

Information for Citizens on Tankers, Pipelines and Energy Policy

We held eight Town Halls in January, on every one of the southern Gulf Islands in the riding and in three locations on the Saanich Peninsula. I am so grateful to all of the citizens of Saanich-Gulf Islands who came out (in some nasty weather to boot) for our first-ever MP availability sessions. All told, about 600 people took advantage of the opportunity. Democracy is alive and well in our community!

While the issues raised varied from one area to another, the number one issue in each community was the threat posed by the Enbridge supertanker scheme. British Columbians by a margin of 70-80% object to lifting the 40 year oil tanker ban on our coastlines. The next most frequently raised concern was our health care system and particularly the Prime Minister’s latest “take it or leave it” offer to the provinces. In every meeting someone raised health care as a concern. As well the following were discussed frequently, if not in every session:

- The threat to the wild salmon fishery posed by farmed salmon and evidence of suppression of information revealed in the Cohen Commission,
- Issues related to First Nations rights and the ongoing unacceptable level of neglect for basic housing, health care and education,
- The Kyoto Protocol and Canada’s actions in Durban at COP17,
- The omnibus crime bill and the use of mandatory minimum sentences,
- The challenges to local farmers,
- The F-35 fighter jets,
- The increasingly militaristic talk regarding Iran,
- Fairness to our Veterans and ending the claw-back of their pensions,
- Other pension issues and how to get pension increases to ordinary Canadians. (Including taking an MP pension cut!)
- And, of course, very local concerns, such as the Canada Post service disruption to Mayne Island.

I decided to dedicate this newsletter to an in-depth look at the top issue of concern, the threat of oil tankers, asking some of the fundamental questions:

1. Is rapid expansion of the oil sands, with a plan to export bitumen crude as fast as possible, actually in our national interest?
2. Why is it that Canada is exporting oil even though 55% of the oil we use is imported to eastern Canada from Angola, Nigeria, Venezuela, and Saudi Arabia?
3. Why is Canada the only country in the OECD to have no energy strategy including a lack of strategic oil reserves?
4. Is it in Canada’s national interest to have Chinese state-owned enterprises own significant parts of the oil sands, including China’s financial backing of building the Enbridge pipeline project to run supertankers off shore?
5. Why are we exporting bitumen crude out of Burrard Inlet in Vancouver, even at the risk of shutting down our only remaining refinery in the Lower Mainland?
6. What strategy would create the most jobs while reducing pollution?



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How Large are the Greenhouse Gas (GHG) Emissions from the Oil Sands?



<http://flickr.com/howlcollective>

It is easy to be confused on this point. Natural Resources Minister Joe Oliver says that the oil sands are only one thousandth of one per cent of global emissions. Opponents of the oil sands say the emissions are the fastest growing area of Canada’s emissions. Who is right?

Both are. (Although Oliver is exaggerating, his general point is correct.)

At current levels of emissions, the oil sands emit about 49 million tonnes of GHG. Global emissions in 2010 hit an all-time high of 30 gigatonnes (30 billion tonnes) of GHG. (Environment Canada stats.) So Oliver’s math is a bit off, but whether it’s one tenth of one per cent (more accurate) or one thousandth of one percent of global emissions, as Oliver claims, is not really the point.

Every nation on earth must reduce their emissions. Canada’s emissions are growing and the primary reason our emissions are growing is the oil sands. The process of open-pit mining (or even the less disruptive in situ process) and then using water and energy to pull the bitumen (about 10% by volume of the original soils) uses a lot of energy. That is why bitumen crude is higher in carbon content and is generally referred to as “Dirty Oil.”

On current projections the amount of GHG from the oil sands is predicted to climb from 49 million tonnes to 92 million tonnes by 2020. That’s more GHG from the tar sands by 2020 than our entire passenger car fleet.

Supertankers: The Number One Reason the Enbridge Plan is a Non-Starter

The Enbridge plan requires that B.C. abandon its oil tanker ban.

