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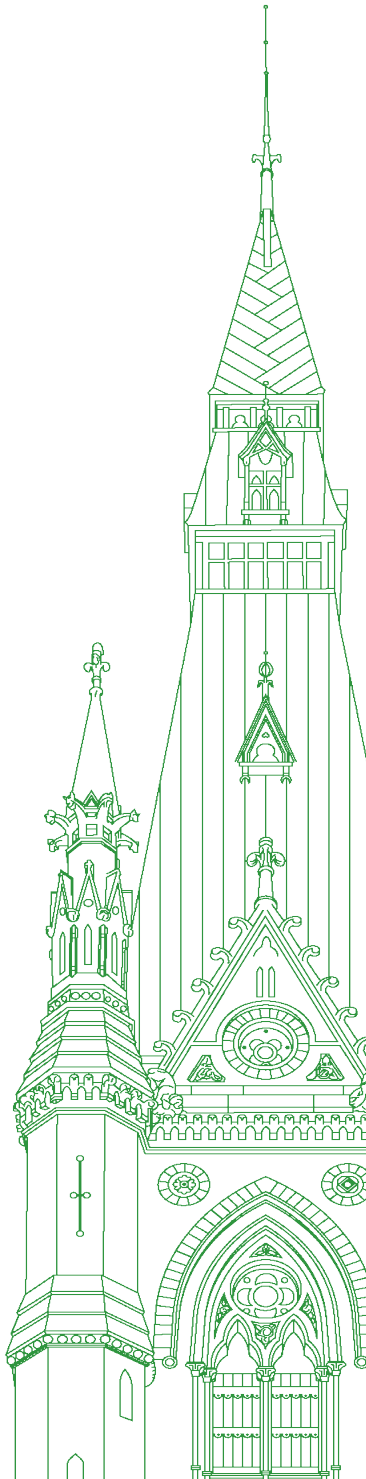
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Chair: Shannon Miedema

Standing Committee on Environment and Sustainable Development

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● (1530)

[*English*]

The Chair (Shannon Miedema (Halifax, Lib.)): Good afternoon, everybody. Welcome to the 52nd meeting of the Standing Committee on Environment and Sustainable Development.

Today we have a briefing on the Major Projects Office's mandate, priorities and operations, with Ms. Dawn Farrell.

Thank you for being with us today.

Before we begin, I have a budget question: Does the committee agree to adopt the budget in the amount of $500 for this afternoon's briefing?

Some hon. members: Agreed.

The Chair: There are no issues there. Thank you.

Today we have Dawn Farrell, chief executive officer of the Major Projects Office, who is online. We also have Rob Van Walleghem, general counsel and vice-president, indigenous affairs, and Peter Feldberg, vice-president, regulatory affairs, who are both online.

Welcome, and thank you for being here.

We'll begin with five minutes of opening remarks from Ms. Farrell, and then we will continue with questions from members.

Ms. Farrell, the floor is yours for five minutes.

Dawn Farrell (Chief Executive Officer, Major Projects Office): Thank you, Madam Chair, for the opportunity to come back to your committee. My office tells me I was here last November, and it feels like a long time since we've talked to you.

As you know, I have Rob and Peter with me today. The three of us have been working closely on, now, over 18 projects and 10 strategies. I think that, when I was here last, there were fewer by quite a few. We can answer a lot of questions on projects, on our processes and on some of the interesting work that we're pulling together under the Building Canada Act.

I'm not going to spend a lot of time on my opening comments, because I know you have a number of questions. I will say just that our portfolio is around $200 billion, and we're evaluating all the projects. Many of them are considered referred projects, so they're really not under the Building Canada Act. However, we're working with those proponents to ensure that we can help them with regulatory and financing and to see how to move them through the system.

Since I talked to you last, we had five projects. We now have four projects that we're looking to list under our act. Of course, once you are listed under the act, there is then a regulatory process to issue a conditions document. As you know, we have one PONI; this, of course, is the Pacific link pipeline, which was listed on October 1. We can talk about how we expect the process to look as we go from the listing to the conditions phase.

The four projects that we're currently evaluating are the Mackenzie Valley highway, Roberts Bank terminal two, Grays Bay port and road, and the NWMO deep geological repository. We can answer questions about what our process looks like for evaluating projects and determining whether they should be listed.

You should know that it's the government that asks us to evaluate a project for the potential for listing. This does not guarantee that you get listed. There's a very extensive process that we undertake, which includes evaluating a project in terms of its business case, its economic impact and its execution. Then we also evaluate the national interest factors that are listed under the act, and we can add other factors as well. We can get into any level of detail that you'd want to know about there, in terms of how we do that process.

When I was with you last, we probably had about 20 people; we now have 200 people working on these projects. They work in first nations consultation, regulatory, financial evaluation, economic evaluation, and they have practices that cut across energy, transportation, communications and many other sectors. We have a good group of people who can now evaluate the work we're doing, and our evaluations also include independent third party studies.

Perhaps the most important work we do is that we try to figure out how to determine whether the balance of factors satisfies the criteria to make a project a PONI. Once we've done that, we figure out how to make sure, as we go through to the conditions phase, that we've evaluated all the issues associated with first nations' rights and title under section 35, as well as all the environmental factors. It takes a lot of coordination among our office, the proponent, indigenous communities and environmental communities, as well as the departments in federal and provincial governments, to ensure that as we're evaluating and considering the projects, we've considered them on all fronts. Fundamentally, if we do, in the end, permit a project, we would list all of those factors that we have considered in the final conditions document.

There's a lot to talk about. I'm very interested in your questions. I'll take questions, as will Peter and Rob. We're looking forward to the discussion today.

Thank you.

● (1535)

The Chair: Thank you so much, Ms. Farrell.

We will begin with the Conservative Party for six minutes with Mr. Leslie, please.

Branden Leslie (Portage—Lisgar, CPC): Thank you, Madam Chair.

Ms. Farrell, I have a quick one. I was reviewing some of your testimony from April at the BCAN committee. During an exchange with my colleague Aaron Gunn, you said that whether a project was Canadian-owned or owned by an American company made no difference to your evaluation. Does the same answer apply if the project is owned by the CCP government or a state-owned enterprise?

