

National Energy Board Hearing OH-1-2007

TransCanada Keystone Pipeline GP Ltd.

Opening Statement
Alberta Federation of Labour
President Gil McGowan

I'm here today because we in the Alberta labour movement are worried this board is about to make a decision which will dramatically affect the lives of Albertans for years to come and which will send us down an economic path that is not in the public interest.

The decision I'm referring to, of course, is the decision you're currently weighing about whether or not to grant approval to the proposed Keystone pipeline project.

It's clear that this new pipeline will provide the capacity to ship vast amounts of unrefined bitumen from Alberta's oil sands to upgraders and refineries in the United States.

Right from the beginning, the applicant has seemed perplexed – even offended – that anyone would question the logic of this project.

They point out that there's a growing supply of bitumen in Alberta and a growing demand in the U.S. What could possibly be wrong with linking the two?

Well, all actions have consequences.

What we fear is that the consequence of this particular action will be to deny Albertans literally thousands of high-paying, long-term jobs in upgraders and refineries.

We also fear that this pipeline will make it much less likely that Alberta will ever develop a more diversified downstream petroleum industry.

The core of our argument is the obvious fact that every barrel of bitumen shipped down the Keystone pipeline or other similar proposed pipelines is a barrel of oil no longer available for value-added production and job creation here in Alberta.

The applicant wants you to focus only on the oil that would be going down the pipeline. We want you to focus on the thousands of jobs and economic opportunities that would flow south along with that oil – and ask yourselves the question you’ve been mandated by legislation to ask. And that is: would this really be in the public interest?

Representatives from the pipeline and energy companies involved in this application have attempted to dismiss our concerns as frivolous.

They complain we haven’t provided enough empirical evidence – conveniently ignoring the Infometrica study commissioned by the Communication Energy Paperworkers union which projects that 18,000 jobs would be created in Alberta if the bitumen planned for export through the Keystone pipeline were upgraded here.

They also argue that “everyone” is in agreement on the logic of the project – again, conveniently ignoring the fact that “everyone” in this case really means pipeline and upstream petroleum companies.

In a final bid to convince you to dismiss our concerns, the applicants point to positions taken by the Alberta government and the federal government.

They point out that neither level of government has raised objections to the Keystone proposal.

But we submit that government silence is not the same thing as public approval. And it’s not the same thing as proving that the public interest is being advanced.

The applicants also point to the so-called Western Accord as proof the government already has a policy to deal with the oil sands – one which says whatever the market wants, the market should get.

But the Western Accord was signed in the mid-eighties. Brian Mulroney was Prime Minister. Oil was trading at \$12.50 a barrel. Most importantly, Canadian oil sands production was a less than 18 percent of what it is today – and less than ten percent of what it is expected to be in a year or two.

The Western Accord is a document that was signed when the oil sands were a marginal resource. To say that this accord is our government's policy for managing the oil sands is to essentially admit that we have no policy at all.

Having said all that, the applicants are right about us in some respects. For example, they are right when they say we are not experts or insiders.

I don't have a PhD or an MBA. I'm not an engineer or economist.

But, as the president of Alberta's largest labour organization, I've been given a clear and emphatic mandate by my members to do everything I can to stop this pipeline and fight for more long-term, value-added jobs.

In many ways, we are the only group here that can lay any real claim to speaking on behalf of the public. Our members live here in Alberta. They work here. They want to build futures here for themselves and their families. And they're worried that this pipeline will jeopardize all of that.

The applicants are also right when they say we have brought more questions than answers to the table.

But that's the point.

With so much at stake, we don't think this project should be allowed to proceed until all of those pesky questions about the public interest have been answered.

Why, for example, should we settle for the 17 long-term jobs that the applicant says will be created in Canada by this pipeline when we could have 18,000 jobs?

Why should we sit on the sidelines while big, U.S. controlled integrated oil companies use our oil to revive their aging refineries in the U.S. mid-west and on the Gulf Coast – when that oil could be used, instead, to transform Alberta into North America's newest hub for upgrading and refining.

Some might say: Let's just approve this one project and deal with the public interest questions later.

Unfortunately, we don't think we have the luxury of time. And don't think we can afford to make a policy mistake and hope to fix it later.

The reality is there is a very small window of opportunity for action. If this pipeline is approved, billions of dollars will be invested by major energy companies to retool existing American facilities.

And, once these investments have been made, they won't be unmade. The Americans will reassert their role as the centre for refining in North America. And our future will look a lot like our past and present – we'll mine the resource, but the real money will be made by the Americans – and the best jobs will be created in place likes Texas and Illinois, not Fort Saskatchewan or Fort McMurray.

If that happens, it will represent an historic missed opportunity for Alberta and Canada.

Should the Alberta and federal governments be leading the charge to make sure this doesn't happen? Of course they should.

Should our governments be here this week to help map out a policy that promotes the public interest? Of course they should.

But they're not here. They've gone AWOL.

The real question at the end day is this: should the Board step in and act where the government failed to act?

Our answer is clear: you can and you must.

You could ignore your mandate and blame the government and be complicit in a major policy failure. Or you could show leadership. You could deny this application or at least adjourn it until either proper consultations have been held and a proper policy framework has been developed; or a full hearing on the entire impact on the export of bitumen is held and decided.

That's what we're asking: use the power granted to you under legislation to either say no or go slow.

If you follow our advice, a few pipeline and oil companies might face short-term financial setbacks. But Albertans, the owners of the resource, have little to lose and much to gain.