary highway transportation linkages across the country.

Support for this pipeline infrastructure is critical to both the Canadian and provincial/territorial economies, with the ability to transform Canadian oil producers from price takers to price makers in international markets. When this fact is combined with North American oil transportation bottlenecks due to the lack of infrastructure to markets other than the U.S., Canadian producers are being forced to sell their products at a discounted price, which has cost our economy up to \$50 million a day. That is \$18-\$19 billion a year, in discounted prices selling into the U.S. market compared to the prices that western Canadian oil could achieve through improved access to markets in the Asia Pacific. This price differential, which takes away potential tax revenues that could be used to provide services for the people of Canada, should be a concern for everyone. Especially with the retirement a huge cohort of Baby Boomers, we cannot afford to forego new sources of tax revenue to fund essential services such as health care and other social programs.

The Chamber supports resource development, and the associated infrastructure such as pipelines, that grow our economy and create jobs. One key piece of infrastructure to unlock the forfeited wealth of our landlocked oil resources by providing greater access to tidewater that allows our oil to be moved to new markets that pay world prices is the Trans Mountain Expansion Project (TMEP).

The public discussion about the Trans Mountain expansion, and other pipeline projects, overlooks the foundational role that oil pipeline infrastructure plays in the Canadian economy, not to mention the commitment of the National Energy Board to conduct a thorough and transparent review of the project. This review process will help assure the Canadian public that these projects meet high standards for safety and environmental protection.

The capital cost of the TMEP alone is estimated at \$5.4 billion (\$2012), with the expenditures taking place over a seven-year period, from 2012 to 2018.

The development phase and the first 20 years of operations will boost Federal GDP by \$13.3 billion. An additional \$2.4 billion in operations spending will flow into the economy over the 20-year-life of the project. Tax payments through the construction and operational phases will total \$18.5 billion to Canada, including \$2.1 billion to British Columbia, \$9.6 billion to Alberta and \$6.8 billion to the other provinces/territories.

Building much-needed pipeline infrastructure creates well-paying, family-supporting jobs. A project of the size and scope of the TMEP will generate 58,000 person-years of employment across Canada during construction, including 36,000 person-years in B.C. and 15,000 person-years in Alberta. Over the life the project, total employment is expected to reach 108,000 person-years including 66,000 in B.C., 25,000 in Alberta and the remaining 17,000 person-years spread across the country.

Project development will generate \$3.3 billion in labour income across Canada. The project will generate large demands for goods, services and workers, with an emphasis on local hiring, procurement, and sourcing.

There will be opportunities for regional-based employment during construction as well as associated increases in labour income. Key factors to consider include development of an awareness program around pipeline jobs, working with business, industry, community, education, and training organizations.

Aboriginal residents stand to benefit from consideration for hiring and procurement, supported by the initiation of an Aboriginal employment and training program to increase access to Aboriginal employment opportunities meeting the demands of projects such as Trans Mountain.

At the same time, it is not enough for B.C. and other provinces to simply state their provincial interests for pipeline infrastructure to proceed with their support. It is vital these governments fully articulate what they deem necessary to satisfy these interests. In respect of these interests, it should be recognized that project safety and integrity measures already receive extensive study by all pipeline proponents, including marking and protection of sensitive environmental areas during construction, pipeline spill prevention, emergency preparedness and response to land-base and marine environments in the event of a spill.

The new pipeline segments and new facilities associated with the TMEP would withstand a one-in-2,475-year earthquake. The risk of a major marine spill is reduced to a one-in-2,366-year event through enhancements to oil tanker tug escort protocols.

There are also proposed enhancements to spill response and recovery along the tanker route due to efforts of the federal Tanker Safety Review Panel and other ongoing initiatives. Trans Mountain and other pipeline proponents have indicated a commitment to the creation of a world-class spill prevention and response regime and the provincial and federal governments continue to indicate this is a priority for them. The commitment of all stakeholders to this goal and the actions taken so far should give Canadians confidence that the project can be supported.

Recommendations

That the federal government:

1. Continue to support a responsible framework for resource development that understands, assesses, mitigates, manages and monitors all economic, social and environmental impacts and benefits, including a world-class marine tanker safety regime with enhanced marine spill response capability, and a world-class terrestrial safety system.
2. Engage Chambers and other organizations in project pipeline construction communities to maximize opportunities for local businesses during construction and operation of all major projects, including increased opportunities for Aboriginal peoples' participation.