



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Natural Resources

EVIDENCE

NUMBER 110

Monday, October 21, 2024

Chair: Mr. George Chalal



Standing Committee on Natural Resources

Monday, October 21, 2024

• (1100)

[English]

The Chair (Mr. George Chahal (Calgary Skyview, Lib.)): I call this meeting to order.

Welcome to meeting number 110 of the House of Commons Standing Committee on Natural Resources.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, June 6, 2024, the committee is resuming its study of the Trans Mountain pipeline expansion.

Today's meeting is taking place in a hybrid format.

I would like to remind participants of the following points.

Please wait until I recognize you by name before speaking. All comments should be addressed through the chair. Members, please raise your hand if you wish to speak, whether participating in person or via Zoom. The clerk and I will manage the speaking order the best we can.

Now, I would like to welcome the witnesses who are with us today.

From the International Union of Operating Engineers, we have Patrick Campbell, Canadian regional director; from Pipe Line Contractors Association of Canada, we have Kevin O'Donnell, executive director; and from Trans Mountain Corporation, we have Mark Maki, chief executive officer.

Mr. Maki will have to leave by 12:30; that's for your awareness, colleagues.

You'll be given up to five minutes for your opening statements. After that, we will proceed to our rounds of questioning. I use these cards. Yellow is a 30-second warning, and the red card means time is up. I will try not to cut you off mid-sentence.

We'll now begin with our opening statements.

For the first five minutes, we'll go to Mr. Patrick Campbell.

Go ahead, sir. The floor is yours.

Mr. Patrick Campbell (Canadian Regional Director, International Union of Operating Engineers): Good morning.

My name is Patrick Campbell. I'm the Canadian regional director of the International Union of Operating Engineers. It's an honour to present here today before the committee.

Prior to being the Canadian regional director, I was the Canadian pipeline director for the IUOE for nearly a decade.

The IUOE represents the heavy equipment operators and mechanics, who play a critical role in unionized pipeline construction in Canada. Any piece of heavy equipment, large or small, on unionized pipeline projects is operated and maintained by our members across Canada.

The Trans Mountain expansion project is 980 kilometres in length. This 36-inch pipeline spans from Strathcona County, Alberta to Burnaby, British Columbia.

When you consider the terrain and highly technical nature, this project had no shortage of technical challenges throughout construction. From the rigours of the Canadian wilderness to the challenges of urban pipelining, as a project the complexities were immense. The project had an archeological component to it of a scale never before seen in Canada.

Make no mistake, the successful completion of this project is a Canadian engineering marvel, constructed through the toughest pipeline terrain by Canadians for Canadians.

Place on top of these technical challenges the impacts of events beyond the control of project management. Regulatory delays pushed the construction timeline of the project into the busiest pipeline construction window in Canadian history. This project was forced to compete for contractors, subcontractors, equipment, suppliers and skilled labour with similar pipeline megaprojects, for instance, the Coastal GasLink project, which was 690 kilometres of 48-inch pipeline; the natural gas transmission expansion program, which was taking place in B.C. and Alberta at the same time; and several mainline pipeline projects in Ontario, not to mention LNG Canada.

On top of technical and construction market pressures, add in the impacts of the COVID-19 pandemic, which gripped the globe and created challenges the project management team had never seen before in ensuring that employees could safely continue to build the project.

In 2021, we saw the atmospheric rivers in B.C., which caused flooding and mudslides in the region. Washouts exposed the original line 1, forcing it to shut down for close to a month. This shutdown brought to bear how vital this pipeline infrastructure is to British Columbians. The flooding caused the Coldwater River to re-route, destroying much of the already constructed right-of-way on spread 5A. This caused a three-month delay in construction.

This accurately sets out those elements of the project that were beyond the control of project management and contributed significantly to the cost escalation of the project.

I would now like to focus on an element of the project that was well within the control of the original project proponent, Kinder Morgan Canada: the labour procurement model. Despite the fact that the four pipeline unions, together with our Canadian membership and our PLCAC contractors, have constructed over 90% of any B or CER pipelines in Canada, and despite our having just completed 100% of the Enbridge line 3 project, spanning over 1,000 kilometres, ahead of schedule, the original project proponent, Kinder Morgan Canada, set out to construct the Trans Mountain expansion project with no Canadian PLCAC contractors and no Canadian unionized pipeline construction labour.

This approach was in stark contrast to the Enbridge labour procurement model, which de-risked the entire line 3 by building their project 100% union with a project labour agreement. This ensured labour continuity for their entire line 3 pipeline replacement project.

Eventually, out of necessity, the Trans Mountain project proponent engaged our contractors and members in order to complete the project, and PLCAC contractors and our members constructed spreads 1, 4B, 6 and 7A, representing four of the nine construction spreads on the project.

The PLCAC four trades, now late to the project, developed a PLA to cover the work on these four spreads, with terms and conditions less than those being paid on the CGL and the NGTL expansion projects, creating labour uncertainty.

• (1105)

Based on the reduced union rates, with the first union shovel hitting the ground on the project in June 2020, the reduced union rates contained in the PLA were escalated by 2% in 2021 and 2% in 2022. Those rates have been held since May 1, 2022, with our members not having seen an increase to their compensation package on this project since, despite many members still performing final cleanup to return the pipeline right-of-way to the same condition they found it in.

The labour procurement model that was instituted on this project well before the intervention of the federal government was ill conceived from the outset and, we would argue, presented yet another significant costing challenge for the project. However, it was far from the only challenge this project faced.

Despite all of these significant challenges, a world-class piece of pipeline infrastructure has been constructed to the highest standards, allowing Canadian energy to access new markets.

I am happy to answer any questions you may have regarding the unionized labour component of this project.

• (1110)

The Chair: Thank you for your opening statement.

I now will go to Kevin O'Donnell from the Pipe Line Contractors Association of Canada.

You have five minutes.

Mr. Kevin O'Donnell (Executive Director, Pipe Line Contractors Association of Canada): Thank you, Mr. Chair.

Good day, committee members.

My name is Kevin O'Donnell, and I am the executive director of the Pipe Line Contractors Association of Canada. I have the honour of serving tens of thousands of Canadian unionized pipeline workers as well as the innovative Canadian pipeline construction companies that build our future.

Despite what has often been a convenient way to unjustly attack one of our most important national assets and the workers therein, I am attending today as a champion of Canada's energy workers and our constructors.

I sit before you today as a proud pipeline professional for over 30 years. I am proud of Canada's energy workers and of their ingenuity, determination and expertise. I'm proud that they, every working day, battle the elements, often for prolonged periods of time away from friends and family. They employ their expertise. They build an energy infrastructure that powers our incredible way of life here in Canada.

I sit before you today proud of Canada's natural resource sector. Since the 1950s, Canada's pipeline infrastructure has transported millions of barrels of oil safely, contributing hundreds of millions of dollars annually to Canada's economy and creating tens of thousands of sustainable union jobs. These jobs carry wholesome family health and welfare coverage, defined pensions, excellent wages and high commitments to safety and continuous training.

Further, Canada's pipeline industry and, more specifically, the members of the PLCAC have been at the forefront of indigenous reconciliation for years. We are the front lines. While conferences in large cities do exchange and develop very important thoughts and promises, and I attend them regularly, we have delivered.

In fact, in the last seven years, our member contractors alone have collectively invested over \$3.3 billion directly into indigenous businesses and communities. This includes direct hire and training, joint ventures, supply chain purchases and community projects, as well as charitable initiatives. The overlay of this is that we have delivered sustainable methods for generational wealth, shared ownership of pipeline-related businesses and shared stewardship of protecting our environment.

Committee members, I believe it is obvious that the world needs energy, and that's a fact. That's a fact that isn't going to change any time soon. I believe that Canada, the jurisdiction with the highest safety and environmental standards, with shared partnership with indigenous communities and the best human rights and workplace safety regimes, should regain its role as a worldwide energy superpower.

Let's be sure, the world is waiting for us. We are leaders. We are a cold weather nation that has flourished with ingenuity, generations of hard work and a balanced approach to natural resource utilization. Now is the time to follow through on that responsibility.

However, as a result of Canada's inability to get projects approved in an efficient manner, creating unpredictability in Canada's marketplace, the world is forced to buy energy from other nations with substandard environmental and social responsibility performance. That can and should change. We have a duty to get our safe and abundant product to market, and, bar none, the safest way is to do that with Canadian-made pipelines.

Honourable members, I do not believe that we should have ended up here today, but I do believe that now this is part of a necessary process. The Trans Mountain pipeline should never have landed in a position of government intervention, but we are here to ensure that the conditions are course corrected and that we regain our efficiency. The Trans Mountain pipeline has far surpassed the original cost estimates. I'm sure there's been significant testimony and research exchanged, and I hope this will serve us all well in the future.

I offer my personal summary of the key causes. Let me call them the four Cs. The first is COVID. We all know what a dramatic effect it had on the world market, specifically energy markets, and the ability to get projects completed. The second one is commodity pricing and inflation—inflation spurred on by the Russian invasion of Ukraine. Coastal gas is the third C. Again, there is lots of documentation of the constraint on supply of labour and resources. I think the last and most important factor was the cadence, the cadence of pipeline building. Traditional pipelines are built in a continuous linear fashion, where we can exploit our decades of expertise and create efficiencies. That simply was not the reality for the TMEP construction. The permit delays and ever-changing regulations and policies, as well as the burdens of reactionary requirements, all led to unprecedented production inefficiencies.

- (1115)

All of these and others were the result of bad timing. In hindsight, most, if not all, of these would not have occurred if the construction phase had a permitting process that worked properly.

As a result of these hearings and learnings, we should now recreate the conditions to enable the private sector to unleash the innovation and ingenuity of Canadian pipeline workers. I would submit the primary factor is policy efficiency and certainty.

I look forward to your questions as we strive so that our association and our craft workers help ensure our industry does not find itself in this situation in the future.

Thank you for your time.

The Chair: Thank you for your opening statement.

We'll now go to Mark Maki, from the Trans Mountain Corporation.

The floor is yours. Please go ahead.

Mr. Mark Maki (Chief Executive Officer, Trans Mountain Corporation): Thank you, Mr. Chairman and committee members, for the invitation to speak today about our Trans Mountain expansion project.

Today, I represent the employees and contractors of Trans Mountain, as well as the 35,000 Canadians who worked on the project over the last decade.

The original Trans Mountain pipeline, line 1, along with the expansion project, comprises one of the most important, nation-building pieces of infrastructure in Canada. The pipeline was built to conform to the high standards of Canada. While appropriate, those standards at times were difficult.

When the Trans Mountain project was first proposed, there were three fundamental things we were trying to accomplish. The first was to provide greater pipeline capacity out of the producing region in western Canada. The second was to provide enhanced access to markets for Canadian production. The third was to increase the price realized by Canadians for their crude oil.

Let me move to the performance of the system since the expansion began its operation in May. In the five months since we began operation in May, the pipeline has performed very well. We're very happy with it, and it is meeting the three objectives I just talked about.

The system's nominal capacity has increased from 300,000 barrels a day to 890,000 barrels a day. The system is performing very consistently. We expect volumes to increase here in the fourth quarter, and more importantly, to increase over the next couple of years in stages. The system will be full, we think, by 2028.

So far, the markets that are being accessed by Canadian oil are as follows: the west coast of the United States, Korea, India, Japan and China. As a reminder, Trans Mountain is the only sovereign pipeline route to the Pacific Rim and the markets that are attached to it.

As a reminder as well, 80% of the pipeline's capacity is contracted under long-term contracts. In most instances, they are approaching 20 years and undertaken by some of the best companies in Canada and other global players.

Over my nearly 40-year career in the pipeline space, Canada has sold its oil into the markets at a discount. This has been a substantial transfer of wealth from Canada to other countries, especially the United States. With the start-up of the expansion, the discount on Canadian crude oil has improved. When you look at the fourth-quarter differential now versus what it has been historically and what it would normally be, it's about \$10 a barrel better. That's a substantial increase in wealth for Canada—greater tax revenue, greater royalties—and it helps all levels of government.