Dawn Farrell: CCP...?

Branden Leslie: That's the Chinese Communist Party.

Dawn Farrell: Is this a state-owned enterprise outside of China or somewhere else?

Branden Leslie: A Chinese state-owned enterprise....

Dawn Farrell: We have a requirement under the act—Peter or Rob can speak to that—to do a security evaluation. That security evaluation could change how we would look at the project and what would have to be true—

Branden Leslie: Okay. That's enough. Thank you.

You previously told us at this committee that we'd see by how much your office had accelerated projects. Can you name one project for which you can say exactly how many days or months were saved because your office intervened?

Dawn Farrell: Okay. In terms of the projects that we have under construction today, the one project that I would point out is—you saw the announcement for it—the LNG Canada two project, which was announced on October 1. That project not only went FID, but it went final notice to proceed and is now under construction. I would say that the work we did ourselves and with the government secured the project for Canada.

Branden Leslie: Could you table any sort of evidence showing the number of days that project was expected to take and then after your intervention how much it would save?

Dawn Farrell: I cannot, but I don't know that the project would have come at all had we not done the work that we had done. You can certainly talk to the company about that. I think they're quite pleased with the work we did with them.

Branden Leslie: During your opening testimony, you mentioned that you have 200 employees. You've brought employees from private companies to work at your office, and in some cases, those companies are still paying at least part of those individuals' salaries. Your office thus far won't say which companies they came from. How many employees are in this situation, and which companies are paying them?

Dawn Farrell: I don't have that data with me today. We can endeavour to get you some information on that, but I don't think we release the names of the companies or the names of the employees.

Branden Leslie: Okay. You can see how it's difficult for the public not to assume that there are at least potential conflicts of interest. I'm not saying that there is wrongdoing here, but there's a clear potential conflict of interest when these sorts of financial relationships are not disclosed. Would you agree that this is difficult?

Dawn Farrell: There are no conflicts of interest with these employees. These employees—

Branden Leslie: Did the Ethics Commissioner clear all of that?

Dawn Farrell: It's all been cleared.

Branden Leslie: By whom...?

Dawn Farrell: It's all been cleared. Under the PCO, we work with HR. We clear every single employee. They have to sign disclosures, and they have to disclose areas in which they might be conflicted. They cannot work on any projects for which there are conflicts.

● (1540)

Branden Leslie: To be clear, you do not use the parliamentary Ethics Commissioner and there was no—

Dawn Farrell: Well, we do for people like myself—

Branden Leslie: —independent review of this assessment. You did it in-house with PCO to figure out if there might be a conflict of interest.

Dawn Farrell: The people who review my employees are independent. The employees sign off on their conflicts and cannot work on anything they're conflicted on.

Branden Leslie: Okay.

The government had already committed to pursuing national interest status for Pacific link before your office finished consulting indigenous communities. Were you genuinely free to recommend against designation of that project, or had the government already made up its mind?

Dawn Farrell: I was free to recommend against, and the government had not made up its mind until I did all of my work.

Branden Leslie: On October 14, you told B.C. first nations chiefs this: “And I feel like, ‘Oh my God, we can never get this country to work. Like it’s never going to work. We’ll never make it’”.

Were you expressing frustration with indigenous consultation or the Liberal government's inability to establish a credible process for meaningful consultation and simultaneously delivering timely approvals?

Dawn Farrell: First of all, I was not expressing frustration. What I was expressing is that the way our regulatory processes work in Canada is that they're all done sequentially. You go through an environmental assessment. Then you go through various departments to get permits.

For example, one of our projects, Roberts Bank, has been in permitting in Canada for 10 years. I happen to be in Vancouver. We happen to be working on that project. In fact, I'll talk a bit about Pacific link: It was different.

Ten years of consultation still have not permitted that project, and we do not have the ability to build the piece of land in the port. That was where the frustration was coming from, for me personally.

Branden Leslie: You said there was no frustration, but I'll leave that alone.

Dawn Farrell: I'm sorry; just a minute. That is—

Branden Leslie: I'm hoping you will table a complete breakdown of the financing for every project your office is overseeing, showing how much public money and how much private investment is going in, as well as how much is actually committed rather than just announced. You mentioned $200 billion in your opening remarks. Can you provide some sort of analysis of what the private sector contributions to these projects you're working on are and what the public sector commitment is, as well as the source of that? Is it all the Canada Infrastructure Bank or some other source in government?

Dawn Farrell: Once our projects become public, financed and finished, we will be able to provide that information.

The Chair: Thank you, Mr. Leslie. You are out of time.

We'll now move to Mr. Greaves for six minutes.

Will Greaves (Victoria, Lib.): Thank you very much, Madam Chair.

Good afternoon, colleagues.

Thank you to our witnesses for joining us.

Thank you for being here, Ms. Farrell.

As you're aware, of course, and as my commentary has been speaking to, the Prime Minister and the federal government announced in October that the west coast oil pipeline, now known as the Pacific link, has been added to the list of projects of national interest and construction is scheduled to begin on September 1, 2027.

As a Pacific coast MP, I—along with many of my colleagues—have heard concerns from our constituents around how the accelerated timelines being pursued by the Major Projects Office may affect the process of both environmental impact assessments and indigenous nations' capacities to fully engage in meaningful consultation and environmental stewardship. We know that these two things are intrinsic to each other, but they're also integral for projects to receive the social licence to move forward.

I'm wondering if you could please speak to the extent to which the timelines that the Major Projects Office is pursuing can still allow for a thorough assessment of the environmental risks associated with this project and uphold meaningful consultation and the honour of the Crown with respect to the affected indigenous peoples and the duty to consult.

Dawn Farrell: Thank you for that question. It is an important question.

As our office moves into phase two under our act, we are putting together processes—which we could get into in more detail—in which we will bring together the proponent, all the first nations rights holders and any departments that have requirements to provide advice on permits, such as DFO and ECCC, as well as government departments inside British Columbia. We'll be holding a public hearing through the CER, at which we intend to bring all of that together up front. Then, through the hearing process, we'll receive advice and considerations on how we need to deal with all the issues with rights holders and the environment in the consideration of the final conditions document that would be issued in early September.

