



# Jonathan Wilkinson

NORTH VANCOUVER'S MEMBER OF PARLIAMENT

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## Why Canada invested in the TransMountain pipeline expansion

Until very recently, the federal government had no intention of purchasing the assets of the TransMountain pipeline.

The project was proceeding following both federal and provincial environmental assessment approvals and under the many regulatory conditions to which these approvals were subject. Based on these project approvals, the proponent spent well over \$1B.

However, when Premier Horgan's government was elected, it made a decision to unilaterally attempt to change the "rules of the game" but to do so essentially well after "the game" was finished. The current BC government since that time has worked to delay, to undermine due process and to deliberately sow additional risk – with the sole purpose of blocking this project.

The political risk the BC Government injected into TransMountain via court challenges and by committing to use "every tool in the toolbox" to stop the project, are risks no project proponent can be reasonably expected to manage or address. The proponent thus made it clear that, unless these risks were addressed, it could not proceed. The position taken by the proponent was both understandable and predictable.

### When yes doesn't mean yes

There are serious and important investor confidence issues involved here. If any project is approved by both levels of government, a proponent then proceeds and makes significant investments on this basis, only to find out later on that a new government can simply change its mind, anyone looking at making a major investment in BC in future will very much think twice. The message this would send is that, in BC, "yes" does not necessarily ever mean yes.

It became clear that, for the project to proceed, the federal government would need to step in to address the political risk created by the provincial government.

In terms of taking on ownership of an energy asset, it is worth highlighting that government involvement in infrastructure assets in Canada is far from uncommon. This is how the railways were built in this country.

In most provinces provincial governments constructed and continue to own the bulk of electricity generation and transmission assets (in crown corporations like BC Hydro).

### Pipeline will be sold

Our government has no interest in ownership of the pipeline over the long term. The pipeline will be sold back to the private sector at an appropriate time. This should be done at little or no cost to the taxpayer, and in fact, the assets have the potential to grow in value as certainty is enhanced. In this sense, the investment in assets is completely different from government spending on programs – where money is spent annually to support specific activities – such as the Canada Child Benefit or spending on health care – with no expectation that such funds will be returned.

I have previously written extensively on important concerns with the project that have been expressed by some North Vancouver residents including those relating to climate change and marine shipping safety. Detailed discussion of these matters can be found at <http://jwilkinson.liberal.ca/news-nouvelles>.

On the need for a pipeline, there are essentially two camps. The first believes that fossil fuels are going to end overnight and we should therefore stop all development. The second recognizes that the low carbon transition is going to take time and that we need to get maximum value for our energy resources today while we concurrently take substantive actions to meet our international commitments to reduce carbon pollution. Our government is clearly in the second camp – as I believe most Canadians are.

I certainly understand that rational people can have differing perspectives on issues such as this. However, I do believe that the vast majority of North Vancouverites come to their positions on issues based on an assessment of all relevant information that is available to them. I hope that these comments are helpful in this regard.

## CONTACT INFO:

CONSTITUENCY OFFICE: 102 West 3rd Street, North Vancouver  
EMAIL: [Jonathan.Wilkinson@parl.gc.ca](mailto:Jonathan.Wilkinson@parl.gc.ca) | TEL: 604-775-6333