I also want to highlight the benefit of Trans Mountain in terms of the construction jobs. My colleagues on either side have talked a little about this already. We prioritized hiring Canadian resources wherever possible.

Over its duration, 35,000 people worked on this project. About 10% of those were indigenous—3,500 people. Much of the construction work was undertaken by either indigenous companies or indigenous partnerships for about 20% of the contract value, or just north of \$6 billion.

We also took great care with respect to the execution of this project, especially as it relates to the indigenous heritage resources that were encountered during construction. In total, our engagement involved over 140 nations or indigenous groups. We're very proud of that.

We facilitated the investment of more than \$150 million of capital in the Western Canada Marine Response Corporation, hereafter called WCMRC, which resulted in six new bases being developed, 43 new vessels, new equipment and more than 100 emergency responders basically being added to WCMRC's resources. What this means is that it halved the response time to an incident and doubled the resources available to respond to any incident in the harbour. That benefits every ship that transits, not just oil tankers—container ships, cargo ships, cruise ships, etc.

I'll switch gears. There have been comments about writedowns in value and toll levels in these hearings. I suspect we'll get into that in the Q and A. In my time in the pipeline sector, there's one thing that has really stuck with me, and that is the importance of being both a disciplined buyer and a disciplined seller. When the time is right, Canada can sell. The outcome that they should expect is the recovery of the taxpayer's capital. That's the only thing the Trans Mountain leadership team is interested in—that the taxpayer gets back their value.

Briefly, I want to talk about the company's ESG commitments. We are a believer in the net-zero target by 2050. Trans Mountain will work to achieve that outcome.

• (1120)

In closing, I want to comment on Trans Mountain again. Trans Mountain increases the access to world markets for responsibly produced Canadian oil at a competitive toll. We do it in a way that puts safety, the environment and the public at the forefront. This

project was worth the cost, and it will continue to demonstrate its benefits to Canadians for decades to come.

We appreciate the opportunity to speak to this group today and welcome the questions.

Thank you, Mr. Chairman.

The Chair: Thank you for your opening statements, and now we will begin with our first round of questioning.

We will begin with Mr. Jeremy Patzer, for six minutes.

Mr. Patzer, the floor is yours.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you very much, Chair, and thank you very much, witnesses, for coming.

Mr. O'Donnell, I want to start with you. You mentioned in your opening remarks the \$3.3 billion that has directly contributed to indigenous businesses and communities.

I'm just wondering if you could just spend about 30 seconds expanding on that—maybe about a minute on what those investments mean for communities, what those joint ventures mean and how you have done that on your own without government intervention.

Mr. Kevin O'Donnell: I'll try to be quick, but it is a big story. I'm very proud of the number, and I'm very confident in the number.

I was CFO of a pipeline company for many years. I was responsible for accounting for \$1 billion of that, so I'm very confident in that \$3.3 billion that we amalgamated from all of our direct regular members.

What does it mean? They're longevity jobs. They're generational jobs. Those are house-buying jobs. Those are car- and truck-buying jobs. Those are joint ventures that have real and sustained livelihood as long as our energy sector continues on the path of stability.

Those can be measured very easily in the communities we've gone through, the change in wealth, the change in perception of wealth, and the change in perception of ownership and participation.

Mr. Jeremy Patzer: Thank you for that.

On the stability bit, you mentioned you had your four Cs, and one of them was cadence. You talked about changing. I think it was changing regulations and permit requirements.

I'm just wondering if you could elaborate and expand on the uncertainty that you and your members faced in that regard.

Mr. Kevin O'Donnell: One quick example would be ground disturbance. Ground disturbance plans would be traditionally submitted on a weekly basis on Trans Mountain. It was changed to a daily basis, so there was not only the fact that you had to take time with your crews and take time with your supervision to develop and build, but it also led to greater administration and time consumption of resources.

Mr. Jeremy Patzer: As a pipeline professional, do you think that was necessary?

Mr. Kevin O'Donnell: I would have to say that we've been building pipelines for 70 years in Canada. I think we've done it very well. I think there was a bit of overburden, or overkill.

Mr. Jeremy Patzer: Yes. I think you can look at the fact that the first pipeline was built in 1951. It was built well, and it's been operating well ever since and safely, without issues, so...yes.

I'm just wondering if you could talk a bit more about some of the regulatory uncertainty you faced over time in this project here. I'm just wondering if you could point to any specifics that were changed. I know you mentioned the ground disturbance one. I'm wondering if you could talk about any other regulatory uncertainties that you faced along the way.

Mr. Kevin O'Donnell: I think it was the acquisition of permits and permitting. We have 1,000-plus kilometres that you have to traverse, and normally that's all ceded to you before you start construction, but the way this one was handled, there were 20 kilometre gaps and 15 kilometre gaps where you just couldn't gain efficiency, so those permits were not acquired on a timely basis. I think everyone knows that one.

• (1125)

Mr. Jeremy Patzer: Yes. Then you also talked about the construction of it. Normally you build it as you go. The building process was different.

I'm just wondering if you can talk about what that meant for trying to get things completed in a timely fashion, having to build it in an irregular manner.

Mr. Kevin O'Donnell: Let's be honest. When you're building pipelines through the flatlands, it's straight A to C with some zigzag in the middle, and you're going to come up against anomalies for sure, but in this one there was very little opportunity to build continuity.

Again, that comes from lack of permit planning, lack of access to construct. Frankly, there was, all the way through the project to the end, ever-increasing demand for greater safety; there were greater environmental concerns, and all of those were learnings. There were learnings along the way, and I'm sure that there were benefits to it, but there certainly was a large cost to it as well.

Mr. Jeremy Patzer: Yes. On that cost bit right there, when we look at the cost overruns that this project had, the private sector could and would have built this project. I'm just wondering if you could talk a bit about the expertise that exists in the private sector and how they could have built this project without the government having to get involved.

Mr. Kevin O'Donnell: That's a big question, a good question. Thank you.

Look at Canadian pipeliners, constructors, workers and craft unions. They're experts in what they do, and they get better every year. I'm certain that in my 35-plus years of pipelining, we didn't become poor pipeliners the day this was awarded.

We should have been getting better at pipelining. Unfortunately, given the circumstances as outlined, we didn't get a chance to exploit that.

Mr. Jeremy Patzer: Yes. That's really unfortunate.

About the Canadian labour force.... The workers were all Canadian, I assume. Is that correct?

Mr. Kevin O'Donnell: I'm going to say that the majority were. We definitely know that several international corporations came in and brought management and supervision. For the craft workers, I would say the vast majority had to be Canadians.

Certain expertise had to be imported for steep slope, which was always the plan. Steep slope is not something that we do regularly in Canada, but recent expertise was brought in for that, for sure.

Mr. Jeremy Patzer: Thank you.

The Chair: Thank you.

We'll now go to our next six-minute round and Mr. Schiefke.

The floor is yours, sir.

Mr. Peter Schiefke (Vaudreuil—Soulanges, Lib.): Thank you very much, Chair.

As well, I want to extend a warm welcome to our witnesses for being here.

I'll start my line of questioning with you, Mr. Maki. It's with regard to the cost overruns.

Obviously it's a question that a lot of Canadians have, including many in my community of Vaudreuil—Soulanges. You mentioned it a bit in your opening remarks, but can you perhaps expand on extreme weather events—the flooding that took place, for example—and COVID? How did those contribute? Is there or was there a calculation already done about how much that actually contributed to the cost overruns?

Mr. Mark Maki: Sure. In very broad strokes, Mr. Schiefke and committee, what we call “exogenous factors”, which are things like COVID, the atmospheric river and other events effectively external, really resulted in about \$9 billion of cost—big picture on the overall project—just to give you a sense. About a third of the overrun is really attributable to those types of factors.

Broadly, I would say a couple of other things, though, with respect to cost. This is really from a reflection on a long career in this space. When they looked at the original Trans Mountain pipeline expansion proposal and what it was supposed to cost, and looked at comparable projects that were proposed around the same time—specifically, Enbridge's northern gateway project—they were in the same time zone for cost.

What you saw over time as the projects were originally conceived, until, say, the termination of northern gateway, was that the project costs moved in lockstep. If you look at other projects across time, you see a substantial increase in costs, whether it was the Alberta clipper project, which is a Canadian-U.S. project by Enbridge, or the line 3 replacement, which followed about 10 years later, there was a substantial increase in cost.

A lot of it had to do with how things are done now relative to earlier points in time. This has been commented on by both gentlemen, either in their comments or in the Q and A. That is a reality of part of the reason the cost has increased over time.

• (1130)

Mr. Peter Schiefke: Thank you.

I guess that's a good segue to you, Mr. Campbell.

I very much enjoyed listening to your opening remarks. From a technical aspect, what were some of the challenges for the workers, the Canadian workers who worked on this, whom you briefly mentioned in your opening remarks? What are some of those technical challenges that allowed for cost overruns, things that cost more just because of the terrain, for example? Could you expand on that?

Mr. Patrick Campbell: I appreciate the question.

Kevin commented on the segmenting of the work. One of the things that really need to be understood is that when you get into urban pipelining, this is not anything like we have in the Prairies. When we constructed the line 3 project, we had opportunities because of our skilled members and our knowledgeable contractors. We could employ ditching wheels able to produce in excess of 10 kilometres of ditch a day. Urban pipelining is a very different animal, and just with respect to those kinds of challenges, it was very difficult.

When you segment projects, the real cost there, the significant cost associated with segmenting projects like that, is that the equipment, material and personnel then need to be moved about the right-of-way to access and construct those areas that then have permits. In a traditional pipelining sense, that equipment would be deployed at the lay-down yard; that equipment would be engaged on the right-of-way, and that equipment would be able to execute their portion of the project right to conclusion.

When you're dealing with urban pipelining, or when you're dealing with breaks in what would be defined as a "traditional spread", all of that equipment, all of the personnel and all of the material required for that next segment have to then be transported by our brothers from the Teamsters to that next lay-down area.

Mr. Peter Schiefke: Would it be fair to say this was a unique and very challenging build?

Mr. Patrick Campbell: It was incredible. When you look at line 3, they had budgeted that project at \$8 billion. That's the project where, as I've explained to you, you can get as far as 10 kilometres a day through the Prairies using a ditching wheel. I would argue that the initial cost estimates of this project from Kinder Morgan Canada, from our perspective, were not based in reality.

Mr. Peter Schiefke: Thank you, Mr. Campbell.

I'd like to come back to you, Mr. Maki. I was glad to hear you reference the environmental protections that were put in place. I had the opportunity to see some of those in the vessels that were put in place when I was in Nanaimo about a month and a half ago.

This is important for me as somebody who cares very deeply about the environment, as well as for my constituents in Vaudreuil—Soulange.

What else was put in place to ensure that the environment was protected should anything come about? Could you expand on that, please?

Mr. Mark Maki: It's a good question.

First and foremost, on the marine side, the WCMRC reinforcements were a big part of the effort, with more response vessels, more equipment on hand and more personnel to respond to a spill. All of those are critical components.

Let's go back to the pipeline itself and the facilities. We have a very comprehensive leak detection system on the pipeline. One of the neat things we are installing is a high-technology fibre optic cable along virtually the entire pipeline system. Once it's fully operational, that will allow us to hear or sense either activity on the right-of-way or a small leak or some other disruption in the system. One of the great dangers to a pipeline is third party damage. The ability to have a system that senses activity on the right-of-way is an incredible addition to the full suite of leak detection and environmental protection mechanisms on the system.

Mr. Peter Schiefke: Thank you very much.

Thank you, Chair.

The Chair: Thank you.

We'll now go to Monsieur Simard for six minutes.

The floor is yours.

[*Translation*]

Mr. Mario Simard (Jonquière, BQ): Thank you, Mr. Chair.

Before I begin, I want to make sure that the witnesses can hear the English interpretation of my remarks.