Once that conditions document is issued, it doesn't necessarily mean the project will start construction. It means that now the proponents can take that conditions document and move the project through to FID, which is financial close. They can make sure they've priced all of those conditions in, finalized their budgets and raised their financing. There would be a couple of months before they would start construction.

Currently, from the initial consultations that we did through the listing process, we now know many of the concerns of many of the first nations. We continue to work with the first nations today through our consultation process, which Rob leads. We continue to work with everybody involved with that pipeline so that we can be assured that we have all the issues and our permit will reflect that.

● (1545)

Will Greaves: Thank you for that.

With respect to the consultations with affected first nations, I'm wondering if you or perhaps your colleague could elaborate a little on the specific actions that the MPO is taking in order to support indigenous nations in that process, particularly with respect to enhancing their capacity to participate in these processes. As we know, many nations are quite small, and the demands of participating fully in assessment processes like this can be very intensive.

Could you speak to that, please?

Dawn Farrell: Rob, do you want to take that?

Rob Van Walleghem (General Counsel and Vice-President, Indigenous Affairs, Major Projects Office): Yes, I'll take that.

We now have a bit of history with this process through phase one. We embarked on that on July 2, after the submission arrived in our office. In under three months, we consulted over 130 communities, had over 140 meetings and got over 100 written responses.

I point that out to the committee to demonstrate our ability to get things done more quickly than people are used to. It is a principle of ours, as you've heard said before: High standards don't require slow decisions. Meaningful two-way dialogue needs to happen properly. There's no time frame for that, necessarily. It just needs to happen. We provided capacity funding to the 136 identified groups on the list. We sent out information packages and then set up meetings. We allowed extensions of time for those who needed more time. It was a particularly difficult time, given that it was the summer and there were wildfires, harvesting and the like.

Notwithstanding all of that, the overwhelming response from the communities demonstrates that this can be done in a different way. We had personal, face-to-face meetings. We had written submissions. We had a number of virtual meetings, which several communities attended at the same time. All of their input was received. It was brought back to them for further response and reflection, and then they responded to us again. In terms of ensuring that we had meaningful two-way dialogue, we believe we accomplished that.

We'll now move into the second phase. One of the important parts of the first phase was not only hearing from them on their positions or their understanding of the listing but also having them give us the forecasting—the important discussions they want to have in the second phase. This is in the conditions document. We have had really good insight as to what we're going to be talking about in this second phase. We're embarking upon that now. It will be facilitated by a CER hearing, which people are familiar with.

In addition to that, we'll be working with the proponent, Trans Mountain, on the technical details. Our office will be ensuring that communities have what they need to effectively and meaningfully engage in conversation and dialogue, in order to properly inform the project. It is also critical that—

The Chair: Thank you so much for this answer. I appreciate it.

[*Translation*]

Mr. Bonin, the floor is yours for six minutes.

Patrick Bonin (Repentigny, BQ): Thank you, Madam Chair.

Ms. Farrell, are there any office employees paid by oil or gas companies?

[*English*]

Dawn Farrell: We have employees here from electricity companies. There may be one or two from oil and gas. I'd have to check that.

We can provide the distribution of employees by companies to you.

● (1550)

[*Translation*]

Patrick Bonin: Were these people from oil or gas companies subject to an assessment by the Conflict of Interest and Ethics Commissioner?

[*English*]

Dawn Farrell: As I said, we go through an ethics process when we hire them. They cannot work on the projects of companies they're associated with.

[*Translation*]

Patrick Bonin: So it isn't the Conflict of Interest and Ethics Commissioner who assesses whether there's a potential conflict of interest.

[*English*]

Dawn Farrell: The Ethics Commissioner, as I understand it, works on my conflicts. I'm not sure if they work on the conflicts of my vice-presidents, but I think they do. For employees, it's generally handled at a different level.

[*Translation*]

Patrick Bonin: Who assesses whether there's a potential conflict of interest? You say there's a process in place. What's the process?

[*English*]

Dawn Farrell: It's a very extensive process set up in HR, in which employees are interviewed. They are assessed for where their conflicts would be. They also have to sign ethics documents and disclose whether there would be any ethical issues with projects they might work on.

[*Translation*]

Patrick Bonin: It's the Major Projects Office or the Prime Minister's Office, correct?

[*English*]

Dawn Farrell: Well, it's under the PCO. I have a couple of people in the Major Projects Office, but our back office is run under PCO—the clerk's office.

[*Translation*]

Patrick Bonin: The first national project to be authorized is an oil sands pipeline. This project will be 90% funded by public funds, most of which, probably about $20 billion, will come from the federal government. Have you assessed the risks related to investments? The money being used for this project belongs to all of us, including Quebeckers. Has a market analysis been done? Other than Pembina Pipeline Corporation with their 10% stake, no private company wants to invest in this project.

I want you to explain to me what the national interest is in this project, particularly given that Americans hold a majority stake in these oil and oil sands companies, and that this is supposed to be a national interest project aimed at reducing our dependence on the United States and helping us fight the current tariff war.

[*English*]

Dawn Farrell: One of the best things that we can provide you with, Mr. Bonin, is the decision document. Under the Governor in Council decision, there was an explanatory note. It's 38 pages. It lays out all the considerations that we at the Major Projects Office made and advised on, which the GIC then considered in the decision.

In that decision, you'll see that we not only did work but also had third party work, in which we assessed, first of all, the viability of the pipeline as a project of national interest, whether it would be economical.

We assessed the demand and supply for Canadian heavy crude oil from the Asian market. We assessed the differentials that would occur to all Canadians from the revenues that we would receive, because, as you know, when we sell our oil to the United States, we sell it at a deep discount. I think today that is $28. When we sell it to Asia, we sell it at a premium, which today would be $14. There's about a $50 price differential there that we, as a country, lose when we sell our oil to the U.S.

Of course, as you know, the oil sands companies have to provide the oil into the pipeline, and they have to pay the toll, so we assess the economics of the toll and the ability to return the money back to the governments of Alberta and Canada through the investment in the pipeline.

