

## ISSUES &amp; IDEAS

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## OPINION

## Petroleum-impact index needed to assess pipeline benefits

**The elephant in the room:  
Missing from the debate is what  
existing oil infrastructure means to us**



ADAM LEAMY AND JAMIE LAMB

Who didn't peer southward with dismay during the recent U.S. fiscal-cliff crisis at a people so locked into "principled" positions, they'd knowingly risk pulling down their own house on their heads? Such hard positions with no concern about real-life consequences seemed the provenance of the reckless.

But when we look to the issue of new pipelines in British Columbia and Canada, we're like our southern neighbours, save for one profound difference. "Principled" positions abound, yet we have no idea of the role played in our lives by what flows through our existing pipelines. We don't know what's at risk, or at stake, in making our choice.

Oil is an Alberta thing. What emerges from the oilsands and flows through

existing pipelines to our only foreign customer makes Alberta rich. We get nothing, except for dangerous new pipelines that will make Alberta richer. Alberta can keep its pipelines and the liquid risk within, because pipelines haven't profited us in B.C.

But is that really true? Surely what flows through pipelines makes possible much of what funds, preserves, and cares for our B.C. lives. Payments from the federal government to the B.C. government for myriad programs and initiatives. Healthcare. Education. Government pensions. Company pensions. RRSPs. TFSA's. Affordable ICBC premiums. Road, sidewalks, hospitals and schools — are we certain that these things are not funded to varying degree by what flows through existing pipelines?

No, we're not. That's the problem with the B.C. pipeline "debate." Companies and groups have told us what new pipelines will mean to them. Fair enough. But what's lacking in our personal stance on pipelines is knowledge of the extent to which our lives are what they are because of what flows through existing pipelines. What's missing is what existing pipelines mean to us.

What's needed is something we'll call the Canadian petroleum-impact index — a measure that pinpoints, by province, by region, and by demographic group, the benefits from what flows through existing pipelines manifest in our communities and our lives. And if we're to avoid making a decision on pipelines that pulls our B.C. house — and Canadian house — down around our heads, we need to develop it, put it in place, and start using it. Fast, too, because here we all stand, ready to weigh in on pipelines, but without the information essential to an informed decision on the choice that confronts us.

That our place in the index exists, irrespective of whether it's high or low, is owed to one customer: the United States. Because we can't easily get our product to them, it means the U.S. has been buying our pipeline contents for \$25 a barrel cheaper than the world market price. That U.S. discount cost Canada \$25 billion last year, with a projection of \$20 billion this year. As the U.S. becomes petroleum self-sufficient, the discount will only get bigger if we are to entice them to keep buying.

And yet, among the groups promoting opposition to new pipelines, no one is advocating that, right now, we stop selling to our only customer and start living without the benefits made possible by the contents of existing

pipelines. In truth, none of us recognizes the existing-benefit elephant, so it's no wonder it's not in the decision room.

With U.S. self-sufficiency upon us, Canadian eyes must align with global eyes and focus on Asia, and Canadian efforts must be turned to getting Canadian pipelines to Pacific tidewater. But to achieve that focus, to turn that effort, we need to know what we'll lose if we don't.

Muddying the discourse by proposing transport by rail or truck if pipelines are defeated is a cynical attempt to scare us into embracing pipelines, when all that's needed is information on how existing pipelines impact our individual lives, where we live, today.

The starting point is the creation of a Canadian petroleum-impact index so B.C. and all the provinces can know the contribution made to the shape and structure of our lives by what flows through existing pipelines.

So who best to build the index? The usual groups have no credibility on the field because what they've told us so far is vested in what's good for them.

B.C. business elites telling us why pipelines are good for us is no replacement for the hard work and specialized skills required to create a petroleum-impact index. Recall their role in the HST and how well that worked. This time, grassroots before

grass tips. Nor is a replacement for the index to be found in the prognostications of B.C.'s media leaders that this pipeline or that pipeline is likely to succeed." Their last prediction had Adrian being elected Premier Dix.

A credible petroleum-impact index requires leadership from the highest levels.

Premier Clark and Prime Minister Harper can reshape the very context of the pipeline dialogue here and across Canada by quickly working together to have their economists, actuaries, statisticians, and others produce the index of the value of what flows through existing pipelines, and how it affects us, where we live in B.C. and across Canada.

As well, if elected leaders know a province's petroleum-impact index, they've now got context to judge if conditions for pipeline approval have been met, or if more negotiation is required.

We're standing at the crossroads, and we haven't a clue how we're benefiting from existing pipelines. That's a damn big elephant, and it needs to be in the decision room.

A petroleum-impact index will put it there.

*Adam Leamy and Jamie Lamb operate Northwest Public Affairs, a B.C.-based consulting firm specializing in strategic counsel and crisis management.*

## COMMENTARY

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