The Enbridge project involves a two-way flow of materials in the proposed pipelines – bitumen crude coming west to be pumped into supertankers and other tankers arriving with poisonous and corrosive condensate (diluent) to be pumped east to be added to the bitumen in Alberta to make it capable of flowing along pipelines.

All told, it will mean 225 tanker trips a year. Four or five of these tankers every month will be the supertankers -- capable of holding 2 million barrels of oil or more. These ships are about 1,155 feet long—the length of 3.5 football fields—and 200 feet wide.

Sort of the size of the Empire State Building being navigated through the narrow fjords from Kitimat and out to some of the most treacherous waters on earth, such as the Hecate Strait.

People say “Well, that tanker moratorium came in in 1972. Surely we have better technology now than we used to?”

But in December 2010, the Commissioner for Environment and Sustainable Development, in the Office of the Auditor General, found that Canada lacked the basic tools for preparedness for an oil spill. Supertankers through those dangerous waters make a spill a near certainty, and we do not have the capability to keep an accident from being a disaster.



Is Canada an Energy Superpower?

Canadians use a lot of oil. We export a lot of oil, too. But we also import a lot of oil. We imported nearly 780,000 barrels of oil per day in 2010, and we exported 1.94 million barrels per day. (Statistics Canada, Energy Statistics Handbook, 2Q, 2011 Table 4.1, <http://bit.ly/AeqUBL>)

On paper this looks like we should have energy security, but the oil is not distributed evenly. Oil from Hibernia on the East Coast is exported, as is Athabasca bitumen crude. Ontario, Quebec and the Atlantic provinces rely on oil from Angola, Nigeria, Venezuela, Norway, Kazakhstan, and Saudi Arabia. In fact, 100% of the oil used in Quebec and the four Atlantic Provinces is imported.

In hearings before the House Natural Resources Committee, I heard executives from the oil industry say that if there was a disruption of supply to get oil to Eastern Canada, they could send tankers down through the Panama Canal to get to Eastern Canada. The U.S. also has a Strategic Petroleum Reserve to ensure security of supply. Does anyone find it odd that Canada does not? I think we should have a plan to ensure energy security for Canada. To do so, we would need to reverse some existing pipeline flows and invest in upgrading some of the existing pipeline infrastructure.

Are we Out of Options if we Turn Down Enbridge’s Twinned Pipeline to Kitimat and Supertanker Scheme?

According to testimony by former government geologist, J. David Hughes, using the growth projections from the Canadian Association of Petroleum Producers (CAPP), “There is sufficient capacity within the existing export pipeline system to cover its ‘in construction’ scenario, which would see oil sands production grow by 50% over 2010 levels by 2025. Even in CAPP’s ‘growth’ scenario, which would see oil sands production grow by two and a half times over 2010 levels by 2025, there is sufficient capacity in existing and near term planned export pipelines.”

“An Enbridge study calculated that a spill of 36,000 cubic metres of bitumen — on the order of the Exxon Valdez spill — in Wright Sound would contaminate 240 kilometres of shoreline in 15 days,”

- Larry Pynn, Vancouver Sun, January 8, 2012

Read more: <http://bit.ly/z52WjU>

Why are Tankers Moving Past the Gulf Islands When we Have a Tanker Ban?

Back in 1972, when the moratorium on oil tankers was put in place, the shipments from the Port of Vancouver were grandfathered. Initially, the tanker traffic was not significant, but a recent National Energy Board decision has allowed a five-fold increase in tanker traffic. What’s more, the NEB has ruled that the bitumen crude from the Kinder-Morgan pipeline be offered to the highest bidder.

The last refinery left on the Lower Mainland, Chevron in Burnaby, has been losing out on access to supply. The result is that the Chevron Refinery has announced it is reducing production from 60,000 barrels of oil per day to 20,000 barrels per day. Industry watchers fear the refinery will close altogether, because we are allowing tankers to take the crude off-shore in preference to refining it in B.C. Additionally, we do this at the risk of our coastal eco-systems (because bitumen and condensate is more hazardous than crude oil) of charting these supertankers out through Burrard Inlet and the second narrows, past Stanley Park and the Gulf Islands.