All of that is laid out in our decision document.

[*Translation*]

Patrick Bonin: In your analysis of the so-called national interest, have you taken into account the fact that oil and oil sands companies are predominantly owned by Americans?

[*English*]

Dawn Farrell: No, our analysis is focused on the pipeline and the viability of the pipeline to carry Canadian heavy crude oil, which is owned by Canadians and Albertans, from the oil sands in Alberta through the pipeline to Asia. Therefore, we did not consider that.

● (1555)

[*Translation*]

Patrick Bonin: Do you know what percentage of oil sands companies are owned by shareholders in the United States?

[*English*]

Dawn Farrell: I don't have that information with me, no.

[*Translation*]

Patrick Bonin: All right.

[*English*]

The Chair: Next is Mr. Bexte for five minutes.

David Bexte (Bow River, CPC): Thank you, Madam Chair.

Thank you for joining us today, Ms. Farrell and staff. I appreciate your time. I hope we can get some clarity and transparency on what you've been up to and what's been going on. We live in interesting times.

Dawn Farrell: We're living the dream.

David Bexte: As I understand it, the Pacific link pipeline is the first project to be designated as being in the national interest. Is that correct?

Dawn Farrell: Yes, that's correct.

David Bexte: This pipeline was first referred to your office in July. Can you explain why your office needed three months to get to the next step?

Dawn Farrell: Oh, boy. Why did we need three months? Do you think that's too long?

David Bexte: Of course.

Dawn Farrell: Okay.

Well, first of all, we received the document on July 2. We had to run a consultation with 130 first nations. That required us to get notices to the first nations, get them signed up for capacity funding, get teams out in the field to meet with them and make sure that we recorded their concerns and understood what they all were, because that was a component of the advice that we had to give.

As you know, one of the components under the Building Canada Act is to assess whether there's economic value for first nations in the project, so we had to assess all of that. We had to take the—

David Bexte: A lot of things were done. You had a lot of stuff jammed into three months.

Dawn Farrell: Yes. We did a ton of work, more work than I've done in my career of 40 years.

David Bexte: Are a bunch of approvals still to be gathered before construction can start?

Dawn Farrell: The way the Building Canada Act works is that now that the project is listed under the act, under our office we create a process to create one conditions document, one approval document with conditions. We have to effectively look at all the issues that go along with the pipeline, make sure we understand the route, make sure we understand the issues with rights holders—

David Bexte: I appreciate that, but then who approves it next? Is it cabinet?

Dawn Farrell: Yes. We recommend that to the one Canadian economy minister, Minister LeBlanc, who then takes it to cabinet. He approves the final conditions document.

David Bexte: The converse, then, is that something that you approve, cabinet could veto or cabinet could approve.

Dawn Farrell: The conditions document.... The project must be permitted.

Peter, let me turn that over to you, maybe, so that you can be very clear about that.

David Bexte: That's okay. I have a bunch more things that I want to get at quickly. We're about halfway through the time already.

I wanted to get some clarity on the chicken-and-egg circumstance with cabinet and the Prime Minister's Office versus Major Projects Office pre-approval...getting approvals from the Prime Minister's Office or their sanctioning something ahead of time. Where does it leave you? Does it leave you in an untenable situation?

However, that's okay. The cabinet's authority to veto is quite clear.

The Prime Minister's own announcement says, and you said earlier in your remarks, that they've been working on Roberts Bank. Roberts Bank work has been under way for 10 years or so. Is your office planning to designate that as a national interest project?

Dawn Farrell: Four other projects are currently being considered for listing. Roberts Bank is one of them. We're currently working on Roberts Bank to determine whether it should come under our act to make a recommendation.

David Bexte: What happens to Pacific link if that doesn't happen?

Dawn Farrell: What do you mean?

David Bexte: If Roberts Bank doesn't proceed through the process, if it doesn't get approval, if it doesn't get the conditions document from—

Dawn Farrell: Roberts Bank and Pacific link terminal are two different projects. They're two independent projects.

David Bexte: I understand that clearly, but if there's no port, then there's no pipeline.

Dawn Farrell: Yes, there is.

David Bexte: Where do we go with the pipeline? Should we reroute it to Prince Rupert?

Dawn Farrell: No, no. Effectively, there is a port there already. There are a causeway and a port already. The next piece of land goes in front of the current port. The oil terminal will be in the same vicinity, but you could have one without the other.

David Bexte: They're pre-existing.

Dawn Farrell: Yes. You could have one without the other.

David Bexte: Therefore, Roberts Bank development is not required at all for the Pacific link to happen.

Dawn Farrell: No.

David Bexte: Okay. Fantastic. That clarifies a lot.

At the Toronto investment summit, CPP Investments and Brookfield, Prime Minister Carney's former employer, announced a $50-billion investment fund. Has your office brought any projects to this fund, and has Brookfield committed a single dollar to them?

● (1600)

Dawn Farrell: No.

David Bexte: Are any of the employees seconded from private industry to the Major Projects Office from Brookfield?

Dawn Farrell: No.

David Bexte: None. Okay. Great.

That's my time. Thank you.

The Chair: Thank you, Mr. Bexte.

[*Translation*]

Mr. St-Pierre, you have the floor for five minutes.

[*English*]

Eric St-Pierre (Honoré-Mercier, Lib.): Thank you.

Ms. Farrell, recently $100 million was allocated by the federal government towards Nova Scotia's wind west project. A lot of this is supporting collection of data on wind, ocean and sea floor construction. In one minute, can you provide this committee with an update on where the MPO is with regard to wind west?

Dawn Farrell: Yes. Wind west is a strategy under the MPO. Currently, the strategy says you have to figure out if you have a wind resource. If there's a wind resource and there becomes a project, that project would be referred to us. Currently, there's no project referred to us, so we're waiting.

Eric St-Pierre: Thank you.

How does the Building Canada Act take environmental considerations into account? I'm specifically curious about environmental standards and protections that are upheld with regard to Bill C-39.

Dawn Farrell: With regard to Bill C-39...? I'm not sure what you mean.

Eric St-Pierre: How will environmental standards and protections be upheld with the regulatory streamlining that's proposed under Bill C-39?