Can you hear me?

Some hon. members: No.

[*English*]

The Chair: We're just going to suspend for a moment until we get this sorted out.

• (1130) _____ (Pause) _____

• (1135)

The Chair: Monsieur Simard, the floor is yours. Go ahead, please.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

My question is for you, Mr. Maki.

According to your regulations, as a Crown corporation, you are accountable to the government. You certainly have to justify the cost overruns on your projects. In addition, I'm sure you need to validate the decision-making process you follow.

I remember that, in 2022, when the cost of the Trans Mountain project went from \$12.6 billion to \$21.4 billion, the Minister of Finance assured Canadians that there would be no additional public funding for Trans Mountain.

Would you be able to provide the committee with documentation that explains how the project is funded?

The cost of the project is now at \$34 billion. Have you actually done anything to obtain financing, in accordance with what the Minister of Finance said in 2022? In other words, did you have to turn to the debt market through financial institutions to finance your project?

Are you able to share with the committee what your financing structure looks like?

[*English*]

Mr. Mark Maki: Thank you, Mr. Chairman, and thank you, Mr. Simard, for the question.

As I understand the question through the translation, you're asking about the structure that's used to finance and about comments made by Minister Freeland back in 2022.

I would probably direct anything related to Minister Freeland's comments back to her.

Going to the financial structure and so forth, the way the company was financed originally was as an acquisition by the government from Kinder Morgan. That acquisition was effectively done through Canada Development Investment Corporation, or CDEV, as the purchaser, and then funding was provided through CDEV and through an intermediary company into Trans Mountain to pay for the expansion project. The initial way that was set up was either as a loan into Trans Mountain or equity into Trans Mountain.

I'm going to speak at the Trans Mountain level, so this is what we see down below. Equity and debt are provided. When the minister changed the financing model in 2022, the project had advanced far enough, and the conclusion of the owner was that we could obtain financing from the public sector. Since that time, the company has, through a consortium of the big Canadian banks plus one of the U.S. investment banks, effectively financed the remaining construction on debt. That is how the project has been financed. The big picture in terms of numbers—

[*Translation*]

Mr. Mario Simard: I'm sorry to interrupt you, but I don't have much speaking time. I would like to clarify my question.

I'm going to ask you two very simple things.

First, are you able to provide the committee with a document indicating the project's financing structure? That could be very helpful.

Second, if you obtained financing from financial institutions, there are loan guarantees. Did the government provide them?

You probably read the report the Parliamentary Budget Officer, or PBO, released at the time the project cost was estimated at \$21.4 billion. The report indicated that the project would not be profitable. We had to forget the whole idea of taking the revenue from the project and reinvesting it in clean energy.

The project cost is now estimated at \$34 billion. However, I assume that the financial institutions will want to be paid back at some point. How are we going to repay that debt? Who did it come from? Who assumes responsibility? Is it the government?

I would like to get a clear picture of all the public funding that has been granted to Trans Mountain. The Deputy Prime Minister told us in 2022 that she wanted to change the structure and that there would be no additional public funding. Clearly, that money had to come from somewhere. Are you able to provide that information to the committee?

• (1140)

[*English*]

Mr. Mark Maki: Mr. Chairman, just to repeat back the question, basically the question at the core is.... There were comments about the project not being viable or the company not being viable. I would say, first off, just simply that I don't agree with that at all.

Where you can get more transparency, though—and it is a bit to wade through—is the corporate plans of both Trans Mountain and its owner, CDEV, which are filed with the Treasury Board. Those have all kinds of transparency about the financing and so forth associated with the company and with the third party banks. There is a guarantee in place by Canada of the borrowings. That is also well documented inside the corporate plans.

Right now, with the company in operation and basically proving itself every day, there are lots of avenues available to Trans Mountain to finance the company in a permanent fashion for the long term. That will be worked on, together with colleagues inside the Department of Finance, to find the optimal solution for Canada.

As I mentioned in my comments, one thing we're very focused on at the company is making sure Canada gets back all of its capital. The fundamental job one, after running the pipeline right and safe, is making sure the taxpayer is kept whole. Full stop. That's what we're focused on.

[Translation]

Mr. Mario Simard: I would still like you to commit to providing the committee with the documents relating to your financing structure.

Thank you.

[English]

The Chair: Thank you, Mr. Simard.

We'll now go to Mr. Angus for six minutes.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you, gentlemen, for your participation.

I think one of the big questions I hear from people all the time is about this \$34 billion in taxpayers' money that was spent to build this. It is being interpreted as a subsidy. Simon Fraser University's recent study says that the cost of building this is hitting between \$581 and \$1,248 per household, for every Canadian family.

Mr. Maki, you said that your priority is that we all get our capital back.

How do we get that money back and when?

Mr. Mark Maki: That's a very good question. Thank you, Mr. Angus, for that.

First and foremost, I do the math on that \$580 or \$1,250 and it is basically an assessment by Simon Fraser University that's looking at what they think the subsidy in the capital cost is and then dividing it by the number of households in Canada, and there are a range of outcomes. The math is transparent.

With respect to getting back the full capital, I said in my comments that what the government really needs to be here is a disciplined seller. Full stop.

As a disciplined seller, you do the following things: You do not act in a hurry. You take your time. There are a number of uncertainties around the business that we need to clarify for the capital markets. For example, there's a rate case ongoing that has to be behind us. There is the concept of indigenous equity participation or economic participation in Trans Mountain. For a buyer, it will be important to understand how that works.

Mr. Charlie Angus: I'm sorry. I have only a short period of time.

Would a disciplined seller sell it for the full cost of \$34 billion, or are we going to give it as a subsidy to a buyer?

Mr. Mark Maki: A disciplined seller, by definition, in my book, Mr. Angus, gets back their full value.

Mr. Charlie Angus: That's what I wanted to hear. I'm asking that because, on the question of these interim toll rates, which is less than half of the cost, again, that strikes people as a serious subsidy. If this is so profitable and we're supposed to be getting our money back, why are we giving away \$12 to \$13 in loss on every barrel shipped in order to get customers?

Mr. Mark Maki: There is a long-term arrangement in place with the customer community that governs, effectively, the tolling of the expansion project and the company. With respect to the concept of \$12 or \$13 being too low on tolls, like a lot of things, there are

lots of assumptions that go into that. One of the big ones will be what the horizon is for the pipeline. How long is it going to be around?

Mr. Charlie Angus: Are we going to subsidize it, then, for 30 years? It just doesn't make sense to me. I'm not a businessman, but if I set up a business to make my money back and I subsidize the people who use it by 50% and I tell the people I borrowed the money from that I'm going to pay them back, somehow that just doesn't add up.

I'm switching gears here, because I don't have a lot of time.

What's the relationship between the TMX corporation and TMP Finance?

• (1145)

Mr. Mark Maki: In the corporate plans of the company and of CDEV, you'll see the structure, but TMP Finance basically is a funding corporation into Trans Mountain Corp. It was a provider of debt and equity funds for the original acquisition and for construction up until the time that the company began to borrow from external banks to pay for the project.

Mr. Charlie Angus: Again, I'm not a businessman. I played in a punk rock band. However, I have to ask myself something here. You have a company set up that exists to hold debt, with no employees. That looks to me like a shell company. I'm thinking that Chrystia Freeland is a lot smarter than I am. Why would she set up a shell company?

A shell company is not all that difficult to set up if you're going to keep all the debt off your books. Then you could come to us at a future meeting and say, "I'm guaranteeing we're going to get all of our money back."

Is it possible that TMP Finance was set up to hold the debt so that the government can wipe the debt and then you can continue to give the oil companies a subsidy of \$11 to \$13 a barrel because they're not having to pay the full cost back?

Mr. Mark Maki: It's an interesting question, but I really can't comment on what—

Mr. Charlie Angus: Is it that you can't comment, or you don't know? Is this too hypothetical? This is a financial business case. There's a business case that I have to go back to voters and say that we put this money in and you're getting it back, but all the debt's being held in a shell company.

Mr. Mark Maki: Sure. It doesn't matter whether it's the financing company or an intermediary company; that's not an uncommon structure in any corporate setting. There's nothing unusual about that. What you have to look at, Mr. Angus, is very simple. Look at the balance sheet of Trans Mountain. There's capital that's supporting the asset side. There's \$35 billion in assets. They are big, round numbers. You have to get \$35 billion of value for the company. That's what you have to look at. It's very simple.

Mr. Charlie Angus: I agree, and that's why I'm really stuck on why you would be giving such a haircut on the toll rates, because that's how you make your money back.

Again, I'm not in the business, but I'm looking at the Tsleil-Waututh First Nation's report, where they said that since it wasn't recoverable in tolls, there's no way that the CER or the National Energy Board should have approved this. They wouldn't have approved it from a private shipper if they couldn't say they were going to get their money back.

How is it that you can go and get these approvals if you don't have a financial plan that says the money's actually being made back now that you're operating?

Mr. Mark Maki: The toll design that the company has employed was designed to provide a very reasonable rate of return under all kinds of different circumstances, including the one that we find ourselves in. Over the life cycle of the project, the return that we expect to get in the project would be reasonable in any regulated context. That is how we assess and see this project.

Mr. Charlie Angus: It's with a \$13-a-barrel subsidy.

Thank you.

The Chair: Thank you.

We'll now proceed to our next round of questioning

The first speaker, for five minutes, is Mr. Falk.

Mr. Falk, the floor is yours.

Mr. Ted Falk (Provencher, CPC): Thank you, Mr. Chair.

Thank you to all of our witnesses for your appearance here today and for your testimony.

Mr. Maki, I would like to begin with you.

The project initially was purchased for \$4.5 billion, with construction costs at roughly \$5.3 billion, for a total of just under \$10 billion. It quickly escalated to \$12 billion. The next report was \$20 billion; then it was \$30 billion, and now it's \$34 billion.

Can you confirm to this committee that this is the end cost of this project?

Mr. Mark Maki: When we talk about the project cost, Mr. Falk, in any context, we're always speaking about what we expect or forecast at completion. The project cost forecast at completion is somewhere between \$34 billion and \$34.5 billion. That should be the final cost. Based on what we know today, it's someplace in that range. I think our current working number is about \$34.2 billion.

Mr. Ted Falk: The initial purchase and consideration for the project would have included somebody doing their due diligence on construction costs and firm fixed-price contracts.

Was that the case?

Mr. Mark Maki: That predates my time, but I can say with a high degree of certainty, Mr. Falk, that there was in fact a very thorough due diligence process by the government when it bought the system.

As I mentioned earlier in the Q and A, with Mr. Schiefke, if you go back in time and look at costs of comparable projects at the time, they would have seen other projects of similar scale and scope that would have been costed at the same amount.

The world changed; that is the bottom line.

• (1150)

Mr. Ted Falk: I understand that, Mr. Maki, but on a \$12-billion project, you would have had some firm fixed-pricing, some fixed contracts.

How do you then move from \$12 billion to \$20 billion to \$30 billion to \$34 billion, if you have fixed contracts with vendors, with suppliers and with contractors? How in the world does that change?

I come from a contracting background.

Mr. Mark Maki: Yes. I would say, Mr. Falk, that some elements of the contracts would have been fixed—primarily materials that they would have bought early in the project. With respect to the rest of the work, it was largely time and material. It was driven by the amount of work that would have been encountered.

One of the big changes that would have been an element of this—and this has been commented on by both gentlemen—is the use of, effectively, poor-boy construction techniques. What that means in pipeline parlance is basically that we don't get the economies of scale from continuous cross-country pipelining like you might see in eastern Alberta, Saskatchewan or Manitoba.

Instead, it was having to build, pick up, move, build, go back, fill in, pick up and move, so efficiencies were never realized—

Mr. Ted Falk: That's as Mr. Campbell indicated in his testimony as well. However, you would have had fixed pricing for different segments of the project.

Did you commit to \$12 billion without fixed pricing?

