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Highlights:

- One of the most encouraging developments in Canada's oil and gas sector has been the emergence of Indigenous leadership and the rapid growth of Indigenous participation in oil and natural gas projects.
- Participation comes in the form of employment for Indigenous workers, spending with Indigenous-owned businesses, and equity investment in oil and natural gas projects by Indigenous communities. This adds up to billions of dollars in economic value for Indigenous peoples.
- To fully realize our energy advantage and for Indigenous Communities to reach their full economic potential, we must fix Canada's regulatory environment which is stifling investment into the energy and decarbonization projects the country needs.
- There is a vision within our reach where Canada is positioned competitively as the most-favoured producing nation, where industry, government and Indigenous nations work together to find solutions to our economic and environmental challenges to the benefit of all Canadians

National Council of Chiefs (NCC), Energy and Resource Summit

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How Canada can become a global energy superpower and the role Indigenous partnerships will play in reaching our true potential

CAPP President & CEO Keynote Address

Thank you for that nice introduction. As CEO of CAPP, I appreciate the opportunity speak here today. I want to especially thank the National Coalition of Chiefs and in particular, Dale Swampy for inviting me, and also congratulate him for hosting this gathering. Dale has been a pioneer and a leader in bringing the oil and natural gas industry together with Indigenous communities and businesses.

I'm proud that we're at a point in time where this collaboration is seen as normal and expected. There's a lot we're doing together, and more opportunities are coming. But Dale and the National Coalition of Chiefs started doing this work well before it was popular. And I know it took a lot of determination and resilience on their part. I think we owe them a debt of gratitude for paving the path we're on today.

What is the path?

One of the most encouraging developments in Canada's oil and gas sector has been the emergence of Indigenous leadership and the rapid growth of Indigenous participation in oil and natural gas projects. I think it exemplifies what's possible when industry is open to listening and learning from our neighbours.

I want to talk about three main facets of our sector's relationship with Indigenous peoples: with workers, with businesses and with communities, and how we've been trying to ensure everyone benefits from our world-class oil and gas sector.

First with workers. The industry has long been a major employer of Indigenous people – in part due to the fact our operations are often near Indigenous communities. We're very proud that, based on Statistics Canada data, oil and gas extraction and pipeline transportation offer the highest wages in Canada for Indigenous persons. In fact, Indigenous people make almost three times more in the oil and gas extraction sector than they do on average in Canada. [1]

And we've closed the wage gap between Indigenous and non-Indigenous workers. Indigenous upstream oil and gas workers actually made 2.2% more in average weekly wages than the average Canadian oil and gas worker in 2021, and we're looking into more recent data now to see if that trend has held up. [2]

Our sector is also making efforts to ensure Indigenous women have more opportunities for these great careers. The top three highest paying sectors for Indigenous women in Canada are oil and gas related. [3]

First, we know that good wages provide women and families with more options and better outcomes, and we want to expand that segment of our workforce.

Already, Indigenous people make up about 7% of our workforce in the upstream sector. [4] If you include our suppliers and support activities, and the midstream and downstream businesses, it's even higher, and includes tens of thousands of First Nation and Métis workers.

Second, the growth of Indigenous-owned and affiliated businesses is another success story within the oil and natural gas industry.

Many of CAPP's member companies have focused their Indigenous engagement efforts on building up that local supply chain and partnering with Indigenous-owned businesses. And they've seen great success.

Our industry now spends billions of dollars every year in procurement with Indigenous-owned businesses. Suncor alone spent \$3.1 billion with Indigenous businesses in 2022. [5]

But we're seeing that involvement and that collaboration across many different companies, and beyond the oil sands.

In a study CAPP completed with iTotem last year we found that \$765 million was spent between 2018 and 2021 in British Columbia's natural gas supply chain with 135 Indigenous-affiliated businesses throughout Canada.

Over that same time frame, supply chain expenditures with Indigenous-affiliated businesses increased by 148%. [6]

I know sometimes when we cite these big numbers, we don't take the time to reflect on their impact.

We don't always reflect on what it means for entrepreneurs and their families when they get a new construction contract; or what services communities are able to provide when their businesses have a great year and are able to contribute meaningful dividends to their nations.