Dawn Farrell: Let me answer it for BCA, and then Peter will do Bill C-39.

For BCA, there are five factors. One of them is that we have to assess greenhouse gases and clean economy. We can add other factors for all our projects. If our project's in the marina, we add the marine factor. We add terrestrial. We look at all the environmental issues, including greenhouse gases and anything else that might come along with the project when we're assessing that as a factor. That gets weighted as we look at the listing recommendation. It also must be addressed along with first nations rights in the conditions phase.

On Bill C-39, I'll turn to Peter.

Peter Feldberg (Vice-President, Regulatory Affairs, Major Projects Office): Bill C-39 is largely about process. The primary change is to do assessments and permitting in a concurrent way as opposed to a consecutive way.

Most of the changes you see through Bill C-39 are changes to process to make things run quicker. There aren't any changes to environmental standards. For example, the environmental criteria that are set up in the Impact Assessment Act remain and the environmental criteria in the CER Act remain.

The environmental standards remain the same in Bill C-39, as they were pre-existing. It's a bill about process.

Eric St-Pierre: That's perfect. Thank you.

All of the members want to ask questions today, so I'm going to pass some time over to my colleague from Carleton.

Bruce Fanjoy (Carleton, Lib.): Thank you.

Ms. Farrell, the Prime Minister said, “The path to affordability is electrification; the path to competitiveness is electrification; the path to net zero is electrification.”

Can you give us an update on the major projects you're working on right now that are helping to advance Canada toward our doubling of the grid by 2050?

Dawn Farrell: As you know, the Prime Minister has put out an electricity strategy and a nuclear strategy. Our projects office currently has a couple of small hydro projects up in the north—Taltson hydro and Iqaluit—that we'd like to get built. They're not currently PONIs, but they are referred projects. They would replace the diesel the current communities up there have to build in order to live in the north.

We have the ability under our office to look ahead, so we have teams right now working across Canada, looking at potential new projects with tie-lines among provinces. There are also, as you know, a number of projects that people might be looking at, such as SMRs and nuclear. So far, those are further in the future, so the provinces are working on those. We aren't yet. Our particular interest right now is in looking very carefully at the opportunities to tie together grids so that we can get the benefit among the various provinces.

Bruce Fanjoy: Where do Churchill Falls and Gull Island fit into the plans?

● (1605)

Dawn Farrell: The Labrador trough is a strategy under our office. If Quebec and Newfoundland come to an agreement on Churchill Falls and Gull Island, we will assess whether they would benefit by coming to our office either for a concierge service, because we can help with permitting, or for a listing, because then we can do a number of other things, including the financing stuff.

At this point, we're waiting to see if they become projects. They require Newfoundland and Quebec to get together.

Bruce Fanjoy: Thank you, Chair.

The Chair: Thank you very much, Mr. Fanjoy and Mr. St-Pierre.

[*Translation*]

Mr. Bonin, you have the floor for two and a half minutes.

Patrick Bonin: Thank you, Madam Chair.

Ms. Farrell, you said you were assessing greenhouse gas emissions. An oil sands pipeline project would generate greenhouse gas. We're talking nearly 30 million tonnes—27.7 million tonnes, according to Environment Canada—to produce this oil in Canada. Two hundred million tonnes of greenhouse gas emissions is almost a third of Canada's emissions when we burn this oil.

Is the economy more important than the environment in your decision-making criteria?

[*English*]

Dawn Farrell: Remember that with the Pacific link pipeline, one of the criteria for building the project is that the Pathways project be completed. Pathways would reduce emissions by 16 megatonnes of greenhouse gases once built, six megatonnes through a carbon pipeline and then an additional 10 megatonnes.... As a package, that's how this project works.

We assessed what the greenhouse gas emissions would be from the pipeline itself. It brings up the emissions a bit. Of course, Canada, through its various greenhouse gas strategies, will have to find a way to reduce that by 2050, given our goals for 2050.

[*Translation*]

Patrick Bonin: Your assessment doesn't take the greenhouse gas reduction targets and the government's 2030 targets into account.

[*English*]

Dawn Farrell: We looked at the greenhouse gases over the life of the project, up to 2050, and we looked at them relative to the.... Of course, that project won't even be built until 2033.

[*Translation*]

Patrick Bonin: Regardless of the project, can you think of any oil and gas project that might be rejected due to the greenhouse gas emissions? I understand that, in the case of a pipeline, you can't think of any, but I find that highly questionable. Obviously, everyone thinks this is an environmental disaster, but can you think of any oil and gas project that could be rejected because of greenhouse gas emissions? If so, please give me an example.

[*English*]

Dawn Farrell: Frankly, our office is more focused on the infrastructure that's required in the country, such as gas pipelines and oil pipelines, and transportation, such as roads, trains and ports. A lot of our focus so far has been there.

I have not received any projects that we're seriously looking at right now that are pure oil and gas projects.

The Chair: Ms. Stubbs, it's over to you for five minutes.

Shannon Stubbs (Lakeland, CPC): Thank you, Chair.

Thank you, Ms. Farrell, for being here today.

I want to follow up on some questions from my colleagues about the Pacific link proposal.

First, I'm a bit concerned now about the uncertainty, because on Pacific link's website, it shows that the end point is Roberts Bank. We all know that the outer ring of Roberts Bank needs to be built out in order to accommodate that ship-to-ship transfer for the VLCCs to go to Asia. This, combined with the fact that the Pacific link pipeline would still require a final investment decision in the spring of 2028, leaves Canadians questioning how exactly this pipeline will be built on the schedule that is outlined so far.

The government has directed the route. The plan is for the Crown corporation that you used to run to build this Pacific link proposal. It's finally been designated as a project of national interest, even though the Prime Minister promised it previously.

Could you let us know what kind of independent commercial assessment the MPO obtained on the route and the financing for this project in advance?

● (1610)

Dawn Farrell: To be crystal clear, the project has been approved under the Building Canada Act and is now listed under schedule 1, which means that it has now moved under the Building Canada Act legislation and it must be permitted, with a conditions document, by September 1.