Mr. Mark Maki: There was no way.... There was no contractor who would have done fixed pricing. That was Kinder's experience at the time. They were working on the project, and the government stepped in. There was very little fixed-price contracting on this. It was time and material. That was how most of it was done.

Mr. Ted Falk: Wow. That's interesting.

I want to follow up a bit on what Mr. Angus was asking about the financing there.

My understanding is that roughly \$13 billion or \$14 billion was financed directly by the Government of Canada. Forgive me with my numbers; they could be a little off. Also, there was \$17 billion of traditional financing through banks.

Would that bank financing have been available without the Government of Canada co-signing the loan?

Mr. Mark Maki: It would have been available, probably at a much higher cost than what was available with a government guarantee.

Mr. Ted Falk: What is the cost of that financing?

Mr. Mark Maki: It varies. It's typically tied to interest rates and what you might see in the markets.

The last borrowings we did were in the neighbourhood of 5.5% to 5.75%—something in that range. It changes every time we do a draw.

Mr. Ted Falk: What kind of rate of return is the Government of Canada getting?

Mr. Mark Maki: Please clarify that question a little.

Mr. Ted Falk: The Government of Canada has borrowed TMP money, which finances TMX. What is the Government of Canada's return on its investment?

Mr. Mark Maki: That'll play out, Mr. Falk, when the asset is disposed of in the end.

Mr. Ted Falk: You said you are quite certain that the project will be able to return the \$34 billion to the taxpayer at some point.

What kind of toll is going to be required in order for that to actually come to fruition?

Mr. Mark Maki: First off, as I mentioned in my comments and in Q and A, it's important that the owner be a disciplined seller. If they want to get their money back, they have to be disciplined. That also means they have to walk away from the table if they get an offer from somebody and they don't agree with it.

With respect to the tolling level, we are in the process now of defending our tolls in front of the CER. The customers are taking issue with that. Others are saying the tolls that we filed for are too low and are taking issue with that level.

The CER is going to have to sort all this out, but basically we think what we have filed for...in fact, they should be about 50¢ a barrel higher because of some elements of costs that have moved since we filed our tolls in the middle of 2023.

Mr. Ted Falk: Is cash flow \$34 billion?

Mr. Mark Maki: We think we're in the right, so we have to hold those tolls.

Mr. Ted Falk: Cash flow is \$34 billion.

The Chair: Thank you, Mr. Falk. I gave you a little extra time, because Mr. Maki was wrapping up his answer, but you'll have another opportunity to follow up on that.

We'll now go to Mr. Jowhari for five minutes.

Mr. Jowhari, the floor is yours.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair, and welcome to our witnesses.

Thank you for your testimony, and I can see how proud you are of the work that your members have done on making sure that, as you called it, a piece of marble has been developed, and I can see that pride in your faces. Please convey that to your members as well, and thank you for making this project happen, given all the challenges.

Over the last number of meetings, we've kind of established, at least from my point of view, that there was a business case from a benefit, whether it was downstream of the economy.... I was very

happy to hear that the margin now is \$10. I recall that, at \$9, it was \$258 billion, and if you divide that by the number of households and the benefit that's coming in.... I'm not going to go there, but there is a lot of benefit.

My line of questions is going to focus on the key drivers.

We've talked about how numbers have increased. We can talk about whether the original number was properly done, properly estimated or not, but what were the key drivers and what were some of the key challenges? I think Mr. Campbell pointed to at least five of those challenges. What was the impact on the timeline and cost?

I believe that Mr. Maki said that \$9 billion accounts for a third of these overruns. That's not under our control, but now that all the numbers are out, if this thing was estimated at, let's say, \$12 billion, and now it's \$34 billion, we are accounting for about \$22 billion in overrun. What were the key drivers, and how do you break down those overruns by each one of those?

Who wants to start? Who feels more comfortable? Go ahead. You have three minutes.

• (1155)

Mr. Mark Maki: We look at it as five buckets. There's similar evidence that's included in our CER testimony by the company, which is focusing on uncapped costs—in other words, costs that we pass through to the shippers—but when you look at the whole project, the same categories basically apply, so I'm going to go through these five quickly.

Evolving and additional compliance requirements are one bucket. That's about \$5 billion, or about 19% of the increase, and I'm going against the \$7.5-billion estimate when the project was approved to go ahead. Information maturity is about \$7.2 billion, about 27%—I'll come back to what some of these things are in just a second—indigenous accommodations are \$2.3 billion, 8%; stakeholder engagement and compensation is \$3.5 billion or about 13%; and the aforementioned exogenous factors total \$8.9 billion, or 33%.

Those are five big buckets in our way of thinking.

Mr. Majid Jowhari: How much is that in total? I'm good at math, but not that good.

Mr. Mark Maki: It's \$27 billion.

Mr. Majid Jowhari: I'm sorry, could you repeat that?

Mr. Mark Maki: It's \$27 billion. I'm talking in big, round numbers from 7 to 34, just for sake of conversation.

With respect to the different categories, we talked about exogenous factors, COVID, fire, floods—things that are outside the company's control. I want to go back to indigenous accommodations for a minute, because it's relatively minor but very important.

Two good examples of this were the re-routing of the pipeline in the Coldwater nation. Basically, we moved the pipeline route away from the community, which is what they wanted, and we're all for that.

The other probably sizable one is south of Kamloops in B.C. There's an area called Pipsell Lake or Jacko Lake, and there we built five missile silos, which is an analogy, in the ground, and we connected them with a subway. It was a very big undertaking in order to avoid disturbing the surface as much as possible, which was incredibly important to the nation that was there. Those are a big component of that \$2.3 billion, those two things, but there also were the archaeology programs and other things, which, again, were incredibly important to the proper execution of this project.

I touched on information maturity. That was \$7.2 billion, and that was—

Mr. Majid Jowhari: Can you expand on information maturity? I have about 30 seconds.

Mr. Mark Maki: Yes, I would say that it's about the data that was available in terms of the construction plan. You know, urban pipelining is an incredible challenge. Instead of being able to do 10 kilometres in a day, you were basically doing, if you were lucky, 100 metres, but you didn't know what you were going to encounter. You knew it was going to be hard, but you had no idea how hard until you got in and started digging, and you realized that you could move a few metres a day, because you were having to cross all kinds of utilities, services and so forth. It's an incredible challenge.

Mr. Majid Jowhari: I'm out of time.

Mr. Chair, can I ask Mr. Maki to submit those numbers, because this is the very first time I'm getting a breakdown of the \$27 billion? How is it paired with that? I would appreciate it if Mr. Maki could make that formal submission. I think those numbers were very valuable for us.

Thank you, Mr. Chair.

• (1200)

The Chair: Thank you, Mr. Jowhari.

I will remind all of our witnesses that they can provide a submission, if they did miss anything, directly to the clerk.

Mr. Ted Falk: Excuse me. I have a point of order, Mr. Chair.

On that point, could I also ask Mr. Maki if he would provide the committee with a breakdown of the original budget and the completed cost, not line by line with minutiae detail, but by subcategories.

The Chair: Thank you, Mr. Falk. That's not a point of order, but I think Mr. Maki did hear what you stated, and he will be able to provide some information to the committee at a later date.

Do you have a point of clarification, Mr. Maki?

Mr. Mark Maki: Yes, thank you, Mr. Chairman. I just want to be clear with Mr. Falk. The project is still under construction. We're doing the remediation work, so it's not done yet. What you're going to get will be a forecast. Just please understand that. It's not perfect; it'll be a forecast.

The Chair: Thank you for providing that clarity.

Now we'll go back to our order. We'll go back to Monsieur Simard for two and a half minutes.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

Mr. Maki, I read the PBO's 2022 report because I was interested in the pipeline issue. As the CEO of Trans Mountain, you've certainly read the report. I assume you'd be interested to know that, by early next month, the PBO should provide an update on those figures.

Now I would like to go back to the 2022 figures. According to the PBO, those numbers clearly indicated that the Trans Mountain project was going to be a net loss for Canada and an unprofitable undertaking. On the one hand, he attributed that to the skyrocketing cost. At the time, it was \$21.4 billion; now it's \$34 billion. On the other hand, there was the issue of delays. The PBO thought the project would be complete in 2023, but it took until 2024. I don't assume the PBO is going to find that the situation has improved.

Earlier, I heard you say that, in your opinion, the project was profitable. I'd like to know what your statement is based on. Are you able to demonstrate that to the committee? You have no doubt done some projections.

I'd like to know how we have such different results. Personally, I trust the PBO, but I also trust you. On the one hand, the PBO tells us that, at a cost of \$21 billion, the project is a net loss for Canada and unprofitable. On the other hand, based on your analysis, at a cost of \$34 billion, the project can be profitable. I would like to understand your reasoning a little better.

[*English*]

Mr. Mark Maki: As I understand the question, Mr. Chairman, it really centres around the PBO report from 2022 and an update that is forthcoming from the PBO on the Trans Mountain expansion project, what they saw as value and how that would have changed since the last study was done.

There are a few comments I'd like to make. First off, the project is done. When the 2022.... Mr. Giroux commented on this in his testimony and said there were a number of things he would have to update. The discount rate would be one, because the project's done. The risk is lower. The project is in service. The tolling is higher as a result of increases in costs in the uncapped areas of the project, so the toll goes up. We'll have greater clarity on cost, for sure. Interest rates will have an effect on what the discount rate is and how someone may look at it. However, bottom line, I don't know what his study will say.

My conviction is that we have to be disciplined sellers. I think if we're disciplined sellers, Member Simard, we can get our capital back. If we're not disciplined sellers, then the other outcome is more probable, so we have to be a disciplined seller. That means if we're not happy with value, we walk away.

[Translation]

Mr. Mario Simard: Okay, thank you—

[English]

Mr. Mark Maki: That is going to be an important concept here. In the meantime, while the owner has the asset and the rate cases are getting behind us and indigenous economic participation becomes a reality—

• (1205)

[Translation]

Mr. Mario Simard: Thank you, Mr. Maki. I can well understand that you may be a disciplined seller, but let's just say that you weren't very disciplined from a project management point of view. We are talking about an oil and gas project whose cost has risen to \$34 billion. I find that over the top. In fact, I'm always surprised to see that the media isn't all that interested in the issue, because I think that in a decade or so, it will be seen as one of the Canadian government's worst fiascos. That's one thing.

I just want to know if your project is profitable. I suppose that at some point, someone might want to acquire the infrastructure. Is there any discussion right now about Trans Mountain eventually being sold by the Canadian government and taken over by a company? Has anyone expressed any interest?

[English]

Mr. Mark Maki: There are many good points and questions there. I'm not sure if I can fit it all in, but I'm going to do my best, Mr. Simard.

Will there be interest in this pipeline from others when it comes time to sell it? I absolutely believe so. Why? It is a strategic route for Canada. There are big infrastructure operators in the country that should be very interested. Some have said they're interested, but they also comment they would like to put some uncertainties behind us, and that goes to my point about being a disciplined seller. If you want to put them in a position to get the most money out of them, you get rid of uncertainties, so that's fundamental, number one. I will come back to that again and again. We have to be a disciplined seller in order to get the money back.

With respect to how the media perhaps views this as one of the worst fiascos, I would wholeheartedly, 100% disagree. This is an important nation-building project. It has improved the pricing for Canadian oil. That's a benefit to the whole country, and it is a big economic positive for Canada, so I think the merits of the project are the same as they always were.

I wish it hadn't cost this much, but that has nothing to do.... You made a comment about management discipline. The unfortunate reality now, when I look at other projects that are proposed for construction in western Canada, is that they cost about the same per kilometre as this one did. That's not a good sign. Something is not right. We need to find a way to do big infrastructure projects more efficiently than we are, because it's going to have an effect on everything, whether it's an oil pipeline, a gas pipeline or an ammonia pipeline for hydrogen, or electricity transmission, which will be critical for the turnover of the economy to a more electrified version.

The Chair: Thank you, Mr. Maki. We're just over time. Hopefully, you can finish that off in the next round of questioning.

