

**Hon. Richard Neufeld. Speech to Pacific Offshore Energy Association.  
Nanaimo – October 28, 2004 – Business Development Session**

Thank you very much, Mike, for that introduction. I appreciate it. Good afternoon, ladies and gentlemen. It's certainly a pleasure to be in Nanaimo again and to be talking about something that's near and dear to my heart and always has been. That is, specifically, offshore oil and gas, and oil and gas in general as it applies across the province of British Columbia.

I'd also like to send a welcome to Phil Whelan (Puglisevitch Group), the chair of the Newfoundland industries association and his associates. There's a number of them here.

We were sitting at the table talking about it a bit, and I think there's a bit of upmanship going on in Canada as we look back just the last few months. That comes from Ralph Klein. He arrives in Ottawa, and he goes to a meeting, and he walks out of the meeting. Not to be outdone, Newfoundland arrives at a meeting, doesn't even go to the meeting and walks out. There you go.

So they're setting the stage pretty high. My boss is actually staying in there and negotiating and working on the behalf of British Columbians to make sure that we get some good deals in B.C., and I'm just joking a bit with my Newfoundland friends here. They always do with me when I'm over there or when I lived in Fort Nelson and there was a larger community of people from Newfoundland than from any place else. I always related in a friendly way.

Not long after they started arriving.... They started arriving because they liked the work, and there was work there, and they came to work in the oil and gas fields. After a while, they started what they call "Newfie Night." Now, if you've never been in a community hall in Fort Nelson at 11 o'clock at night after everybody's been drinking for a while, and you listen to a few of the Newfies talk, you no longer know what's going on. All you know is that it's funny, because everybody's laughing. It's great to have them here with us.

Of course, as Mike mentioned - Mike Hunter - today is the event that marks the coming together of two volunteer community-based organizations: the Pacific Coast Offshore Oil and Gas Association and the Pacific Offshore Energy Association. These two groups have dedicated incredible time, incredible work and time away from their families, costing them money, to actually work with the province of British Columbia to bring forward to people in the province of British Columbia what you folks are here to talk about today, and that's offshore oil and gas industry.

I'm sure there are some in the crowd that are happy with the new name, which is Ocean Industries B.C., and I'm sure there are a few in the crowd that have talked to me about using B.C. and should be fairly happy about that, and I'm happy about that also.

As I said, I want to thank those groups who are working so hard in B.C. to do the things that you've done. There has been an incredible amount of information passed around not just in meetings like this but in first nations communities, communities across the coast - and good information, good information that people can actually start thinking about these kind of things and start making some decisions as to what they think about offshore oil and gas and whether they agree with it or not.

Also, on top of that, we have a pretty dedicated team in my ministry. I have a small ministry - actually a very small ministry - but it's a great ministry to be a minister of, because it's one that makes money, and it's always easier being the minister of a ministry that makes money than one that spends money. But that's how the world works. You know, we have to actually go out there and grab hold of the resources that we have in the province of British Columbia specifically and be able to turn that into money and jobs and investment and people and communities so that we can continue to provide health care and education in this great province of ours.

It's nothing new, and it's been going on for a long time, but what our Premier - and he sends his greetings to you today - has directed us to do as ministers is to get the economy going and to start working with people across British Columbia. That means working with people - not telling people what to do but working with people to see how we can actually make those things happen. These two organizations that have spent this amount of time and this hard work certainly deserve our thanks for doing that and starting that process.

The people that work in the ministry. I have two deputies in my ministry. Jack Ebbels is the head of the offshore team, a small team of people that work with a small budget that are trying to work with your organizations. He has shown great leadership, and so have the people that work on that team, in bringing together people from across the province but specifically people along the coast.

It's been mentioned to me by quite a few people that are mayors and councillors in different communities across the province that they are amazed at the knowledge that's already starting to permeate out there along the coast with people, and so I want to publicly thank them. They're a hard-working group of people, and I think we should give those folks, who all too often take a little bit of the bureaucracy, pointing the finger at... They work very hard on our behalf too, so I'd like you to give them a round of applause.