Based on what that conditions document is, the investors, which happen to be Alberta and Trans Mountain, will look at the conditions document and make their final investment decisions. They are like any other investors globally; everybody needs a conditions document that allows them to construct in order to do their final financing and make sure that they can achieve the financing.

Of course, they will still have to go to the market and get oil companies to sign up for capacity on the pipeline. They're going to have to put a price against that capacity. It's a real project. That's how real projects work in this world. They don't get built just because they'd be a good idea.

Shannon Stubbs: Thank you for making it clear that there's still a long way to go before this is a real project, with shovels in the ground, that Canadians can count on.

Dawn Farrell: No. It's a real project that's doing the right things in order to be ready to be invested in.

Shannon Stubbs: It is the Crown corporation that had major cost overruns and didn't get the other pipeline set up until long after the initially proposed start date. We owe it to Canadians to be clear to them about the realities around the pipeline.

Of course, the Liberals have already had this experience with the Trans Mountain expansion, when they had to redo their own indigenous consultation, which failed initially. On October 14, you said you felt like “we can never get this country to work.” You said that about first nations and major projects. You've led the MPO for more than a year. You ran the TMX Crown corporation set to build this promised Pacific pipeline. That had 156 conditions. I hope there will be a way to limit them.

What I'm concerned about is.... During Bill C-5 hearings, I warned over and over that insufficient indigenous consultation would send projects to court. You've probably seen that the longtime energy-producing and -owning Cold Lake First Nations, which supports pipelines and responsible resource development, is now challenging the national designation for the Pathways project and the Pacific link pipeline, and six other first nations oppose it. These are all first nations that are pro-oil and gas, pro-energy infrastructure and pro-energy exports.

Ultimately, it is the Crown's duty to effectively deliver on their consultation and get to “yes” for major projects in a good way. Can you tell us about any concrete recommendations or advice you've given to make sure that consultation gets done properly?

How can Canadians really be confident in it, when first nations that support oil and gas and pipelines are already challenging a decision?

Dawn Farrell: Rob, do you want to take that one?

Rob Van Walleghem: Sure. Thank you for the question.

First of all, it's important to recognize that, even though the two projects are publicly linked, they are separate projects with separate regulators and separate jurisdictions. Therefore, to the extent that Treaty 6 nations or others may be uncomfortable with the Pathways project, that is not necessarily a reflection of the Pacific link.

People are linking the two as if they're one project, but they are not.

Shannon Stubbs: The head of the MPO literally just said the pipeline is conditional on Pathways. That's exactly what the federal government has said.

We have a major challenge if first nations that are pro-oil and gas production and support energy infrastructure, support Pathways and have a long history of being owners, producers and service supply providers to the oil sands sector are already challenging in court this national designation—

The Chair: Thank you very much, Ms. Stubbs.

Shannon Stubbs: This is why there must be transparency and accountability for Canadians.

The Chair: Thank you very much.

Our last set of questions will be from Mr. Watchorn for five minutes, please.

[*Translation*]

Tim Watchorn (Les Pays-d'en-Haut, Lib.): Thank you, Madam Chair.

I thank the witnesses for joining us.

Ms. Farrell, you know that before coming to Ottawa, I was a small-town mayor. Just to change a culvert would require the approval of the Transportation Department, the Department of the Environment, the Department of Municipal Affairs, Fisheries and Oceans Canada, and so on.

I find that an office such as the Major Projects Office is extremely useful when you want to move large-scale projects forward, as even a small project such as replacing a culvert can become extremely complicated.

There have been some exciting announcements and there are projects under way in Quebec, including the Contrecoeur terminal and Nouveau Monde Graphite's Matawinie mine. I'd like you to explain exactly what role the Major Projects Office plays in getting these projects off the ground.

● (1615)

[*English*]

Dawn Farrell: For Contrecoeur, our first role was to help the Contrecoeur management team secure the funding they needed to get the project up and running. Of course, we got that done. They finished up their project and they are now under construction.

Our office has a project management group inside of it. We connect with the project group at Contrecoeur and provide them with whatever support they need. If there are any issues that emerge, we troubleshoot whatever we can so that we can help them ensure that the construction gets completed and is on time and on budget. As you know, that Contrecoeur port will be very important for Montreal and Quebec.

With Nouveau Monde Graphite, they needed to ensure that they had contracts for that graphite. We helped them secure some final contracts through the government for the graphite so that we could make sure that they could be financed. We also helped them secure financing and close the financing with various public entities such that they went to the market and raised equity for that project, which gave them all the money they needed.

They've now started the construction of that mine. We stay in touch with them to make sure that they have what they need as they're constructing.

They are going to build a refining project at Bécancour so that a quarter of the graphite will be refined for markets with their customers. This is really exciting, because it means that we're upgrading graphite. As you know, that's a natural form of graphite. It's one of the only natural forms in North America, so it's extremely important. We're helping them get organized around the final permitting and financing for the refinery part of that project.

We're also hoping to get more projects from Quebec, so we'd like you to find some more for us.

[*Translation*]

Tim Watchorn: Thank you very much. We will definitely find you more. There is one under development that is very important to us, which is the high-speed train project Alto. I'd like to know what your current role at Alto is to help advance the project and ensure delivery within the agreed time frame.

[*English*]

Dawn Farrell: That project is a strategy under our office and is mostly run under the Department of Transport. I work closely with the Minister of Transport because a lot of our projects are ports, highways, trains and stuff that he needs.

As you know, Alto has its own organization. The Department of Transport oversees it. Our project management office has a senior executive with 40 years of experience in construction projects. He sits on a couple of those Alto committees and he provides advice as they're getting ready to see if they're going to turn that project into a construction project.

[*Translation*]

Tim Watchorn: Thank you very much.

Just for clarification, you talked about consultations with indigenous peoples. I was impressed to hear that you managed to finish consultations on the previously announced project in three months. Explain to us how you make it work and how you ensure consultations are truly legitimate and understood by those consulted.

[*English*]

Dawn Farrell: Well, that was a tall order. It was a lot of work to pull that team together. Thanks to my two colleagues on the phone here, each with 40 years of experience in this field, plus some of my experience, we quickly got teams in place, quickly got capacity payments to first nations, quickly got into meetings with first nations—both technical meetings like this online and people out in the field meeting with them. We got everything consolidated so that we had all the input and the information.