I'm going to go to Mr. Angus for two and a half minutes.

Go ahead, Mr. Angus.

Mr. Charlie Angus: Thank you.

I'm going to get a clarification from Mr. Maki, and then I'm going to move to Mr. Campbell.

Mr. Maki, we heard that the shippers think they're paying too much with the discount that they're getting. Can you confirm that?

Mr. Mark Maki: Yes, the shippers are challenging the level of the toll.

Mr. Charlie Angus: And you thought 50¢.... Did you say it should be 50¢ per barrel higher?

Mr. Mark Maki: Yes.

Mr. Charlie Angus: Okay. When we're paying.... They're getting a \$13 break, so is 50¢ going to make a difference? We're going to have to run that pipeline for a couple of hundred years to get our money back, aren't we?

Mr. Mark Maki: No, sir.

Mr. Charlie Angus: No? Okay. A lot of people wouldn't believe you, but it's Monday, so I'm feeling really good.

Mr. Campbell, we've been told about the net benefit to this country, and yet when this project was set up, they were going to use 100% non-union labour. They didn't start to bring in trained union labour until they really needed you. How is it that we can be talking about using public money to improve things, whether it's energy or clean energy, but we're not making commitments for good union jobs and good wages? Otherwise, workers and their families are also paying the subsidy for this project.

What do you think has to be done in terms of policy so we make sure that when we put these major projects together, we're setting a proper rate and we're making sure the trained workers who have the skills coming out of the union houses are able to get those jobs?

Mr. Patrick Campbell: As I set out in my presentation, the unionized labour and the unionized contractors were not engaged in this project until the government got involved. It's important to keep that in mind.

The second piece to keep in mind is that we need to look at energy east as a national pipeline project. TC Energy invested billions of dollars into that project with absolutely nothing to show for it.

We cannot lose sight of the fact that today we have this piece of pipeline infrastructure that is completed to the highest standards anywhere in the world and is now able to get our resources to market. We can discuss the cost overruns as much as you want. We easily could have been here discussing cost overruns on a project that wasn't completed, but this project now is in service. I think it's imperative for this committee to not lose sight of that fact.

Construction costs are high in Canada, but they're high because we pay defined benefit pensions to our members. We pay health and welfare plans to our members. We pay excellent wages to our members. Construction costs are high in Canada because there's an expectation that when people go to work in Canada they get wages that are reflective of the services they bring to the situation.

• (1210)

The Chair: Thank you.

We'll now go to Mr. Dreeshen for five minutes.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you very much, Mr. Chair.

This has certainly been an interesting conversation this morning with actors who understand what is taking place in the pipeline industry. I'm certainly pleased to hear that.

One of the key things we're talking about is net benefits. We often hear about the political action and the discussion in that regard. Of course, you just mentioned energy east and the significance that it could have had, but it was blocked politically. We have seen the same type of thing when taking energy across the border into the U.S. We know how much that has affected our opportunities.

Finally we get a pipeline that allows us to move a product that means so much to Canadians and allows us to start to realize the benefits from this, and not only to realize the benefits but also to recognize that we are taking the safest and cleanest product and moving it to market, which allows us to replace the type of energy that, otherwise, the world is going to get from different actors.

I applaud the efforts, and I appreciate the fact that we're talking today about the difference between the urban pipeline process and the hopscotching that you have to do in order to get this project done. I think a lot of folks look at it and say, "Well, there was a right-of-way there before." Maybe it had to be wider. Maybe different things had to happen.

How did things change so much when you went from the traditional pipeline that was built decades ago versus this particular one? I think that's part of the question. Certainly, we didn't have the same type of urban footprint at that time as we do now. What lessons have we learned for the future for that type of project? I think that was one of the other concerns.

I was also concerned when you talked about other infrastructure projects. It is as though we've set the mould and that mould is extremely costly. I'm looking for some thoughts. Hopefully, people such as you can come up with plans for the future so that we can get a little more responsibility.

Perhaps, Mr. Maki, you could speak to some of those comments.

Mr. Mark Maki: That's a good question and they're great observations.

With respect to lessons learned, there are many on the project. One of the things that we have committed to with the regulator, with the CER, is to do a process like that, to have a sit-down and say, "Okay, what did we learn? What will we do different?" That is a take-away the company has with CER and that is intended for the very near future.

There are definitely lots of learnings with respect to engagement with the communities, indigenous and so forth, along the right-of-way. The absolute importance of the indigenous being a part of any major infrastructure project early, often and throughout, is another key learning.

Going back to permitting and so forth, we need to recognize that there are things that are going to come up that you don't know about that are going to bite you: the COVIDs, the fires, the floods and so forth. How do you respond to that?

There's the importance of having high-quality labour. Again, to the folks on either side of me, they did that. They provided that to the company, high-quality. That's one of the challenges the country faces now. There was a shortage of labour. Throughout the project, we had a lot of people the project execution leader referred to as "green hands", people who were new to the business. There was an efficiency loss as a result of that. A lot of smart people learned a lot. Those will be skills that will be useful elsewhere, but they were learned on the job at Trans Mountain.

I think there's a lot to be taken from this. Certainly, finding a way to do the regulatory process and being sure about the conditions under which you can execute will be the ones I would expect we focus on at the CER.

• (1215)

Mr. Earl Dreeshen: Thank you.

Of course, when we're speaking about labour, a lot of those green hands have now learned something. Therefore, when we're looking to the future, we have a skilled workforce that is able to take it on, whether it be pipeline construction or other types. There's a lot of learning on the job that had to take place. A lot of folks I know were involved in the project. Some had vast experience. Others were saying, "This is an opportunity for me to learn. Hopefully, I'll be able to continue to do these sorts of things in the future and make that part of what I've done."

I have a question that I'm not likely going to get in. I appreciate that.

Thank you very much.

The Chair: Thank you, Mr. Dreeshen.

Mr. Charlie Angus: Give him a red card.

Mr. Earl Dreeshen: I saw it.

The Chair: We'll now go to Ms. Dabrusin for five minutes.

Go ahead, Ms. Dabrusin.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): Thank you, Mr. Chair.

I'd like to thank all of the witnesses here.

I wanted to make sure, Mr. Maki, about something. I felt like you were trying to finish a thought, particularly when you were responding to Monsieur Simard's question about finding ways to do big projects in a more efficient way. If you have one minute, would you want to say something about that?

Mr. Mark Maki: There are really a few points to make here. One is the importance.... Canada did step in on a project that otherwise, probably, would not have gone forward. I think that's important to recognize. There are great benefits to the country as a result of that. Again, on the private sector, it would have been good if they were there. They were not, unfortunately, at the time, so Canada did something that was really important. I want to comment on that.

With respect to other major projects and the execution of major projects, whatever it is—power lines, ammonia pipelines, hydrogen transport—all of that is going to need.... We have to find a way to get big infrastructure done in this country more efficiently. Otherwise, we're not going to be competitive.

You can look at the recent IEA study. In there, there is a lot of commentary on the reasons to be optimistic about the future, and there are a whole bunch of reasons to be pessimistic about the future. One of them is where the concentration of rare earths and the production for the technologies for the transition are. They're not here in Canada or North America at all. We have a lot of work to do there to support big infrastructure development, especially on the power side.

Hopefully, that catches the spirit of your question.

Ms. Julie Dabrusin: I appreciate that. Thank you.

Mr. Campbell, would you clarify too, because I was really interested in the part where you were talking about the benefits that go to unionized workers and the fact that, once the government was involved in this project, that's when unions got involved.

Are you aware of what would have been the benefits available to people on the prior plan? What's the difference in the quality of life for the unionized workers who were brought in once the government got involved?

Mr. Patrick Campbell: With respect to the compensation packages for the other contractors, I'm not aware of what those specifics are. My understanding is that the retirement benefits under those arrangements are of an RRSP-style versus a defined benefit style.

A big element of ours is the investments that come through our collective agreements into training. These are not publicly funded training institutes. These are member-paid training institutes that owner-clients can then access to engage early with indigenous communities to ensure that community members are provided with meaningful training so that they succeed on the project. I'm quite certain those elements are not in those other contractors' spaces.

• (1220)

Ms. Julie Dabrusin: Perfect. Thank you so much.

I thank all the witnesses for their attendance today.

In a previous meeting, I had moved a motion about orphaned wells that we had to adjourn, so I am going to be moving this mo-

tion once again. I will add, in prefacing the motion, that I'll also be asking that we dismiss the witnesses.

I move:

Given that:

There are 1,600 abandoned and orphaned oil wells in Alberta—

Mr. Jeremy Patzer: I have a point of order, Chair.

Ms. Julie Dabrusin:

—polluting farmland, waterways, and air;

The Chair: Ms. Dabrusin, we have a point of order. I'll ask you to hold on for a second.

I'm going to go to Mr. Patzer on a point of order.

Mr. Jeremy Patzer: Chair, in the previous meeting where she brought this up, you actually adjourned the meeting while debate was ongoing. Therefore, I believe Ms. Dabrusin would need unanimous consent in order to bring the same motion back to life in this meeting, and I'll just save you the bother and tell you that unanimous consent will not be granted.

The Chair: Thank you for your point of order.

I'm going to go to a point of order from Mr. Angus.

Mr. Angus, go ahead.

Mr. Charlie Angus: Thank you.

Mr. Patzer, I think, is fundamentally wrong on this, because she actually has the floor, so she can move a motion. What I would ask is that, out of respect to our witnesses, who've given us excellent testimony, we allow them to leave so that we can get out our hammers and bats and jump all over each other.

The Chair: Thank you, Mr. Patzer. Unanimous consent is not required as the member does have the floor. If the member is moving to resume debate on the motion, on which I want clarification, then we can proceed with that. Ms. Dabrusin does have the floor.

Before you go, if you are going to continue with resuming debate on the motion, I know Mr. Maki has to leave at 12:30, so I would ask that we release the witnesses as per Mr. Angus's suggestion, which I see Mr. Simard supporting as well. I think that's where we're going to be headed. I just wanted to take a moment.

You have a point of clarification, Mr. Maki. Go ahead.

Mr. Mark Maki: I learned early in my career that I always left the field a lot smarter when I went out there and actually saw what people do day to day. I know there's lots of difference of opinion at the table here about the importance of Trans Mountain and whether the pipeline should ever have been built or not, but I think everyone who's here, especially given what the mission of the committee is, would benefit from a visit. We are absolutely open to that. We did a tour for the City of Burnaby not long ago. We'd be happy to have people from the committee, in a few groups or however it works, out to see the western side of the system or Edmonton or whatever makes sense.

The Chair: Thank you, Mr. Maki, for offering that. I'll take you up on that at some point in the future, and I'm sure others will as well.

I want to thank the witnesses for joining us today. I will remind you that you can submit a brief to the clerk if there's anything you missed or anything you want to add directly.

I will suspend for a couple of minutes so we can release the witnesses, and then we'll continue on with Ms. Dabrusin's motion.

We are suspended.

• (1220) _____ (Pause) _____

• (1225)

The Chair: Ms. Dabrusin, you have the floor, and I am going back to you.

Ms. Julie Dabrusin: I'm moving to resume debate on my motion.

The Chair: That is a dilatory motion. We will have to proceed directly to a vote to resume debate on your motion.

I will ask the clerk to call the roll.

(Motion agreed to: yeas 7; nays 4)

The Chair: We will resume debate.

I'll go to you, Ms. Dabrusin, to continue.

Ms. Julie Dabrusin: Thank you, Mr. Chair.

Just to remind everyone of exactly what we're debating today, the motion is as follows:

Given that:

There are 1,600 abandoned and orphaned oil wells in Alberta polluting farmland, waterways, and air;

The number of wells in Alberta are set to increase by an additional 1,800 to 2,000;

These additional abandoned wells will cost more than \$200 million to clean up;

The Government of Alberta sent back \$137 million because they failed to use the funds provided by the Government of Canada to clean up abandoned wells and create jobs in the pandemic;

The Government of Saskatchewan used their allocated funds in their entirety to clean abandoned wells and create jobs;

Companies who abandon wells and fail to pay for their cleanup negatively impact provincial taxpayers and municipalities;

Orphaned and abandoned wells present an economic opportunity to support energy solutions like geothermal energy.