The oil and gas component of British Columbia is huge. It provides for British Columbia a lot of jobs - to people in British Columbia a lot of jobs and some solid communities. And you know, all too often we take a lot of this for granted. People will ask us: well, why do you want to go out and start digging for oil and gas off the west coast of British Columbia? Folks, it's because we need it. It's just that simple. We need it moving into the future. We need it in our everyday lives, regardless of who we are, where we live or what we do.

Today's world runs, actually, on the turbine and the internal combustion engine. There are those that tell you there will be other forms of energy to take its place over time. Some will tell you it may be wind power or some other alternative kind of power, but those are two totally different things. The fossil fuel industry has been with us for a long time, and it will be with us for a long time into the future as we move forward. Whether you're driving your car or your truck to this meeting or you flew an airplane from Newfoundland, you consumed some fossil fuels.

What we have to do is continue to monitor the environment, be careful about how we do it, move forward with actually modernizing those types of power that we have in the world. That's what's going to change how we consume the fossil fuels that we're out there producing.

Just to give you a little bit of a sense in British Columbia of what we consume.... That's surprising to me and probably surprising to a lot of people, even folks like yourselves that are quite knowledgeable about it, but to folks that maybe aren't knowledgeable about the oil and gas industry.... In British Columbia we consume about 5 billion litres of gasoline, jet fuel, diesel fuel, kerosene - all those things that are products of oil - every year. That's at today's growth, this fiscal we're year we're in: about 5 billion litres.

And as our economy improves, as people move here - and we continue to see people move here; again, we have net in-migration in the province of British Columbia; that means more people are coming here than are leaving; they're coming back - we're going to consume more and more every year as we move forward. What we have to do is consume it smarter, and we also have to go out and develop those resources - off our coast or onshore or wherever they are - smarter also. That's where technology comes in, and that's why we have to work with the technology industry.

Another example is.... People talk about expanding tourism, and that's an important part. I'm sure Mike Hunter would agree with me that tourism is very important in the province of British Columbia. But you know, if we want to bring more tourists here, how do we bring them here? I don't know. They don't ride bikes.

Let me tell you how tourists come here. They come here in airplanes, or they come here in cars, or they come here in pickups or motor homes. That's the basic travel for tourism in and out of British Columbia, and so they consume those fossil fuels getting here and staying here and visiting this great province.

We talk about the Vancouver airport. I'll just give you a couple more stats. The Vancouver airport consumes 3.5 million litres of jet fuel every day - every day, seven days a week, 365 days out of the year. We want to increase traffic into the Vancouver airport, Nanaimo - any airport across British Columbia. That's going to actually consume more fossil fuels.

What I'm trying to get across is that we continue to need these products as we move forward. A 747 will consume about 8,000 litres of jet fuel just in sitting at the dock

waiting for people to get on, when the engines fire up, taxiing to the runway and taking off, so as we move more and more of those into Vancouver or any other part of British Columbia, we're going to need the products that go along to make jet fuel so we can continue to do that.

Port of Vancouver, Vancouver, consumes just under 3 million litres of bunker C every day, seven days a week, 365 days of the year. That's just the port of Vancouver. We're talking about expanding at the port of Prince Rupert. Herb Pond, you're here. There he is in the back - the mayor. We've been doing some significant work with Prince Rupert and expanding that port. We want to see that port actually get busier as we move forward and also the port of Vancouver, so we're going to need those products.

In British Columbia we have about 110 trillion cubic feet of natural gas - conventional natural gas; about 90 trillion cubic feet of coalbed methane or coalbed gas; and about 18 billion barrels of oil yet to be discovered. And of course, 10 billion barrels of that oil and 42 trillion cubic feet of natural gas are estimated to be offshore off the west coast of British Columbia. It's a huge, huge amount of the fossil fuels that are in the province of British Columbia that we have to actually go out and exploit.