We do hear about that in our industry. We hear about the elder's lodge, the hockey arena, the youth camps, or the scholarships that revenues from the oil and gas sector provide. That makes us very proud and, like you, we want to see more of that.

I know that many of you in this room are the ones that have built up those businesses and those opportunities, often starting from scratch. And now you're an essential part of our industry's success, and its future.

The third facet I want to highlight is equity, and the growing ownership by Indigenous communities in major oil and gas and energy assets.

Since 2017, almost four billion dollars of Indigenous equity positions have been taken in oil and gas projects: in pipelines, tank farms, power plants, LNG terminals and more. And this number is growing fast. [7]

I understand there are a few big deals pending with the Alberta Indigenous Opportunities Corporation (AIOC) which has been such a leader on this. We're excited to see those deals finalized and announced. Newer programs in Saskatchewan, BC, and now federally will offer even more opportunities for Indigenous equity.

CAPP was pleased that the federal Indigenous Loan Guarantee Program announced in Budget 2024 will be sector agnostic and will include investment in oil and natural gas projects. But what was really special about that, is that it was Indigenous partners that led that push.

It was Indigenous organizations that insisted they have access to capital to participate in what is arguably the country's most important economic sector, from the point of view of exports, balance of trade, government revenues and foreign investment.

And if and when Trans Mountain is sold by the federal government to a consortium of Indigenous communities, as most of us expect, that will bring equity ownership to yet another level, and bring our sector and its Indigenous partners even closer together. Our success will truly be your success and vice versa.

Because we're increasingly in this together, I want to switch gears now to talk to you, our key partners, investors and workforce, about how CAPP envisions success in the oil & gas sector, today and in the future.

Canada has the potential to be:

- A leader in lowering global emissions, exporting secure, responsibly-produced oil and natural gas to offset higher emitting sources in other countries.
- A reliable source of energy security – not just for ourselves but for our allies.
- And, an economic powerhouse, investing in the technologies of tomorrow, and benefitting all Canadians along the path to get there.

The business fundamentals of the Canadian oil and natural gas industry are strong.

- There is a growing global market for Canada's oil and natural gas resources;
- We are at record levels of oil production and with the Trans Mountain Expansion having just come online, we are set to hit record levels of oil exports; and
- We are only about one year away from exporting some of the world's lowest emission LNG to international markets, again with strong Indigenous partnership and involvement.

Yet as we sit here today, it is hard to see how we fully realize this opportunity for Canada, and for Indigenous Canadians. And that is because the greatest barrier to Canada seizing our potential energy advantage opportunity is today's **uncompetitive and complex regulatory environment**.

To It's an environment that:

- Sees Canada languishing in an ever more competitive global economy;
- Does not acknowledge the critical importance of the Canadian oil and gas sector:
 - to domestic and western alliance energy security;
 - as an economic powerhouse for this country;
 - as a pathway for meaningful Indigenous economic reconciliation; and
 - as a critical player in lowering global emissions.

So why does policy complexity matter and how does it impact Canada's place in the world?

Well, that's simple.

To build projects, export goods, create jobs and opportunities for a growing population, we need successful and growing businesses.

To do that, Canada needs to be **competitive for investment capital**. And to be competitive for investment capital, investors need regulatory and policy certainty – something we do not have in Canada.

When investors consider where to place their dollars – particularly in large-scale and long-dated projects and where the outcomes can be binary – they ask how predictable the regulatory and policy frameworks are, especially considering the payback periods for these types of assets is very long, and the forecasting required is far into the future.

When investors see regulatory uncertainty and risk, that can impede the cost of capital, and eventually the cost of capital can become prohibitive.

The cumulative result is that Canada is **failing to attract** the very large-scale, long-term capital investment Canada needs in the push towards a lower-emission, sustainable and prosperous economy.

Capital is global, agile and mobile. It naturally flows to countries where there are predictable regulatory and policy frameworks.

This is the issue for Canada.

Before I finish up, I want to **tackle some misconceptions** I've been hearing lately from political leaders and industry critics. I know you hear them too, and sometimes those critics target your communities, because they know how powerful your voices are.