“The proclivity to liquidate these resources as fast as possible in the name of economic growth is a very short-sighted policy practiced by the Alberta and federal governments at the expense of the long-term energy security of Canadians.”

- Testimony of J. David Hughes, former federal government geologist, titled “The Northern Gateway Pipeline: An Affront to the Public Interest and Long Term Energy Security of Canadians,” November 22, 2011 to the NEB Review

Jobs, Jobs, Jobs?

Jobs in the British Columbia economy that depend on a healthy coastline and no oil spills

45,000 permanently employed in B.C.’s coastal seafood and ocean recreation industries (according to B.C. government report)

Jobs that would be created by the Enbridge supertanker scheme

560 long-term jobs (there would be many more in the construction phase)

Jobs that would be lost to Canada by refining the bitumen crude in Texas if the TransCanada Keystone XL pipeline goes ahead

40,500 direct and indirect jobs. (estimate from the Communications, Energy and Paperworkers Union, representing oil sands workers)

Jobs that would be lost shipping the bitumen crude to China

50,000 jobs (according to the Alberta Federation of Labour)

What Would be in Canada’s National Interest?

- 1. Take the money off the table. Right now Canadian governments live on oil money. Former Alberta Premier Peter Lougheed had a plan (which former Premier Klein cancelled) to take government revenue from oil and put it in a heritage fund. Norway followed the Lougheed plan and now has a heritage fund of about \$500 billion. Alberta’s heritage fund is \$14 billion, and Canada saved none at all. The International Monetary Fund and the Organization for Economic Cooperation and Development have both recommended that “oil rent” (as oil revenues to government are called) should be set aside for the health of economies.
- 2. End all federal subsidies to fossil fuels -- as the Prime Minister promised to do at the 2010 G-20 Summit in Cincinnati, but has subsequently failed to do.
- 3. Stop any new oil sands development. In 1996, when the federal government first created a programme of federal subsidies to the oil sands, via favourable tax treatment called the, “Accelerated Capital Cost Allowance,” and Premier Klein set Alberta royalty rates at the lowest level in the world (one percent), the oil sands were producing 500,000 barrels of oil per day. By the year 2000, production had doubled to 1 million barrels of oil per day. Today, we are nearly double again, at 1.9 million barrels of oil per day. The Prime Minister has stated that his goal is to boost production to 6 million barrels of oil per day.



http://wikipedia.org/wiki/User:SeanMack

- One of the side effects of this hell-bent-for-leather expansion is an out of control hyper-inflationary bubble that sits on northern Alberta. There are real constraints on labour and capital. It has become the most expensive place on the planet to build anything. That’s why the oil companies would rather build a \$6 billion pipeline to refineries on the coast of the Gulf of Mexico than allow the crude to be refined here. By curbing expansion of the oil sands, we can end Dutch Disease (see page 4), diversify the economy, expand manufacturing across Canada and refine crude oil in this country. According to the Communications, Energy and Paperworkers Union, the Keystone XL pipeline to Texas will cost Canada 40,500 direct and indirect jobs. Let’s keep those jobs here.
- 4. Ensure security of supply. Atlantic Canada, Ontario and Quebec are vulnerable to any global event that stops oil reaching eastern ports. There are already existing pipelines from Alberta to Ontario and Quebec. Many are old and need upgrading, but they are in place. Some take oil from east to west and would need to reverse flow. If we don’t take the necessary steps, we are very likely to have no refineries left in Canada at all.
 - 5. Diversify our energy systems. Invest in energy efficiency, rail and mass transit. Expand options: geo-thermal, photovoltaic and passive solar, tidal power, bio-fuels from non-food sources. Modernize our economy to be ready for a low carbon, healthy future.