There's been a scientific and technical review conducted by an independent federal-provincial environmental panel in 1986. It was the first in recent history to conclude that exploration could proceed. We've since then updated that, since we came into office, with the Jacques Whitford report. Actually, we took and gave them the report that Jacques Whitford had done, asked them to take all the information that there was in British Columbia, put it together and give us some kind of a sense of what was going on. That was done early in the mandate of this government.

They came back with much the same conclusion - that as long as you have a good regulatory system in place, and there were some science gaps to fill, you could actually move ahead with offshore oil and gas. Our Premier is committed that if we can't do it scientifically sound and environmentally safe, it's not moving ahead. Those are pretty strong words when people talk about the environment. You know, the Premier doesn't want to see the beaches soiled. Neither do I, and neither do you. We want to move this industry ahead for the benefit for all British Columbians in the best way that we know how to do it today.

On top of that, we appointed, or I appointed, an independent panel headed by Dr. David Strong, who put together a report, again with all the available information but also going out further. I'm sure that that panel of three scientists, well known in British Columbia, went out further and got more information and said yes, with the right regulatory system and some science gaps filled, you can move ahead.

More recently we've had a federal one - the Royal Society - coming back. Again, this was appointed not by us but by the federal government - independent, go out and see what you can find with all the information. And they come back and say much the same things, other than saying that there are some science gaps that have to be filled.

They talk about \$110 billion worth of product that could be developed. That's huge. That could bring a billion dollars a year to the province of British Columbia to provide those things that I talked about earlier a bit - which is health care, education and social services.

I mean, it's far too big to ignore, so what we have to do is review it and decide how we can actually move forward with developing these resources. Again, it's organizations such as these that will actually help us move that file forward.

There's all the jobs. I'm not just talking about provincial revenue of a billion dollars a year once production is up and running, and that's a ways down, but it's the jobs that go along with it; it's the economic activity that happens. It's all the companies that right now have offices in Vancouver, Victoria or maybe even Nanaimo - I'm not sure - that work in the offshore industry around the world.

I think they'd love to be at home in British Columbia. I know what it's like to fly. I fly a lot back and forth to home, and I'm sure they don't enjoy flying to other parts of the world to work for three or four weeks and then come home for a week and then leave again. They'd like to stay at home in British Columbia and apply their knowledge to what's going on here in B.C., and we want that to happen.

The contribution - I talked about that - could be a billion dollars. The contribution that the oil and gas makes to the bottom line in the province of British Columbia is about \$2 billion a year. That's in land sales and royalties alone. It's got nothing to do with taxes, personal income taxes or anything like that. It's land sales and royalties alone. That's huge: \$2 billion is about one-fifth of our total health care budget; \$2 billion is the entire budget of Advanced Education; \$2 billion is the combined budget of Children and Family Development; Public Safety; and Water, Land and Air Protection.

Is it significant? Yes, it is. Is it significant to British Columbia? Yes, it is. And what we have to do, and what I'd like to see happen, in a sensible way: that we expand that industry not just offshore but onshore across the whole province of British Columbia - because those opportunities are available in other parts of British Columbia - so that we can actually create all kinds of activity, investment. And just so you know, onshore, the oil and gas industry invests \$4 billion. This fiscal year it will invest \$3.8 billion in exploration, drilling, production in northeastern British Columbia alone.

That's a lot of money. There is no other industry that invests that kind of money - none, including the forest industry. Although the forest industry is the engine in the province of British Columbia, oil and gas brings the biggest revenues to British Columbia. We have to keep that in mind.

It's a huge advantage to everyone. As I read the newspapers on a daily basis, there are always comments made about how we need to spend more on health care and education. I don't dispute that. Is there ever going to be enough money? Probably not enough, and I

think that's in Newfoundland no different than it is in British Columbia. But what you want to do is be able to provide a good health care and education system, and to do that, we have to develop some of the resources here in B.C.