The first misconception is that the oil and natural gas industry is dragging its heels on investing in decarbonization projects and getting in the way of the energy transition.

Nothing could be further from the truth. For well over a decade Canada's oil and natural gas producers have been investing in and implementing technologies to lower emissions, with tangible and meaningful results.

In fact, Canadian upstream oil and gas producers are among the nation's leaders in cleantech investment.

- The federal government just released its updated National Inventory of Greenhouse Gas Emissions and according to that report, emissions from oil and natural gas production peaked in 2015.
- The report shows the decade-long trend of declining emissions from the conventional upstream sector is continuing – with an over 20 percent reduction in carbon dioxide equivalent emissions since 2012. [8]
- The conventional upstream sector is also on track to exceed the current federal government methane emissions reduction target of 40 to 45 percent by 2025. [9]
- The largest oil sands companies have joined forces through the Pathways Alliance to deliver a credible plan to get to net zero emissions from operations by 2050. With anticipated co-funding from governments those six companies expect to invest \$24 billion in emissions reduction projects by 2030. [10]
- Canada's offshore industry produces some of the lowest emissions-intensive oil in the world. [11]
- The upstream oil and gas sector spends more than any other industry in Canada on environmental protection – \$9.4 billion cumulatively from 2018 to 2020 – accounting for one-third of all environmental protection expenditures made by business across Canada. [12]

Rather than being called a laggard, Canada's oil and natural gas industry should be recognized for its leadership and potential to help the world lower its emissions.

Creating a growth environment that further incentivizes large-scale investment into emissions reductions while increasing Canada's capacity to export our lower emission energy is how we can make an outsized role in the race to reduce global greenhouse gas emissions.

The second misconception I'd like to discuss is the idea that demand for oil and natural gas is declining. In reality, oil and natural gas demand – along with all energy demand – is at record levels and growing.

Oil and natural gas currently make up over 50 percent of total energy demand and that demand continues to grow.

A recent RBC report projected by 2035 the world will need to add another United States' worth of energy just to meet the needs of a growing global population. [13]

Governments globally are coming to terms with the hard realities of the energy transition and the need for pragmatism.

Many are recognizing traditional energy sources will be required for the decades ahead and the only true debate is around the pace of demand growth for oil and natural gas.

The third misconception emerging in Canada that I want to challenge is the idea that when the highly cyclical **oil and gas business is profitable** – and is able to reward investors, like we are today – that's bad for Canadians.

For the economy to grow and Canadians to prosper, Canada needs its largest job creators to be successful.

The reality is Canadians benefit from a strong and successful oil and natural gas industry. **When the oil and gas industry does well – so do Canadians. And so do your communities, as I highlighted earlier.**

Let me conclude with a warning and a solution.

There is a **vision for Canada** – one that the OECD predicts – that Canada will be the worst-performing economy – dead last – out of ALL 38 advanced countries over the next forty years – and with a host of follow-on devastating consequences. [14]

I don't think that will be positive for your businesses and your communities, and it certainly won't be for mine. I want to do everything as part of my role as CEO of CAPP and within my sphere of influence to change that.

But there is an alternative vision – one very much within our reach – in which after 2050 Canada produces the lowest-emitting oil and natural gas for as long as there is demand.

A world where Canada is positioned competitively as the most-favoured producing nation. Where industry, government and Indigenous nations work together to find solutions to our economic and environmental challenges.

To achieve this vision, we must get the policy environment right.

It needs to be clear, pragmatic, and competitive with other countries.

It needs to align across all provinces and federally, which means we need to collaborate across political lines and across industries, and across your communities.

If we get that right, we can:

- **Ensure billions of dollars in investment comes to Canada** – unlocking decades of value to help Canada's economy grow and prosper: creating high value, high paying jobs, opportunities, and prosperity for Indigenous and other Canadians for the decades to follow.
- **Take our place as a leader** in providing secure, responsibly produced oil and natural gas to help lower global emissions.
- **Enhance our geopolitical influence** while ensuring our own energy and national security in an increasingly unstable world, and
- **Recapture Canada's position of economic strength.**

I'm hopeful that the National Coalition of Chiefs, its friends and supporters want those things too, and that we can continue to work together to achieve them.

Thank you for having me here today.

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