

SUBMISSION
to
The House of Commons Standing
Committee on Natural Resources
on
The Cross-Canada Benefits of
Developing the Oil and Gas Sectors
of the Energy Industry

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Introduction

Good morning, Mr. Chairman and Members of the Standing Committee on Natural Resources. Thank you for your invitation to address the Committee with respect to the benefits of developing our nation's oil and gas sectors, particularly to the impact that such development will have upon the economic well-being of my home community of Saint John, New Brunswick.

Enterprise Saint John

I am the Chair of Enterprise Saint John. Enterprise Saint John is the lead economic development agency for the Greater Saint John regional community. Its operations are funded by the City of Saint John, the Towns of Grand Bay-Westfield, Quispamsis, Rothesay and the Village of St. Martins together with financial support from over 20 private sector businesses. The volunteer members of the Board of Directors are appointed by the funding partners.

Enterprise Saint John's goals are very specific:

- 1. Job Creation.**
- 2. Improving the business confidence of our local entrepreneurs as determined by annual survey carried out by the Canadian Federation of Independent Business in over 100 cities in Canada.**
- 3. Making Significant Improvement in the Consumer Confidence Index, which is issued quarterly in the Province of New Brunswick.**
- 4. Increased innovation, research and related entrepreneurship.**

To achieve these goals we know that we have to work with our network of other economic development agencies, government departments at all levels, and the private sector.

We focus on the six priority sectors of our economy that hold the most potential for economic growth of the Saint John region. The Energy sector is one of the foremost.

We view our location on the Bay of Fundy and our ice-free, deep water port as key assets which provide year-round, connections to international markets. We have a well-developed network of transportation-related businesses, including multi-modal freight and

container businesses; bulk cargo; robust road, rail, air and cruise connections; and modular industrial fabrication capabilities.

Value-Add Manufacturing and Processing

Saint John is arguably the industrial centre of the Maritimes. We are home to Canada's largest oil refinery, Canada's first and only Liquefied Natural Gas storage and regasification terminal, three of New Brunswick's largest forest products mills and two potash mines to name a few of the most prominent. The refinery imports crude oil from around the world, including in recent times some crude oil by rail from western Canada and the USA.

The oil refinery ships refined petroleum products to customers along the eastern seaboard of Canada and the USA. Approximately 75% of its output is exported.

All this industrial activity requires energy, and lots of it.

The Greater Saint John area is home to three of NB Power's electrical generating stations including the Point Lepreau nuclear generating station and two privately owned gas-fired merchant plants. Natural gas is transported by the Emera Brunswick Pipeline and the Maritimes & Northeast Pipeline system from Canaport LNG, the Sable Offshore Energy Project, the Deep Panuke project and a

small producing field in southern New Brunswick operated by Corridor Resources.

These industrial and energy installations have stimulated the development of an extensive supply chain to build, maintain and service them. Engineering firms, skilled industrial trades, and advanced manufacturing and metal fabrication firms are just some of the capabilities required to keep this industrial complex humming.

The recently experienced downturn on our regional economy has caused the supply chain to look outside the local region for enough work to survive.

We have been ‘lending’ many of our skilled tradespeople to Alberta in recent times and many of our professional service firms have been partnering with their counterparts in western Canada to provide extra capacity needed to address customer needs, but doing it remotely from New Brunswick.

I must emphasize however, that the Saint John industrial complex, together with its energy complex and supply chain, forms a critical base for the economy of New Brunswick. Saint John draws raw materials from our mines, our forests, and energy raw materials from around the world. It adds significant value to these raw

materials in some of the most complex, modern and efficient
manufactories in the country, and ships the finished products to
domestic and foreign markets.

Impact of the Energy East Pipeline Project

The Energy East Pipeline Project represents a real game-changer for New Brunswick, particularly the Greater Saint John area where the pipeline ends and where a bulk storage and marine terminal facilities will be built and operated.

There will be jobs created in New Brunswick as a result of this project.

It is anticipated that there will be approximately:

- 1.325 direct jobs, 400 indirect jobs and 125 induced jobs during the development phase;**
- 2.120 direct jobs, 200 indirect jobs and 60 induced jobs during the operational phase.**

Provincial revenues will increase dramatically:

- 1. \$265 million during development and construction**
- 2. \$425 million during operational phase (40 years)**

With a stable, secure, long-term supply of crude oil from western Canada, our oil refinery will not be nearly as dependent upon foreign suppliers as it is today. With this risk factor significantly reduced, the owners of the refinery will have the opportunity to continue to invest in further modernization and extension of its already impressive capabilities. These additional investments will have enormous positive implications for the further development of our industrial supply chain, our transportation infrastructure and our next generation of skilled workers.

Implications of Natural Gas Exploration and Development

The exploration and development of indigenous sources of natural gas is similarly a potential game-changer for Saint John and the Province of New Brunswick. In the roughly 15 years since the development of the Sable Offshore Energy Project and the construction of the Maritimes and Northeast Pipeline, our region has gone from consuming no natural gas at all to – at times – consuming all of our domestic output.

There are days in the winter months when not one molecule of natural gas crosses from Canada to the US in the pipeline system. Our industrial complex as well as our commercial and residential markets have quickly become increasingly dependent upon natural gas as a clean, efficient fuel source.

We know that the Sable Offshore Energy Project is nearing the end of its useful life. Deep Panuke is a relatively smaller resource. LNG is increasingly used to serve high-priced markets in Europe and Asia. The Northeastern part of North America still suffers from bottlenecks in the pipeline transportation and distribution system

that lead to short supply and painful price spikes in times of peak demand.

If New Brunswick is able to find and develop a stable, secure and long-term supply of competitively-priced natural gas from its deep shale formations, the result will be very positive indeed.

1. It will further de-risk a potentially critical input constraint for our existing industrial complex.
2. It will, in and of itself, require the development of an extensive supply chain to serve the extraction and processing industry that will be required to develop the resource.
3. Approximate investment and job creation benefits for each well drilled and completed are as follows:
 - a. Direct investment - \$13 million
 - b. Jobs - 420 individuals working in 150 different occupations
 - c. 13 direct jobs
 - d. An average of 40 indirect and induced jobs
4. Most importantly, it will open up opportunities for further development of additional value-add manufacturing, using indigenous natural gas, petroleum from western Canada and indigenous potash and forestry resources as feedstocks for the next generation of industrial development in our City.

Summary

In summary, Mr. Chairman and members of the committee, Oil and Natural Gas are part of the bedrock on which the future prosperity of Saint John is founded.

We are a value-adding city, an exporting city, and the industrial heartland of our Province and our region. Oil and Natural Gas development are critically important factors to our present economy and to our future capability to attract further investment and create jobs.

Thank you.