The Standing Committee on Natural Resources begin a five-meeting study on the impact of this failure to clean these wells in Alberta, the impacts of the pollution from not cleaning up abandoned and orphaned wells, the costs of cleaning up abandoned and orphaned wells, the regulations to hold companies to account for well cleanup, and the potential opportunities associated with cleaning up abandoned wells, and report its findings to the House of Commons.

Mr. Chair, I feel that this study is a really important one. It touches on a lot of really important issues that, frankly, we need to take a deeper look at. It includes parts about federal funds and programs that were put in place to deal with this issue and that were not used by the Province of Alberta but were used in Saskatchewan. It's about what future energy solutions and opportunities are presented by these orphaned and abandoned wells. It's about environmental remediation.

As we talk about our biodiversity commitments and our commitments to nature, I believe right across this country, regardless of political parties, we all actually care about nature a lot. We care about what the lands and waters for our future generations will be like. This is about requiring people—when I say “people”, I mean businesses—to take responsibility for the damage they've created. The federal government stepped up. When we stepped up, we didn't see all of the funds we put forward being used.

I think this is an important study for all of us. I'm hoping the committee will pass it.

• (1230)

The Chair: Thank you, Ms. Dabrusin.

I do have a speaking order established.

I'll go first to Monsieur Simard.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

I tend to agree, but I would like to propose minor changes to Ms. Dabrusin's motion.

It's mostly the last paragraph. I think the direct reference to Alberta should be removed. The motion says “this failure to clean these wells in Alberta”, but we could talk about wells in general.

I would also add the word “federal” to clarify that we're talking about federal regulations. As you know, protecting provincial jurisdictions is kind of my hobby horse.

Therefore, I would like the study to focus on federal regulations and all wells, not just ones in Alberta. I think these small changes would clarify the intent of the motion. I don't think they in any way change what my fellow member Ms. Dabrusin is trying to do.

Is the amendment I'm proposing clear to the clerk?

[*English*]

The Chair: I was listening in translation.

Mr. Clerk, are you just able to clarify?

Mr. Simard, you would like to propose an amendment suggesting that we eliminate...so it's not just Alberta. That's what you're proposing.

[*Translation*]

Mr. Mario Simard: After “the impact of this failure to clean these wells”, I would delete “in Alberta”. Then, two sentences later, where it talks about “regulations to hold companies to account”, I would specify that it is federal regulations.

If those changes are made, I will be in favour of the motion.

● (1235)

[*English*]

The Chair: Mr. Simard, I'm getting clarification so it's presented properly. I'm going to have the clerk provide you clarification and support so we can get this right.

Go ahead, Mr. Clerk.

The Clerk of the Committee (Mr. Thomas Bigelow): Thank you, Mr. Chair.

My only note is that we're trying to amend the text in two places at once here. I think there is a way to do it.

[*Translation*]

Mr. Simard, I will explain it to you.

The only thing I recommended to the chair is that we make both changes to the text through a single amendment. I would suggest, then, that all the words after “these wells” be amended to reflect the two changes you've proposed. We would remove “in Alberta”, the sentence would continue and we would add “federal” before the word “regulations”. The two changes would appear in both languages.

Mr. Mario Simard: I'm fine with that.

[*English*]

The Chair: We have a proposed amendment on the floor, and I'm looking for folks.

Mrs. Shanahan, I've seen your hand up. I know I got you on the main motion. Would you like to speak on the amendment as well?

[*Translation*]

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Yes, absolutely, Mr. Chair.

The amendment that was just proposed by Mr. Simard is very intriguing. However, I'd like to understand a little more.

With respect to the content of the motion, which deals with oil well cleanup, Alberta is clearly the main province concerned. In fact, this is a very important issue for the people in my riding who belong to environmental groups. They would basically like us to halt oil development altogether. They are right to raise the example of wells that have been abandoned by the companies. It's really shameful that this has been going on for so long. In the end, it is once again the federal government, in this case the Liberal Party, that is stepping in and proposing solutions, because things can't continue as they are.

I would like to understand a little more about the Province of Alberta's responsibility in this situation. I understand that there are also problems in other provinces, but, frankly, that's not what we're talking about here. I won't venture to give a concrete example, because I don't want to make a mistake, but if the problem raised doesn't apply to one particular province, we simply won't mention it. In this case, it is clear that Alberta has an abandoned oil well problem and has a provincial responsibility in all of this, which may be complementary to the federal responsibility.

That is my question about this amendment.

[*English*]

The Chair: Thank you, Mrs. Shanahan.

Our next speaker on the amendment is Mr. Angus.

Mr. Charlie Angus: Thank you.

I support the amendment because I think it's really important that this issue is framed in terms of the national interest and also our obligation to address the huge liability cost of resource extraction if the companies are not living up to their obligations.

I don't see this as an Alberta-specific issue. Rather, I would see this in terms of what the regions have done—the provinces. If one region has failed, then it gives us a better benchmark. I would remind people that long before Leduc No. 1, the first oil well in North America was in Sarnia. Even before the Americans came along, in Canada there was Petrolia. What happened with those wells? Those are fair questions.

Looking at this, if we're going to do five meetings, that's a fair engagement of time. We should do it right, so that we're providing a national perspective on each region. I'm going to bring in again the fact that, coming from northern Ontario, we have an enormous background in abandoned mine waste. At least our mountains in Cobalt aren't quite as big as Vivian's mountains and slag, but I live on an abandoned mine property.

The responsibility for the massive damage that was done in the Cobalt silver camp is, by and large, now under Agnico Eagle Mines. It's a very interesting company. Agnico Eagle didn't create the ecological disaster zone that many of our lakes and many of our forests were subjected to—this was early mining—but Agnico Eagle has the responsibility.

Just down the street from me is Cross Lake, which was heavily dumped with cyanide, arsenic and mercury. A hundred-some years later, a mining company has the legal obligation to monitor the wells to make sure that what's going into the streams and, in a lot of cases, into people's well water, meets a standard. That's a level of corporate responsibility that was imposed on a company that came in after the fact, and the province at the time said, “You want to mine here? Well, you're responsible. If you're going to take these old sites, you take their liabilities.”

We know that, certainly in northern Ontario, once mining companies—and some of the big ones—realized that the money wasn't going to be made anymore, they shifted it off to junior companies, shifted it to shell companies and walked away. We know that happened all the time in oil and gas, so that whoever ended up with the property at the end of the day could go bankrupt. They could change their name. They could be something else the next day.

If the system is set up so that nobody is left to pay for that except the taxpayer, that's a serious problem. It fits under federal jurisdiction in that, if the federal government is being asked to pick up the cost of damage that was done by companies who made money, it requires an investigation. It requires us going back to the taxpayer and saying, "Listen, there's a reason we gave x billion dollars to clean up something that was not our responsibility."

What is that reason? We have to explain that to the public. We also have to shine a light on people who corporately weren't living up to their responsibility, or if the Alberta Energy Regulator is not living up to its responsibility of holding those companies.... We have to deal with that because, if, at the end of the day, it comes back to the federal taxpayer, I have to say to people in northern Ontario that this is why we're paying out for damages in Alberta now.

Many people in northern Ontario have lots of close relations in Alberta. Many of our people have worked in Alberta and vice versa. They come to work in our area. The last thing they want to do is pay for someone else's damage—that's a reasonable thing—so we have to be able to say that we're going to study this and get answers.

To that, I want to know that we're also going to look at the methane cost, because the majority of methane leaks we're now identifying are coming from abandoned wells. These are ecological carbon bombs that affect us and our global commitments. These are carbon bombs that can be fixed, but someone's going to have to pay for it. I think we should have the methane frame on what's being done. We know that a lot of the federal money during COVID was put on methane, and we didn't get a real, clear answer on how much of it went and actually did the job.

At the end of the day, I think everyone agrees that if you have an abandoned well in your field, the last thing you want is to have it leaking methane. Someone needs to come to fix that.

I think this is a very reasonable study. The one thing I want an assurance of is that it's not going to bump the final work that we're doing on TMX because I believe we have.... There are how many ministers still? They haven't appeared yet. I don't want them to be bumped down the list. I'd rather that this be worked in with our other work.

• (1240)

I support the amendment and the main motion, and I'm ready to vote.

The Chair: Thank you, Mr. Angus.

I'm going to go to Ms. Dabrusin. Then I'm going to go to Mrs. Stubbs. I have you on the amendment.

Ms. Dabrusin, go ahead on the amendment.

Ms. Julie Dabrusin: I appreciate everything that Mr. Angus added into it. I was just telling him I recently watched a documentary about the history of his community. I think it was called *Blooms*. He can correct me if I got that wrong. It was really interesting, so I appreciate that.

I think I stated at the outset what my reasoning was behind it and why Alberta was singled out in the bottom part of the motion. The actual motion study is about the federal funds that have not been used by the province to clean up these orphan wells, although, as I mentioned in the outset, Saskatchewan used all the funds.

That said, that was the reasoning for the different wording in the motion, but I'm okay, actually, with the proposal that was put forward by Mr. Simard. I think that all of that still forms part of the study.

If I can provide an assurance to Mr. Angus—and I don't know if the chair has any updates—I would never expect this to bump the appearances of ministers on the TMX study. I don't know if we need anything to be more clear about that, but that's certainly not my intention.

• (1245)

Mr. Charlie Angus: I'm going to need a supply and contract agreement. I promise I won't rip it up.

Some hon. members: Oh, oh!

Ms. Julie Dabrusin: There you go.

Anyway, that is not at all the intention of this motion, and it can be placed around it after that, however that might be.

The Chair: Thank you, Ms. Dabrusin.

We're going to go to Mrs. Stubbs on the amendment.

Go ahead, Mrs. Stubbs.

Mrs. Shannon Stubbs (Lakeland, CPC): Thank you, Chair. I appreciate that.

Thank you, colleagues, for raising this important issue.

Of course, I support the intent and the point behind the amendment that Monsieur Simard has proposed. I would, of course, just note curiously that in 2020, I and Conservatives proposed a private member's bill called the environmental restoration incentive act, which was explicitly designed to create a time-limited, sunset-claused tax credit to allow for flow-through share provisions for small and medium-sized operators producing 100,000 barrels or less. It was deliberately not for the big companies because one of the problems that is facing those smaller companies is their inability to access capital in order to meet their commitments as a result of the Redwater decision.

In 2020, my bill did not get past second reading. It was supported by members of the Bloc, by members of the NDP and by members of the Green Party. The Liberals, of course, rejected it and then defeated it completely.

There's a lot of context in which this issue is being framed here that isn't quite accurate, but certainly as an Albertan who lives in and represents a riding that is driven by agriculture as well as natural gas, heavy oil, oil sands and conventional oil development, these are all issues that matter deeply to Albertans. These are issues that Albertans will hold the Alberta government to account on, as they should.

I would also note for colleagues here that, of course, it was the former Conservative government under Prime Minister Stephen Harper who implemented into law the concept of the polluter pays principle. It was, in fact, the former Conservative government under Prime Minister Stephen Harper that started to remove the vast majority of subsidies to Canadian oil and gas companies. To the credit of the Liberals—although I've had to defend them from their friends in the Bloc and the NDP over the years on this issue—they continued to eliminate more.

It should be very clear that common-sense Conservatives do not believe the oil and gas and energy industries need to be subsidized. I can't remember if maybe my Liberal colleagues were all elected in 2020, but I sure was. I sure do remember them rejecting the common-sense, sunset-claused bill that would have done exactly what they are now saying they want to do, while protecting taxpayers and keeping that responsibility on the private sector, but here we are today.