I think first nations are a bit frustrated with this process because they are worried about not having enough information at the front end, but they also, at the same time, want to be involved early with projects. They're learning, and we're learning together how to do that. I'm really impressed with the first nations that we've been working with, and I think we'll go a long way there.

The Chair: Thank you very much.

We still have 11 minutes, so we'll do a lightning third round of three minutes instead of five and two minutes instead of two and a half, and then we'll do the full third round. We'll have two sets of Conservative Party questions, two from the Liberals and one from the Bloc.

We will begin with Mr. Leslie, for three minutes, please.

● (1620)

Branden Leslie: Thank you, Madam Chair.

Ms. Farrell, you directly tied, as it was in the MOU, the Pathways project with the Pacific link pipeline, at least in terms of the emissions reduction analysis. Can one be built while the other is not? I mean, can you approve and start construction on the pipeline without, at minimum, approving the Pathways project and/or at least starting construction?

Dawn Farrell: Remember that there's an MOU with the oil and gas industry to come to a conclusion about their commitment through final agreements to build Pathways, and those final agreements are being negotiated as we speak and are imminently due. Once those agreements are in place, you'll see that the Pathways project will be under way. We'll be going to its next phase in Alberta, because it's an Alberta-regulated project.

Branden Leslie: Okay—

Dawn Farrell: Just let me finish. With our pipeline, with the one that's in the Major Projects Office, we're currently under the process in which we're going to do a conditions document. If Pathways wasn't going to be under way, it would have to be a condition—in our minds—of the final conditions document that the Pathways project would be built in order for the project to go ahead.

Branden Leslie: Okay. Just to clarify—

Dawn Farrell: That's what the conditions phase is for.

Branden Leslie: Thank you for that.

Does cabinet have a veto over those conditions, ultimately? You can make that as a recommendation, but can cabinet say, “No, in fact, never mind. We don't need to build the Pathways project. Go ahead with the pipeline”?

Dawn Farrell: Well, given that the Prime Minister is the one who's very determined to have Pathways, I'm not sure why that would happen, but certainly, cabinet...it's at their discretion. They make the decision.

Branden Leslie: Who's [*Technical difficulty—Editor*] Pathways...?

Where is the financing coming from? How much is going to be public? I think that's what Canadians want to know. It's all fine and dandy to tie these two projects together, but when private sector is saying, “Oh, this is pretty expensive. We maybe want to weasel out of this at the end of the day”, how much are taxpayers likely to be on the hook for? When will we know that number for a truthful final decision on both of these projects, if they are so interconnected?

Dawn Farrell: The proponents for Pathways are the five companies under the Oil Sands Alliance, and it will be up to them to disclose the money that they're going to put into Pathways when they decide to build it.

Branden Leslie: Okay. I'll go back to the seconding of employees. Why do you think private sector companies are sending you their employees and paying half their salary? Is this out of the goodness of their hearts?

Dawn Farrell: Well, it's because I'm asking them to. When we phone companies and say, “We need someone who is a specialist in finance. We need to evaluate the financing of a large, $40-billion pipeline, and we want to make sure we do it right. Can you give us a young person—”

Branden Leslie: [*Inaudible—Editor*] now or in the future.... You could see, as a private sector company—

Dawn Farrell: —can you give us—

Branden Leslie: —some value in this, having an opportunity to have influence now or in the future.

The Chair: [*Inaudible—Editor*] Mr. Leslie.

As you guys are talking on top of each other anyway and you are out of time, we will move to Mr. Grant for three minutes, please.

Wade Grant (Vancouver Quadra, Lib.): Thank you, Madam Chair.

I got my reading glasses, but I forgot them in my office, so I have to take my glasses off.

Ms. Farrell, I attended at the B.C. Assembly of First Nations the day after you were there. It was a large room with a large number of chiefs. I spoke to a lot of them after as well. I myself am first nations, from the province of British Columbia.

I know my colleagues already touched on this, but I really want to give you an opportunity to further explain that some may have interpreted your comments at that meeting as expressing doubt about Canada's ability to advance major projects. Is that really an accurate reading of your remarks, or were you instead recognizing the skepticism you've heard from indigenous communities and emphasizing that governments must earn trust through concrete results, rather than just promises?

Dawn Farrell: Yes, I've been involved with first nations in a number of negotiations and consultations since around 2000. Of course, in this role, we are heavily involved in first nation consultations across the country—over 300. What we're seeing from the nations is pretty fantastic.

I know the first nations are nervous about the time frame, how much we're trying to get done and how quickly we're trying to do it. I know they're not used to that, because a lot of consultations were taking years, and a lot of projects weren't getting done.

They have every right to be, in my mind, skeptical around what the intentions of the Major Projects Office are. We're new. We're not proven yet. We haven't shown them what our intentions are, and we haven't followed through yet and made sure that the work we do is as we say it's going to be.

I was more expressing that I know they don't trust us, and it's up to me to do the work and to show them. I didn't say it well enough, and I regret that.

● (1625)

Wade Grant: I appreciate that, Ms. Farrell.

I want to go to Mr. Van Walleghem.

We talk about the skepticism that a lot of first nations have. It sometimes has to do with being too overwhelmed and overburdened to respond. We're trying to give them an opportunity to respond quicker. How does the MPO ensure that the efforts to accelerate project approvals remain consistent with the Crown's constitutional obligations, applicable treaty commitments and the rights of indigenous people?

Rob Van Walleghem: I'm a big believer in breaking down the components of FPIC. I believe that all nations and all indigenous people need to have good information, and they need to be free to enter conversations and make decisions. They need adequate capacity to do that.

They need the information early, so a major part of our effort here is to make sure that discussions are early. As Ms. Farrell was saying, communities are not used to proponents showing up with little information, but that's the point. We don't want proponents showing up in communities with plans that are so far down the road that they're intransigent because they've invested too much money in developing them. We want indigenous people to be involved in the co-development of these projects, so—

My time is up.

The Chair: Thank you for your answer.

Thank you, Mr. Grant.