Learn More - <http://www.elizabethmaymp.ca/pipeline>

Results from December Survey

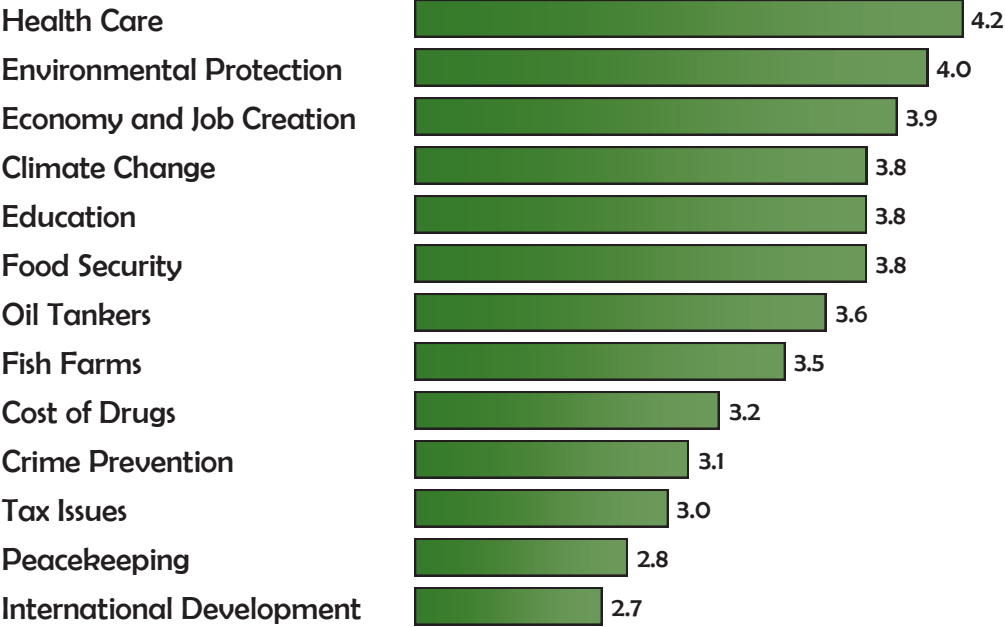
In my previous newsletter, I asked you to take some time, and let me know what issues are important to you, with one being the least important and five being the most important.

Over 400 replies came in, including a large number of write-in responses. The results can be found to the right. Thank you so much for your input!

In the following months, I will continue to reach out to you on these and other issues that are relevant to your day-to-day activities.

You are always welcome to contact me with your questions or concerns. Please do not hesitate to call my Constituency Office at 250-657-2000, or email me at elizabeth.may@parl.gc.ca.

Issue



Your Opinion Matters!

What matters to you is important to me, and I want to know your priorities!

Please take a moment to answer the two questions on the right, cut along the dotted line, and mail your opinions back to me postage free. You can also go to my website (<http://www.elizabethmaymp.ca>) and complete the survey online.

If you have more than one person in your home, feel free to contact the Sidney office to get additional copies of the survey mailed to you.

The next householder will be written based on your feedback. Thank you!

What is the most important issue raised by the pipeline hearings?

- ☐ Respect for First Nations
- ☐ Energy Security for Canada
- ☐ Respect for our Natural Resources
- ☐ The Economy/Jobs
- ☐ Government Accountability and Transparency
- ☐ Please keep me up to date on these and other issues.

For the next MP newsletter, I would like information on:

- ☐ Pensions
- ☐ Health Care
- ☐ Fish Farms and the Cohen Commission
- ☐ Please revert to usual format without a theme on an issue

Information for Citizens on Tankers, Pipelines and Energy Policy

What is Dutch Disease and has Canada got it?

I first came across the term “Dutch Disease” in the 2008 report from the Organization for Economic Cooperation and Development (OECD) to the Government of Canada. I was fascinated. Here were the economists working in this big establishment, elite economic grouping, comprising all the industrialized countries, warning Canada that Dutch Disease was skewing our economy and costing us jobs. The OECD was recommending as an economic prescription that Canada slow down expansion of the oil sands. The term was coined in 1977 by The Economist magazine to describe what happened when the Netherlands first began rapid expansion of a natural gas field in 1959. As the export of gas climbed, so did the Dutch currency, the guilder. With the guilder climbing, manufactured goods and other exports from the Netherlands became less competitive. The boom in gas led to a collapse of jobs in other sectors.