Now, insofar as this issue around federal funding for this topic, which is completely in provincial jurisdiction and for which I am confident Albertans will hold their Alberta government to account.... Obviously, I find it totally reasonable and logical that federal MPs in a federal committee would investigate and find out what happened with regard to that federal funding for this express purpose.

I would also say, of course, that there is no possible way, if we proceed on this study, that full representation from the Alberta government and full representation from the regulatory agencies and the governments in each one of the provinces would be able to appear here, talk about what they're doing, talk about what is happening and share the facts.

To Professor Simard's point—I wish one day maybe I can be in a class with him—naturally, Alberta is not the only province with this issue. In fact, there are very significant issues in Ontario around this issue, and in Saskatchewan and Manitoba, which is, of course, why I raised the initiative in good faith, working with members of other parties to tackle this particular issue in 2020, but it was defeated by the Liberals.

Now, obviously, I would assume that, as we get into the logistics of this study, we will ensure that both the regulatory agencies and the provincial government representatives of every province that must be here to account and answer these questions from federal members of Parliament be given the time and the space to do that in this committee. We cannot allow this to be a thing where we all talk amongst ourselves and where people from other provinces and other places pretend to know better than the provinces, the places, the elected people, the policy-makers and the regulators where all of this is actually occurring.

Of course, I have no problem with the issue of methane. We ought to be able to discuss all that between provincial governments and federal governments. I don't know that it requires a specific inclusion in this motion, but I understand why that's being raised as well. Of course, common-sense Conservatives do believe in the polluter pays principle because we are the former government that implemented it.

On that note, however, clearly you can see that we are in principle supportive of this only with Monsieur Simard's amendment, who eloquently and accurately articulated that the vast majority of this issue is provincial jurisdiction, but, of course, we as federal members should ask for transparency and accountability where it involves us.

● (1250)

Lastly, Chair, I would like to hear from you or the clerk exactly where we are in the schedule, so that, exactly to the point that MP Angus made, we can actually, for goodness' sake, do our jobs here on behalf of Canadians and complete the work that's ongoing to get those products and those deliverables out the door.

Naturally, we Conservatives wouldn't support just adding in yet another study of an extremely important issue when we haven't closed off previous work and reported out. That is our job.

Thanks, Chair.

The Chair: Thank you, Mrs. Stubbs.

I'm going to go to Mr. Patzer next.

Mr. Patzer, you have the floor on the amendment.

Mr. Jeremy Patzer: Thank you very much.

Thanks, Shannon, for saying it so eloquently, and also my other colleagues around the table who talked about provincial jurisdiction, the need to respect that and the role provinces have to play when it comes to natural resources. I find it quite alarming that there seems to be a lack of awareness from the government side on this and on the importance of the way our federalism is supposed to work, but they seem to like the top-down approach anyway.

Mr. Chair, I would like to propose a subamendment that we strike the preamble and just.... It would read “and that the study not take place until after a carbon tax election is held so that Canadians can vote out this tired, out-of-time NDP-Liberal coalition government.”

Mrs. Shannon Stubbs: Yes.

Mr. Jeremy Patzer: That way, it makes it clear about the scheduling, to the issue that Mrs. Stubbs raised earlier in regard to making sure that we finish the work this committee is actually already engaged in. That way, it would allow us to properly align where we are at with things.

I think that when we look around the news watch and see that there are.... Most likely, there are a couple of members sitting at the table who are already asking for the Prime Minister to step down. I don't think that we are going to be.... This particular government won't be around much longer anyway, so I do think that it would be better suited for us to finish the work that we are on right now. We can bump this one down the road—

Mr. Charlie Angus: I have a point of order.

Mr. Jeremy Patzer: —but let's just finish the work that we have first, and let's do this subamendment here.

The Chair: Before I go to your point of order, because I was just waiting.... I didn't want to cut him off because he was in a deep thought.

Before I go to the point of order, I was just about to tell you—and this might address this point of order—that your subamendment is inadmissible because it doesn't deal with the body of the amendment. It deals with the preamble, as you've stated, and it is inadmissible. I just want to let you reflect on that for a moment.

I'm going to go to Mr. Angus on a point of order.

Mr. Charlie Angus: Thank you.

I would have said that it was inadmissible on two other points. One is that we are on an amendment and we have to vote on the amendment before we can do a subamendment, but secondly, as much as I appreciate my honourable colleague deciding to do the high stick as he went by on the ice...and hey, fair play. I've done that many times—

Some hon. members: Oh, oh!

Mr. Charlie Angus: —but you cannot tie the hands of the committee's future work in a future Parliament. He knows that, but anyway, can we get this thing...? I'd love to get this done before one.

• (1255)

The Chair: Okay. Thank you.

I think I've clarified for Mr. Patzer.

Mrs. Shannon Stubbs: No, Chair. We need to hear the schedule, as I asked, before we can continue with this debate.

The Chair: I'll get back to you in a moment on that, Mrs. Stubbs, but—

Mrs. Shannon Stubbs: It's material to members' conclusions.

The Chair: Sure.

I'm going to go back to you, Mr. Patzer. Then I have Mr. Dreeshen next.

I will confer with the clerk on that momentarily.

Go ahead.

Mr. Jeremy Patzer: Thank you.

Actually, I have had my front teeth knocked out by a high stick before, Charlie.

Mr. Charlie Angus: It wasn't me.

Mr. Jeremy Patzer: It wasn't you, no. It was friendly fire, actually, is what it was. It has happened.

The point of my subamendment is pretty clear, really. It's emphasizing the need to schedule this down the road, but it also just points to the fact that we're not going to have time to get to this. By the time we finish the work we're doing, the time is up on this government. We've seen it already. Taxes are up. Costs are up. Crime's up; time's up...right?

Some hon. members: Oh, oh!

Mr. Jeremy Patzer: I think we need to be focused on reality, and the reality is that we have some important work already in front of us. Let's focus on the work that's already at hand. Let's get that completed.

Like Charlie said, we have at least two ministers who haven't shown up yet, so let's get those ministers here. Let's get the study that we're working on finished, and then we can figure out from there what's going on. By then, I think.... If they can complete their letter to the Prime Minister demanding he resign—

Mrs. Shannon Stubbs: If they have nothing to hide, call a carbon tax election so Canadians can decide.

Mr. Jeremy Patzer: There you go. It might be simpler for you guys to get rid of your leader if you just call the carbon tax election and let Canadians do it for you instead. Save the headache. Save the time.

That's the end of my remarks. I'll let Mr. Dreeshen go from there.

The Chair: All right, Mr. Dreeshen. It's over to you.

Mr. Earl Dreeshen: Thank you very much.

I agree with my colleague's assessment of one solution, but to go back to what Mr. Simard indicated as he spoke about federal regulations and the significance of it, I think that, as we study this, we will find out that it is the federal government's issue that has caused the problem, as they perhaps are unaware or simply choose not to look at it. It has a lot to do with indigenous participation, and how that works is, of course, a federal jurisdiction.

When we are dealing with first nations engagement, this is what the Alberta government was pushing back on, the fact that the federal government.... It took time for the first nations to be able to get up to speed in order to deal with the projects that were upcoming. They held joint press conferences where chief after chief pleaded with the federal government to do its duty and to help with the cleanup of orphan wells on reserves. Alberta first nations have now gotten to the stage where they could deal with the capacity to do that work, but this government does not let them and will not let them. Ultimately, it was accomplished that they could not get their work done by the federal government demanding its money back.

In August, the provincial government did that, but no one seemed to be paying attention to the fact that this money was destined to help with first nations. It also seems that no one was paying attention to that as a federal responsibility. It is easy, then, to turn this all around with the preamble that is there by saying, "Do you know what? We've always gained lots of points when we do Alberta-bashing." This is the only reason why this has been put there.

The one part that I did hear from perhaps both of my colleagues to my left and to the right is that the preamble could be dumped and then we'd talk about how we can make sure that we ensure for the whole country that they have the economic and the environmental standards that Alberta is so proud of and that people around the world are so proud of.

I hearken back to discussions on Fort McMurray. I challenge anyone to go up and take a look at what is happening in the pits, to turn around 180 degrees and find the lush forests that are, by design, by the Alberta government. They are forced to do it—and they do it with pride. However, there's no pride that comes from this federal government on the environmental aspects, the environmental plans that all Canadians have. It's just Alberta-bashing, and that will end.

Thank you, Mr. Chair.

• (1300)

The Chair: Thank you, Mr. Dreeshen.

I'm going to call the vote on the amendment by a show of hands.

(Amendment agreed to [*See Minutes of Proceedings*])

The Chair: Everybody is in favour of the amendment. The amendment passes unanimously. Now we'll go back to the main motion.

Do you want to vote on the main motion if everybody here is in agreement?

Okay. We do have—

Mrs. Shannon Stubbs: Chair, I'm sorry. We have to have more of a debate on the main motion, because you haven't yet answered my question on the studies.

The Chair: We do have a number of speakers.

Mrs. Shannon Stubbs: It's 1 p.m. and we obviously can't continue this now.

The Chair: Okay. We have a speaking order still established. I know that a number of members—

Mrs. Shannon Stubbs: Chair, again, the summary of the work and where we are at—

The Chair: Mrs. Stubbs, if you give me—

Mrs. Shannon Stubbs: —must be done in order for members—

The Chair: We are—

Mrs. Shannon Stubbs: —to be able to make a decision on this vote. It's after 1 p.m., and you don't have consent to proceed.

The Chair: Mrs. Stubbs, I'm chairing the meeting. If you give me an opportunity, I'll explain what I'm going to propose here. I'll continue.

We do have a number of people in the speaking order. There have been some questions raised by members on the plan moving forward, and we are in debate on this motion, but I will highlight to you, after discussing with the clerk, that we do have a study for Wednesday. It means continuing our study for Wednesday, so that will happen. We're hoping to have some more information on the following meetings regarding appearances by folks we've invited.

We do have work on the work plan. As I've heard from all members as well, you would like to finish the study and get it complete prior to moving on to any other study, so we will try to make sure that the TMX study is complete and then have a plan moving forward after that.

Colleagues, if there is an interest in continuing and you give me a moment to confer with the clerk, I can advise you accordingly on resources.

We are waiting for an update on resources. It might take a minute or two. We can continue for a few more minutes until we get that confirmation. I'll leave it up to colleagues to decide.

I'm going to go to the next person on the speaking—

Mrs. Shannon Stubbs: Chair, my understanding is that you need unanimous consent to proceed with the meeting past 1 p.m., and you don't have it.

The Chair: No, we actually do not.

I'm going to go to the speaking order.

Mr. Angus, you are next on the speaking order on the main motion, and then it's Mrs. Stubbs after that. I will go to you, and you can just continue.

Mr. Charlie Angus: Thank you.

I'm ready to vote. I think the issue of a preamble... People can debate the preamble all they want. That can be the focus for what people debate during the hearings.

I appreciate knowing that this isn't going to interrupt the finishing off of our present study and that we have the other study that we have to work on, but this would allow us to start bringing in new witnesses. I'm ready to vote.

The Chair: Thank you, Mr. Angus.

I'm going to Mrs. Stubbs.

Mrs. Shannon Stubbs: Chair, as I said before, it's still important for you to outline specifically the timing and the dates for the work in which you'd see our current studies completed, as well as dissenting reports if parties around the table would deem to do those. We need to hear from you very clearly what the days are, what the timelines are, what the deadlines are and how that impacts the meetings out until Christmas, and then we'll all be able to make an informed decision on this one.

The Chair: As mentioned, we are in debate, and that's something I've already clarified with the clerk, what our following meetings are—

• (1305)

Mrs. Shannon Stubbs: My intervention in the debate is that I want to hear that from you and the clerk now.

The Chair: I've just stated that previously, Mrs. Stubbs. We are in debate.

Mrs. Shannon Stubbs: With dates, though, mapped out for the meetings until Christmas....

Mr. Jeremy Patzer: I have a point of order, Chair.

Mrs. Shannon Stubbs: That's what I'm asking.

