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Energy

Oilsands under attack

Alberta's oilsands have an image problem, and Ottawa has had enough. Is the industry ready to clean up its act?

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Jim Prentice delivered a speech in Calgary last month that has been picked over by oil executives and environmentalists like high-school students interpreting a T. S. Eliot poem.

Truth be told, the minister of the environment's remarks contained plenty of familiar messages: he said it is pointless for Canada to act on climate change without the United States, praised the Copenhagen Accord and reiterated the government's support for oilsands

expansion. But then, in his closing remarks, Prentice offered an unexpected rebuke. "The general perception of the oilsands, with the misinformation that has been spread, has been profoundly negative," he told the University of Calgary. "Given that perception has a way of becoming reality, unless we take some bold, proactive action, the many positive steps we take toward addressing climate change will be eclipsed by that negativity. We will continue to be cast as a global poster child for environmentally unsound resource development. Canadians expect and deserve more than that."

At this point, it was still possible to think Prentice was just offering the oilsands industry some friendly advice. But then came the warning: "For those of you who doubt the

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Government of Canada's willingness, that we lack either the willingness or the authority to protect our national interests as a 'clean energy superpower,' think again."

Coming from an Albertan minister serving an Albertan prime minister in a Conservative government, the chiding was a surprise. But was Prentice hinting that Ottawa, weary of defending the oilsands to the international community, was preparing to crack down? Or was he just telling the industry to improve its public relations? Was this an image problem or environmental problem? Either is a reasonable interpretation. The industry complains the common portrayal of the oilsands as a mass of open mines, noxious tailing ponds, duck carcasses and grim smokestacks is woefully biased. But the truth is, the sands are also the fastest-growing contributor to Canada's greenhouse-gas emissions and certainly pose threats to wildlife and the water supply.

The minister himself says there should be no doubt about his meaning. He was neither telling the oilsands execs to worry about the environment or better their public image. He was telling them to do both.

"If you're going to be operating in the Canadian oilsands, the cost of doing business is you're going to have to be doing really fine work on the environment," he said in a interview with *Canadian Business*. "And you're going to be expected to communicate that to the outside world."

The speech made it clear the oilsands pose a political problem for the Conservatives, and they know it. The question is what Stephen Harper and Prentice will do about it.

The speech from the throne and federal budget, however, seemed to suggest Prentice's bout of tough talk was an isolated incident. Rather than proposing new rules, the throne speech promised to accelerate the review process for major energy projects. The budget had cash for carbon-capture-and-storage technology, but nothing new for industry monitoring.

"They want to deregulate further the permissions of tarsands development," NDP Leader Jack Layton told the CBC. "That is, I guess, something that the big oil and gas companies will celebrate, but I don't think that a lot of Canadians think that's the right thing to do."

It is unlikely most Canadians would have thought much about oilsands development at all less than a decade ago. The first efforts to tap the 170 billion barrels of oil trapped in northern Alberta began more than 80 years ago, with the first large-scale production starting in 1967. Loosening the heavy crude, or bitumen, from the surrounding sand requires heat and steam, usually generated using natural gas and resulting in greenhouse-gas emissions. Less than a decade ago, federal politicians could treat oilsands development as a regional issue, of serious concern to Albertans, a few environmentalists and no one else.

The past year has proven this is no longer the case. At the United Nations climate-change summit in Copenhagen last year, Canada was named the Fossil of the Year by the Climate Action Network, criticized by members of the European Parliament, mocked by satirical pranksters the Yes Men and singled out by UN secretary general Ban Ki-Moon. British journalist George Monbiot wrote Canada's efforts to protect the oilsands industry was "doing for its national image what whaling has done for Japan." More recently, Whole Foods, an American retailer, announced it would boycott fuel originating in the oilsands.

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Earlier this month, environmental groups capitalized on the eco-friendly message of the hit sci-fi film *Avatar* with an ad in *Variety's* special Oscar edition. The spread targets “Canada’s Avatar Sands” and compares oil from Alberta to the “unobtainium” mined in the film. The message of these lobbying efforts is compounded by legal proceedings against Syncrude Canada, which faces charges after 1,600 ducks died in 2008 on one of its tailing ponds.

Dead duck by dead duck, fossil award after fossil award, Canadians feel their reputation has been eroded by the oilsands. A Nanos research poll last year found respondents believed the oilsands had a negative impact on Canada’s reputation abroad, with those in Quebec and, surprisingly, Western Canada being the most ardent in that belief.