In Canada, we got Dutch Disease by ignoring the kind of economic plan for bitumen sands development that former Alberta Premier Peter Lougheed had put in place. He wanted a planned development. His successor, Ralph Klein, wanted rampant expansion. So does Stephen Harper. Meanwhile, the Canadian dollar has crested above the value of the US dollar from time to time, and stays close to parity. Even before the 2008 recession, we had lost hundreds of thousands of jobs in manufacturing and pulp and paper. Some economists estimate that for every job created in the Athabasca oil sands, another job was lost somewhere else in Canada. We have Dutch Disease.

An executive summary of the OECD report can be found at <http://bit.ly/yQpDMW>, and an economic assessment of the Northern Gateway Pipeline by Robyn Allan can be found at <http://bit.ly/w34ARp>.

Questions Canadians Should be Asking about China—by Terry Glavin

On the face of it, it is a neatly packaged controversy.

You could say it's about the government's weirdly over-the-top enthusiasm for the \$6 billion Enbridge Inc. proposal to push a pipeline from Alberta's oilsands through northern British Columbia to saltwater at Kitimat. Or you could say it's about an environmentalist plot to keep Alberta's oilsands landlocked, although even the Canadian Association of Petroleum Producers is laughing out loud at that one.

In any case, we all agree that it's about satiating China's growing demand for energy and getting out from under Canada's reliance on the limited American market for Albertan oil. But something else has been going on, and it's not funny anymore.

Nearly half of the \$100 million upfront cash for the Enbridge project is coming either directly or indirectly from the seventh-largest corporation on Earth, the absurdly corrupt Sinopec, a ravenous behemoth run directly by the regime in Beijing. Oilpatch rumours have it that Beijing's own Sinochem and the China National Petroleum Corp. came up with at least some of the other half. In any case, you aren't allowed to know. Prime Minister Stephen Harper isn't saying, and neither is Enbridge.

Read the full article, as printed in the Ottawa Citizen on January 26th, at <http://www.elizabethmaymp.ca/pipeline>. Reprinted with permission.

Queen Elizabeth II Diamond Jubilee Medal

On February 6, Queen Elizabeth marked the 60th anniversary of her accession to the Throne. Only once before have we celebrated such an occasion, with her great-great-grandmother, Queen Victoria.

To celebrate Her Majesty's 60 years as Canada's Queen, the Governor General announced the Queen Elizabeth II Diamond Jubilee Medal, to recognize outstanding Canadians of all ages and all walks of life. It's an opportunity to honour exceptional Canadians for their contributions to their fellow citizens, their communities and their country.

Have your say on who in Saanich–Gulf Islands should receive this commemorative medal. Please spend a few minutes thinking of those in your community who should receive this award, and fill out the online form at <http://www.elizabethmaymp.ca/diamond-jubilee-medal> or mail in your nomination to the constituency office. Please be sure to articulate the reason why you feel this person should receive the medal, with a brief statement of 40 words or 250 characters.

To be eligible the nominee must be a Canadian citizen or a permanent resident of Canada, but need not necessarily reside in Canada. The nominee must also have been alive on February 6, 2012. The medal can be awarded posthumously, as long as the recipient was alive on that date.

This award is intended to honour those who have made exceptional contributions to their community or country. These contributions may have been in a volunteer capacity or as part of their career – public or private sector. Areas of contribution may have been in military service, arts and culture, environment, multiculturalism, environment, healthcare, education, civic duty, sports and recreation, business innovation, community volunteerism, and youth or seniors' leadership. The awards are not limited to these suggested categories.

We will be awarding a total of 30 medals in two ceremonies. Twenty will be awarded in a ceremony in July; the deadline for submissions for this ceremony is May 15, 2012. The second ceremony will be later in the year. Details will follow.



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