[*Translation*]

Mr. Bonin, the floor is yours for two minutes.

Patrick Bonin: Ms. Farrell, you were the president and chief executive officer of Trans Mountain, the pipeline that cost $34 billion in public funds because the private sector didn't want to invest in it. Now, we have a new pipeline that will cost $43 billion at the very least, in which Pembina Pipeline Corporation, a private sector company, only wants to invest 10%. The rest is public money.

Can you explain why the private sector doesn't want to invest in this pipeline?

[*English*]

Dawn Farrell: I think that with Trans Mountain, they didn't want to invest because our regulatory processes were very difficult and unclear.

[*Translation*]

Patrick Bonin: I'm talking about the new pipeline that will cost $43 billion. Why doesn't the private sector want to invest in it?

[*English*]

Dawn Farrell: I think the process we're undertaking here will provide a lot of certainty as we go through the process and provide a conditions document. My expectation is, to the extent that we all do what we say we're going to do, you'll see more private sector investors in the new pipeline.

[*Translation*]

Patrick Bonin: I'll start over.

You're a pipeline specialist from the private sector and you haven't assessed why the private sector is unwilling to invest in the new $43 billion pipeline. You consider this a project of national interest, yet private companies are unwilling to invest in it, and you haven't assessed why.

Why do you think the private sector doesn't want to invest in this project?

[*English*]

Dawn Farrell: Frankly, Pembina's coming in for 10%, and potentially going as high as 20%, at the front end of this process was a very good sign that the private sector is interested in this process. This is really the first time we've undertaken this PONI process under the Building Canada Act. As we're successful under this act, that's what will bring more private sector players. That's my expertise and that's what I would say.

The Chair: Mr. Leslie, you have three minutes, please.

Branden Leslie: Thank you, Madam Chair.

Ms. Farrell, early in your opening remarks you mentioned a $200-billion portfolio. You're not an asset manager. Where is this $200 billion? Is that $200 billion that you've secured from the Canada Infrastructure Bank? Is that private sector commitments? What is that?

Dawn Farrell: The $200 billion would be the capital costs of the projects that we're currently evaluating. When you add up—

Branden Leslie: Churchill is just a wild number. These are just guesses.

Dawn Farrell: They're not guesses. The 18 projects that we're looking at today add up to about that amount.

Branden Leslie: You previously lamented the 10 years of consultations with first nations and an inability to get projects built. You warned first nation leaders that inadequate consultations can leave projects tied up in court for years. As my colleague mentioned, now Pacific link is already facing legal challenges concerning its designation. On a scale of one to 100, how much confidence do you have that the consultation process your office has conducted will stand up in court when it is challenged?

● (1630)

Dawn Farrell: I think it's very high.

Branden Leslie: One to 100; pick a number.

Dawn Farrell: No, I won't. I just think it's very high.

I'd like to clarify on something you said. I am not accusing first nations leaders of anything. The way our regulatory process worked in Canada is that we had consultations through various stages of very sequential decision-making that started with impact assessments and then went through various departments, which led to long consultation processes. The first nations are as frustrated with that as I am.

What I'm telling you today about the 300 first nations we're working with on five projects, the rights holders, is that on one hand, they do not want us to rush them and they want to make sure that they've got all the information. On the other hand, they're very interested in how we can improve the process so that their rights can be addressed, we can get the right environmental aspects into the project and we can get the projects built. Many of them say they—

Branden Leslie: How many investors for these projects whom you've talked to have said they are not going to invest unless there's government money on the table?

Dawn Farrell: Zero.

Branden Leslie: Given your testimony today regarding the seconding of employees and, frankly, the difficulty understanding the processes the MPO undertakes, as well as its collaboration across departments, in your view, if you're the average Canadian watching this, would you say that the Major Projects Office is a transparent organization?

Dawn Farrell: In my view, the Major Projects Office is providing transparency on the work we're doing through processes such as this.

Branden Leslie: Zero to 100...?

The Chair: Your time is up, Mr. Leslie. Thank you very much.

We will now go to Mr. Malette for three minutes.

Chris Malette (Bay of Quinte, Lib.): Thank you, Madam Chair.

My question is very brief and to the point. It's allowing Ms. Farrell to finish the answer that she was giving to my friend, Mr. Leslie, some time ago when he was asking about employees paid by industry.

I believe, Ms. Farrell, you were attempting to answer that question but didn't get the chance to fully expand on your point. Would you like to do that now?

Dawn Farrell: We have a mix of employees whom we've seconded from the government departments, who are policy and regulatory specialists. We also have employees who are seconded from business and are specialists in things like pipelines and trains. Transparently, we have three layers in the MPO: old people, middle-aged people and young people. We endeavour to have all three layers of those people working together on various projects so that we can build Canada. We work here because we all share one thing: we are very purposeful about wanting to take our time to build Canada.

Anybody's kid who gets a chance to work in the Major Projects Office, even for six months or a year, benefits by seeing how Canada works. They benefit by seeing what it looks like in government to be a public servant and what the issues are that you have to address. The public servants are seeing what it looks like to do the financial analysis, the technical analysis, all the analysis required to make sure that a project is financially viable, that it should be done and that it will create cash flow for 50 years.

It's a unique experience for employees. Employees are highly ethical, and they would not, in any way, ever want to embarrass this country. They wouldn't ever want to do something they thought was unethical, because we all came here for one thing: to build Canada.

Chris Malette: Thank you very much, Ms. Farrell.

Quickly, with your past and extensive experience in the business world, are you finding that this model is working?

Dawn Farrell: Oh, I love this model. I think it's working.

The only thing is that employees have to go back to their companies, and I'm usually begging them to stay. Cycling people through the office can be a bit hard to manage. However, net-net, for me—an old, washed-up person trying to do something well for this country—having the opportunity to work with some of our young and mid-career people, who are super smart and who want this country to work, is a fantastic experience.

● (1635)

Chris Malette: Thank you, Ms. Farrell.

The Chair: Thank you so much, Mr. Malette.

Thank you very much, Ms. Farrell and team, for giving us an hour today.

We are now going to suspend briefly so we can go to committee business.

[*Proceedings continue in camera*]

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