The Chair: Mr. Patzer—one at a time—you're actually next on the speaking list. She's done. I'll go to you.

Mrs. Shannon Stubbs: I wasn't done.

The Chair: Go ahead, Mr. Patzer.

Mr. Jeremy Patzer: She's actually not done.

This is a point of order, Mr. Chair. You only offered what our next meeting is. We're looking to know what the schedule is. What is built out?

Clearly you operate on a schedule and not just by the seat of your pants here. At least, I hope that's the case: that you have a fulsome schedule. As long as I've been a member of this committee, I have never seen a circulated schedule from you, and I do think that is a problem, because this discussion about trying to figure out what actually is our schedule has happened numerous times. You do not seem to want to share that with committee members.

I think it would be important for you to share with the committee what the schedule is. Every other committee I've sat on has operated off a paper schedule that has the weeks and the schedule outlined. Because we have so many meetings that we've agreed to when we agree to do studies, it's laid out in a schedule and it's sent out to committee members. That has been the standard practice of other committees.

As long as you have been chair of this committee, I have not seen that. It has not happened once. In fact, the only way we find out what's happening is that we get the notice of meeting for the next meeting. That's the only way we find out what happens in this committee, because you have not bothered to put out a schedule to members so that we can be informed about what it is that we have going on.

We have clearly asked for that. That's what my colleague has clearly asked for. I firmly believe that we cannot resume this debate until you produce said schedule.

The Chair: Thank you, Mr. Patzer, for your debate on that. As mentioned—

Mr. Earl Dreeshen: I have a point of order.

The Chair: We have a point of order from Mr. Dreeshen.

Go ahead.

Mr. Earl Dreeshen: It was clearly stated by Mr. Patzer that it was a point of order, and you have just said “your debate”.

My question is this: Is he continuing with that point of order, or have you deemed that he is finished and that it was debate that he had engaged in?

The Chair: Originally, after Mrs. Stubbs, I had Mr. Patzer on a point of order. She had completed. She had gone to him. He had started, but then he did, in his debate, say that.

I'm not sure, because he was debating the whole time—

Mr. Jeremy Patzer: Mr. Chair...?

The Chair: I'll go to you.

Mr. Jeremy Patzer: Mr. Chair, I said it was a point of order. I was on a point of order because Mrs. Stubbs is actually not finished her main—

The Chair: Look—

Mrs. Shannon Stubbs: I was just participating....

Mr. Jeremy Patzer: Yes.

Chair, you went to me on a point of order.

The Chair: Thank you for your point of order. As previously mentioned, we have provided information. We are in the middle of a debate on a motion. We're not going to discuss committee business during that time, because we are debating this motion.

I have clarified what's happening at the following meetings. As mentioned, it's not written in this motion that it would take precedence over anything else that's supported by the committee when it comes to studies.

Mr. Jeremy Patzer: I have a point of order, Chair.

The Chair: Go ahead with your point of order.

Mr. Jeremy Patzer: We're talking about committee business right now. The whole point of this motion is committee business. That's what this pertains to.

The Chair: Actually—

Mr. Jeremy Patzer: Where is the schedule? You only said for Wednesday. You only said for this week, for our next meeting. You have not produced a schedule for the members of this committee to let us know what our next meetings are until the next break week. We can't make a determination until you do that.

The Chair: Mr. Patzer, thank you for your point of order. I have heard your point of order.

Mr. Jeremy Patzer: I don't think you have.

The Chair: I have heard your point of order, and I will now go to Mr. Angus.

Mr. Charlie Angus: Thank you, Chair.

I believe, since I raised the issue of the three ministers coming, that getting dates is always something that has to be negotiated with the ministerial departments. As long as I have an understanding that the ministers are coming, I will slot them in whenever I think we can carry on with the work.

I trust you as chair. You've done a very good job in terms of keeping this committee going. I know that sometimes, if a witness doesn't come or if something falls through, it's always good to have something we can back it up with. That's why I'm interested in starting another study. I think you provide us with as much information as you can.

An hon. member: Without a vote.

Mr. Charlie Angus: I'd like to get to a vote so that we can move on.

The Chair: Thank you for your point of order.

I have Mrs. Shanahan on a point of order. She's been waiting patiently.

Thank you for not interrupting, Mrs. Shanahan. Go ahead on your point of order.

Mrs. Brenda Shanahan: Thank you very much, Chair.

On that point of order, I've sat on many committees as well, including committees chaired by opposition chairs. I would just point out that schedules, even when they are made, are subject to change. Subcommittees are formed to discuss the details of the timing.

I think what we have here is the assurance that the work of this committee will not be interrupted by going forward with this motion, and I for one would like to go to a vote.

Thank you.

• (1310)

The Chair: Thank you for that, Ms. Shanahan.

We will go back to Mrs. Stubbs, who had the floor.

Mrs. Shannon Stubbs: What I was saying when I had the floor was that we need to see the dates and the work plan mapped out until Christmas so that members can make an informed vote on this motion, which would move us into different work.

Chair, I might suggest that you have an opportunity, and probably support, to suspend the meeting but obviously not have a vote on this motion until you can report back that schedule, by day and by deadlines, mapped out until Christmas. Then we as a committee can all decide with the information we need to do that. We need to demonstrate to Canadians that we can actually finish work and get it out the door. Otherwise, that's why all Canadians are looking at us and saying that everything is broken. They're right, but it wasn't us who broke it.

In case anybody in here has ever run a business or an organization of any kind, it is pretty obvious that we need to have these questions answered by dates, by day and by deadlines in order for us as committee members to make a decision on this very important issue and this very important work that I've already supported and we've already supported in principle and that in fact I myself offered a solution to in 2020, as Conservatives did then. We can't make a decision or an informed vote on this motion until that request is honoured.

[*Translation*]

Mr. Mario Simard: I have a point of order, Mr. Chair.

Let's be clear: Nowhere in Ms. Dabrusin's motion does it mention the dates when these meetings should take place. In the past, I have voted on a lot of motions that did not specify when meetings would be held to conduct the proposed studies.

In my opinion, it is up to the Subcommittee on Agenda and Procedure to set the priorities for committee business. I don't think it's simply up to you to decide when the study Ms. Dabrusin is proposing will take place. It would therefore be wiser for committee members to vote immediately on the motion to indicate whether they wish to undertake that kind of work. The subcommittee could then meet to set priorities for the work in a way that suits all parties. I think we can vote right away and plan a subcommittee meeting to set an agenda that will satisfy everyone.

Members can't block a vote on the pretext that they don't know when the proposed study will take place. It will be up to us to decide, if necessary, in subcommittee.

Let's stop this stalling or delay tactic and simply vote on it. If my Conservative colleagues don't agree, all they have to do is vote against the motion. That's all there is to it.

[*English*]

Mrs. Shannon Stubbs: We already agreed with it and accepted it.

The Chair: Thank you for the point of order.

You do have the floor, Mrs. Stubbs, unless you've ceded the floor to Mr. Patzer. He is next on the speaking list.

Mrs. Shannon Stubbs: Thank you, Mr. Chair.

I would just emphasize again that, for our committee to function and for us to be able to do the jobs that Canadians elected us to do, and for our leaders and our parties who have appointed us to these particular roles on this committee, we must be able to demonstrate that we can finish our work and give deliverables and outcomes to Canadians. We have backed-up studies and backed-up reports. The current situation of this committee is as has been described by common-sense Conservatives here.

I completely appreciate what my colleague, Mr. Simard, is saying, except that we haven't actually been able to complete and deliver on the series of work that we've been implementing here.

I would also just say, for the purposes of working together cooperatively—and, I'm assuming, with good faith—on behalf of the people who elected us here, that it just seems obvious to me that they would see that this is clearly about proper management of work and deliverables.

Also, however, for our work here, of course, Mr. Simard, the problem is that what you're suggesting is that perhaps Conservatives then could move motions at every single meeting about all the studies that we want to have on behalf of Canadians. I am suggesting that we all actually work together to map out this schedule properly, so that we're all clear, aligned and mapped out for our days and our work until Christmas so that we can actually get things done around here. Otherwise, you are then inviting every political party to just move motions every single day on the topics that are important to the people they represent in their regions. I don't think that would be a very effective way to operate in this committee, and I don't think it's what Canadians want or expect out of their elected representatives.

That would be my input.

• (1315)

Mr. Charlie Angus: I have a point of order.

The Chair: I am going to a point of order from Mr. Angus, and then I am going to go to Mr. Patzer after that.

Mr. Patzer, just hold for one second.

Go ahead, Mr. Angus.

Mr. Charlie Angus: I was keen on going past one o'clock so that we could get to a vote, but if we are going to be obstructing and are going to keep going back to a point that I think has been settled, I would suggest that we suspend. Time is of great value for MPs to get stuff done, and we're not getting anything done here.

Mrs. Shannon Stubbs: Thank you, MP Angus.

You would note in my previous comment that I suggested to the chair that a solution would be that he could suspend without a vote.

Thank you for your support.

The Chair: Thank you for your point of order, Mr. Angus.

We are engaged in debate, and I appreciate your providing that on a point of order.

The floor is Mr. Patzer's, and he can move a motion, as members are allowed to do at any point in time when they do have the floor. However, I will confer, as well, with the clerk in the meantime because Mr. Patzer does have the floor.

Go ahead, Mr. Patzer. The floor is yours.

Mr. Jeremy Patzer: Are you suggesting, Mr. Chair, that you want me to move a motion to suspend the meeting?

The Chair: No, I am not suggesting anything.

Mr. Charlie Angus: I'm sorry. Could you just clarify that? You were responding to me, but then you mentioned Mr. Patzer. Are you saying that, as Mr. Patzer has the floor, he can vote to adjourn?

The Chair: Mr. Patzer does have the floor and Mrs. Stubbs has completed her debate. It goes to Mr. Patzer next.

You were bringing up a point of order, and you cannot move a motion on a point of order.

Mr. Charlie Angus: I was just clarifying that, with Mr. Patzer having the floor, he could vote to adjourn the debate and we could bring it back at the next meeting.

Mrs. Shannon Stubbs: Clerk, on the advice you're giving right now, I'd really appreciate it if you gave it to all members, because you are defining and differentiating for us, very importantly, the difference between a motion to adjourn debate and a motion to adjourn the meeting.

Thank you for all your service.

The Chair: It looks like we want to continue on with this. We do have a schedule in place, so we can go to a vote, but if not, we can

move to suspend. We can continue on this debate. Unfortunately, that could impact our schedule, which members are so.... The preference would be that, if this is supported by all members, we go to a vote.

If not, we can look at, as Mr. Simard suggested earlier... Mr. Simard suggested earlier that we could potentially look at having a subcommittee get together to discuss prioritizing plans as well. That's something we could consider.

Mr. Jeremy Patzer: To the point though, Mr. Chair, about needing a schedule, if you would just enlighten the committee members with a fulsome schedule until Christmas, even to the break week in November.... We're not even asking for very much. That's only a couple of weeks.

Mrs. Shannon Stubbs: That's totally reasonable.

Mr. Jeremy Patzer: I fully agree with my colleague that Christmas is very reasonable: If you can't do that, then I move that we suspend the meeting.

The Chair: Colleagues, I'm looking around.

You can't move to suspend, but I can—

Mr. Jeremy Patzer: You just told me I could.

The Chair: You can move to adjourn debate—

Mr. Charlie Angus: I have a point of order.

If I heard Mr. Patzer correctly, he was saying he's willing...if we can get a plan until break week. Is it possible that you give us your best effort and if something comes up we'll raise it then? If we can get to the break week with a general outline and then we can get to the vote, I would think that our time is well spent.

● (1320)

The Chair: Colleagues, we will get back. We will adjourn the meeting for today, because we have an express interest to make sure that we complete our TMX study. We will adjourn the meeting for today. Previously, we resumed debate on a motion. We can look at doing that at the will of the committee.

Thank you, colleagues, for your time and for working together on this important study and studies moving forward.

I will adjourn.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>