That's a commitment that this government's made, and we're working hard to meet that commitment. We don't want to move too fast, because I think that will probably hamper it more than anything. There are those that say we should do it tomorrow. I think that's the quickest way to have the moratorium in place for another ten or 20 years than moving slower and making sure we have our ducks in order and things in place so that we can move it forward in a sensible fashion.

We have three goals in mind how we move this forward, and these are the three main goals that Jack Ebbels and his group works with. What we want to do is work with first nations in coastal communities to identify their concerns, provide information and establish mutually workable solutions.

That's part of what you're doing. That's part of what Teresa Ryan does. That's part of what a lot of people in British Columbia are doing, and I want to thank them for the work that they do, because we have to be able to do those kind of things to get the information out to those people.

Secondly, developing options for the provincial position on a comprehensive management and regulatory regime, from initial granting of exploration rights to decommissioning of facilities and site cleanup. Our focus is on best practices.

Now, that's one short paragraph, but let me tell you, that's a lot of work and a lot of work developing those kind of things. The offshore team is working hard on making sure that happens.

We're not here to reinvent the wheel. Newfoundland's done a lot of it. Nova Scotia. We've had activity in the Beaufort that we can glean information from. We have the Gulf of Mexico, the North Sea - I mean, all over the world - where we can get the information. The thing is that we have to be able to compile that, put it together so it makes good sense for British Columbia to move forward.

Thirdly, working with Ottawa and universities and colleges to advance the state of scientific knowledge regarding the B.C. offshore and ensuring that knowledge is made more accessible to the public.

Again, that's one short paragraph, but there's an awful lot punched into that. That is a difficult goal to meet, but that's one that the team is trying to meet.

You know, in the aboriginal communities.... I visited some of the aboriginal communities on the north coast and the non-aboriginal communities. We have to understand.... Some of you know. I can tell by looking in this room some of you have been involved in the oil and gas industry, so you have some sense of it, some comfort

with it. I've been involved with it most of my life, so I have a lot of comfort with the oil and gas industry and the benefits it brings, and I happen to live in Fort St. John, and I've lived in Fort Nelson, so I've experienced what the oil and gas industry can do to those type of communities.

But there are people that have never had anything to do with oil and gas. They've never even seen an onshore rig, let alone an offshore rig. And so what we have to do is work with those people to make sure that they're given the proper information. I don't mean just filtered from government or filtered from the ministry or filtered from someplace, and they don't get it all. They have to get all the information so that they can make knowledgeable decisions about the risks that are involved and about the benefits that are involved. That transcends not just aboriginal communities, but that actually goes through all the communities on the west coast - how we get that information out there.

We've tried hard to work with first nations communities, and we'll continue to work with first nations communities and other, non-aboriginal communities along the coast to make sure that we get the right information out there to help them. In fact, to date, we've probably spent as a ministry, since the conception of the offshore oil and gas team, just under \$2 million - about \$1.9 million - in funding different contribution agreements with organizations such as yourself or even this function here - those kind of things - working with first nations communities to help fund some of the information that they have to get out in their communities. I'm proud of doing that. I think that shows a commitment from the province of British Columbia that we're serious about doing this as long as we can do it environmentally sound and safe and move the file forward.

We've also contributed a fair amount of money to universities - \$2 million alone to the University of North British Columbia right off the bat when we were sworn into government for them to use - and again at arm's length - to develop options and things and information around offshore oil and gas. We also contribute to UNBC and UVic for a whole bunch of other information and programs, and the province has contributed \$33 million for some ocean information in conduction with the federal government, who contributed the balance, and some American interests so that we can move that kind of science forward. I think that also shows a commitment from this government that we're serious about trying to move this file forward.

We need to have a good relationship with the federal government, and I think we do to a degree. We don't always agree, but we do have a fairly good working relationship with them. I'll say that now because we have a different Environment minister and we have a few other different people in Ottawa now to actually take our case forward.

David Emerson is an example. He's the lead minister in British Columbia. If anybody understands industry.... Maybe not the oil and gas industry, but I'm sure he understands it to a degree. He certainly understands the forest industry in depth. He can help us bring that forward to the cabinet table in Ottawa so that we can actually reach our goal here. Because if we don't work with the federal government, we're not to get anywhere.

