



Municipality of Strathcona County Support for the Energy Industry

WHEREAS in 2017, Canada lost more than \$50 billion in investments through the cancellation of two nation-building energy projects, TransCanada Energy East Pipeline and the Pacific Northwest LNG Project, that represented significant opportunities in capital investment, jobs, tax revenue, and economic growth;

WHEREAS the Canadian Association of Petroleum Producers estimates the impact of the Western Canadian Select-Brent Crude (WCS-Brent) price differential to be at least \$13 billion since 2016 and as high as \$50 million per day in October 2018, resulting in \$7.2 Billion in lost revenue to the Government of Alberta and \$800 million in income taxes to the Government of Canada;

WHEREAS the price differential is at least in part due to the lack of pipeline capacity to transport energy products derived from Alberta to international markets;

WHEREAS any reduction in the price of Alberta oil in comparison to Brent or world prices has significant impacts on provincial and federal revenue, as well as energy industry investment;

WHEREAS many Albertan families and businesses are suffering in lost jobs, income, and property values due in part to the lack of market access for Alberta oil; and

WHEREAS Canada's and Alberta's energy industries lead the world in environmental responsibility, and human rights and labour standards;

IT IS THEREFORE RESOLVED THAT the Alberta Urban Municipalities Association advocate for the Government of Alberta to further develop and implement a targeted, national education and marketing campaign on behalf of Albertans in order to offset foreign protectionism and de-marketing campaigns, regulatory delays, and the combined infrastructure and economic factors that are creating a significant, negative effect on Canada's local, provincial, and national economies. The elements of the education and marketing campaign include as outlined in "Schedule A."

FURTHER BE IT RESOLVED THAT the Government of Alberta provide resources to offset the combined negative impacts affecting the energy industry through:

1. the continuation of the Petrochemicals Diversification Program;
2. key energy industry-supporting infrastructure development; and
3. a continued strong presence and advocacy with federal, municipal and foreign governments.

BACKGROUND:

The importance of the energy industry to Canada and Alberta are obvious, as is the impact to the local, provincial, and federal economies when changes occur in the energy industry:

- every annual average \$1 increase in the WCS-WTI differential above US \$22.40 per barrel costs the Alberta government \$210 million in royalties;
- for every US \$1 per barrel of oil discounted relative to world prices, there is an opportunity cost to the Canadian energy industry of \$1.4 billion per year;



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- for every CAD \$1 million invested and generated in the Canadian energy sector, the Canadian GDP impact is CAD \$1.2 million; and
- for every direct job created in the Canadian energy sector, 2 indirect and 3 induced jobs in other sectors are created in Canada on average;

Given these numbers, the need for the Canadian and Alberta governments to support a strong and vibrant energy sector is clear.

However, a campaign has been evolving over the last decade with the strategy to land-lock the oil sands and prevent it from reaching the international market where it could fetch a high price per barrel. The foreign-funded campaign has allegedly given tens of millions to anti-pipeline Canadian green and social justice groups, including Greenpeace Canada, Idle No More, and the Pembina Institute, essentially campaigning to rebrand the Alberta oil sands as “dirty oil”. Most recently, references to “dirty oil” were articulated on December 7, 2017 by Quebec’s Premier Legault who talked about “dirty energy” in reference to the oil sands and on December 23, a CBS affiliate in San Francisco reported that tankers may soon be transporting “the heaviest, dirtiest oil on the planet, tar sands crude from Alberta, Canada.”

On October 12, 2018, the Northern Alberta Mayors and Reeves Caucus hosted a presentation by a Canadian researcher. The presentation provided concerns about foreign interests funding environmental work in Canada with the intent to block development in the Canadian energy sector in order to protect foreign investments and market share. Further concerns included foreign charities providing inaccurate and misleading information on the Canadian energy sector via public relations campaigns.

While cross-border market competition and public relations marketing campaigns are an unavoidable reality in the energy sector, it is Strathcona County’s perspective that the best remedy for strong market competition and inaccurate public relations messaging affecting the Canadian energy sector is strong support and investment by the federal, provincial, and local governments. Comprehensive and relevant messaging by these important entities contributes to a more balanced public conversation in the marketplace and in political decision-making circles about the current and future impacts, disadvantages, and opportunities in Canada’s energy industry.

On December 2, 2018, the Government of Alberta mandated a short-term reduction in oil production to defend Alberta jobs and the value of energy resources. Starting in January 2019, production of raw crude oil and bitumen will be reduced by 325,000 barrels per day to address the storage glut, representing an 8.7 per cent reduction. The Alberta Energy Regulator will review the reduction amount every month to make sure production is in balance with transportation and storage capacity.

A resolution similar to this one was approved by the Rural Municipalities Association on March 20, 2019 with a majority of 98.8%.

Schedule A:

The elements of the properly resourced evidence-based education and marketing initiative include:

- a. promote the world leading environmental, humans rights, and labour standards of the Alberta energy industry and its importance as an economic backbone of the country for jobs and supporting social programs;
- b. highlight our energy industry as one of one of innovation, economic opportunity, and environmental sustainability;
- c. educate the Canadian public on foreign de-marketing campaigns targeted at the Alberta and Canadian energy industry;
- d. educate the public on the reality that wind, solar and alternative sources of energy are only able to provide 1.1% of the world's energy needs;
- e. educate the Canadian public on the unethical and hypocritical aspects of the energy de-marketing campaigns; and
- f. educate the Canadian public on the benefits of the Alberta energy industry beyond traditional uses such as transportation, but as underlying element in over 6000 products from life-saving drugs, to computer components, to supporting alternative sources of energy.