

POLITICALLY SPEAKING

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We Need a National Energy Infrastructure Strategy

The most important issue we Canadians face right now is the economy – we need to talk about domestic economics as well as international opportunities, including trade and investment. We must recognize the importance of all regions of Canada, work to build on our relative strengths, and emphasize how all parts of Canada will be involved in contributing to the prosperity of the whole.

One example is a national energy infrastructure strategy.

Canada has an abundance of energy and other natural resources – and the world wants them. One of Canada's biggest challenges, however, is getting our energy to those markets. Because we cannot get our oil to other markets, Canada is a captive supplier to the United States, resulting in a significant discount in the price we receive. Simply put, we get less for our oil (and have correspondingly less tax revenue) than if we could sell it to other world markets. And with the recent International Energy Agency prediction that the US will become the world's largest oil producer by 2020, our reliance on the US market is even more worrisome. The emerging high growth markets of Asia, China in particular, offer tremendous opportunity – but not if we can't get there.

The irony is that Canada has Western producers receiving too little for their oil because they are captive of one market, and East Coast refineries that are captive to globally-priced oil from foreign sources. Lower revenues, anywhere in the country, and higher costs, anywhere in the country, hurt us all.

Canada can do better – but only if we work together.

We should find a way to get oil to the West Coast, and from there to the thirsty Asian markets, including China. Whether that be by pipeline, whether it be through Kitimat or Prince Rupert, whether it be additional capacity to Vancouver, or even whether it be by rail through Alaska – the final decisions need to be determined by the various stakeholders.

However it's done, a viable access route to the West Coast is important to our prosperity.

Unfortunately, neither the private sector participants nor governments did as much as they should have, as early as they should have, to understand the environmental concerns and to involve affected First Nations. That lack of early and constructive engagement has delayed and may even now prevent finding an acceptable solution – but the parties must try.

Nothing is risk-free, or easy.

To move forward with a West Coast option, business and governments must work with First Nations to allow development without having to relinquish positions on unresolved issues. Whatever project is proposed, it must meet legitimate environmental requirements. We need **better** environmental regulation, not just less of it, which Stephen Harper clearly prefers. We need the best contingency plans technologically available, and clear lines of risk accountability.

Other infrastructure alternatives have been proposed, including an eastward pipeline. It's not clear that the economics work as well, particularly for access to the large Asian markets, but there could be other real advantages – not the least of which would be greater involvement of, and benefits to, other regions. New Brunswick's premier, David Alward, seems very interested, given excess refinery capacity in his province – and the deep water port at St. John. Alberta's Alison Redford, who has advocated a national energy strategy, and Pauline Marois of Quebec have agreed to discuss the idea further, including technical and environmental issues, and to share expertise and information. There is already pipeline capacity stretching to Montreal, and although there are some technical challenges, the idea is gaining strength. Frank McKenna has promoted the idea, saying, "This essential infrastructure project would be good for all regions of Canada. It would be an extraordinary catalyst for economic growth. It would be a powerful symbol of Canadian unity."

But here's where the need for a national infrastructure strategy comes in.

These projects – their benefits and their risks – cross provincial boundaries, and involve tanker traffic on either coast. No province or territory, or the federal government for that matter, can operate in isolation. We need to work together. There is tremendous benefit in the various participants developing a common national strategy, rather than one-off regional efforts. Whereas a number of premiers have started talking about cooperating on some of these energy infrastructure ideas, Stephen Harper has avoided all responsibility, creating a vacuum of leadership.

We need a national energy infrastructure strategy. The same logic applies to natural gas and hydro. We have increasing renewable energy capability but have transmission grid challenges.

Although we may not always agree, we have far more to gain working together than not – with the federal government playing a key facilitating and brokering role. We can do more, and we can do it better, together.

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