So working with the federal government is important, and we want to stretch that. We want to continue working with them. In fact, at the end of November, I believe, I travel to Ottawa with a number of other ministers to meet with John Efford, to meet with Gerald Regan [sp? Geoff?], Stéphane Dion, the Conservative caucus, the B.C. Conservative caucus, the B.C. Liberal caucus.

I want to meet with the Quebec Minister of Energy. They're having some difficulty, as I understand it, in the Gulf of St. Lawrence in trying to get permits.

I want to meet with them and with anybody that we can put our case forward to on the federal front so we can actually get some reaction and get these files moved forward.

I don't have any secret information about the Priddle Panel report or Cheryl Brooks's report or how that's progressing into the minister's office. That will be certainly something that I look forward, and I'm sure you look forward, to hearing about, and the sooner the better. So we'll just have to wait till they decide, actually, when they're going to release that information.

The one other thing that I bring forward to the federal government on a constant basis - and Jack and I have travelled there a number of times - is that with the moratorium in place on B.C.'s coast, we haven't been able to fill the science gaps, and we haven't been able to get the industry - although they're interested - really interested in doing a lot of the work because they don't know whether they can actually move forward with the moratorium in place. That's why we would like to see the moratorium lifted first, allow some seismic activities to take place - some new seismic activity, not the seismic activity that we're depending on today, which is from the seventies and the eighties but actually move forward with some new seismic activity along the coast so that they can identify where the basins are better. Because I'm sure - well, I know - technology is a lot better today in seismic than it was back in the seventies and even in the mid-eighties.

But when you look at British Columbia off the coast, there has been some seismic activity, like, I said, a long time ago, but I believe only about 30,000 kilometres of seismic activity has been [inaudible for] on the west coast. If you go to off the coast of Newfoundland, I think it's 1.3 million kilometers. That's a huge difference. They've done a lot of it in the Beaufort. They drill in the Great Lakes.

All we're saying in B.C. is: why should we be different? All that activity happens all around us. And if it can happen safely off Newfoundland's coast, if it can happen safely off Nova Scotia's coast, if it can happen safely in the Great Lakes and it can happen safely in the Beaufort Sea for the benefit of those regions of Canada, why can't it safely happen off the west coast of British Columbia? I think that's a good question that we have to continually bring forward to the federal ministers.

I think I'd take some questions today if there are some, but one thing I want to maybe say.... I was in the hallway when the group came through that were protesting and handed out these little pamphlets. You know, it's interesting. If you could channel all that



energy into actually looking for good results and the right things to do, it would certainly help, because many of these things that they talk about in here that I read briefly are no different than my goals. They're no different than the Premier's goals. They're no different than the ministry's goals, and they're no different than yours.

You don't want to see your shores in trouble with oil. You don't want to see ships wrecked along the coast. You don't want to see oil spills. And that technology and how we move that forward today is so far advanced from 20 years ago or even 10 years ago it's hard to believe. Whether it's drilling fluids and how they're applied nowadays compared to ten years ago, it's a world of difference.

So those goals.... Many of the goals that they have in here.... We have the same goals, but the goals we have also are that we want to have an economy where our children have a job, where our province actually prospers, where we can actually provide health care and education in this great province of ours and move it forward with using our natural resource industries in the best way possible for all British Columbians.

So I thank you very much for coming here today and taking part in the conference. I'm sure it's going to be interesting as you move forward. We are certainly committed as a government to making these kind of things happen, especially the offshore oil and gas. That's why we committed a team with a \$5 million budget every year to make that process happen.

At the end I'm going to say, so you hear it again from me, the Premier wants it to happen, because he wants that economic activity to happen, the jobs, but he said not at the expense of the environment or things like that. So as long as we can do it environmentally sound and scientifically safe, we can move this forward, and in today's world we ought to be able to do that, and I know we can do that with your help.

Thank you very much.