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**ENERGY**

## Tanker traffic tug-of-war

- B.C.'s global energy ambitions could be running aground on growing opposition to West Coast oil tanker operations
- Environmentalists backed by U.S. foundations have launched a campaign to block crude movements throughout B.C., but opponents say the industry has a long and important history

Full sale: oil and gas industry supports say oil tankers have steamed in and out of B.C.'s harbour for decades and helped support the economy

By Joel McKay

**O**il pipelines and tanker traffic are crucial to B.C.'s economy.

That's the message industry proponents are trying to broadcast amid mounting pressure from environmentalists, federal opposition MPs and First Nations to strangle crude oil movements across the province.

"What I find appalling is these people, without apparently looking at or correctly interpreting the history of B.C., are suggesting we shut down all tankers leaving Vancouver harbour and shut down the Enbridge [Northern Gateway] project without even thinking about it or telling people what it would mean in practical terms," said **John Hunter**, a North Vancouver-based energy consultant.

Last month, Liberal and NDP MPs passed a motion aimed at banning oil tanker traffic along B.C.'s north coast.

Shortly after that, Vancouver-Quadra Liberal MP (and former B.C. environment minister) **Joyce Murray** introduced Bill C-606 to formalize the ban in law.

That followed an October protest by local environmental group **No Tanks!** to ban oil tanker traffic in Burrard Inlet.

The catalyst for the fight appears to be **Enbridge's** (TSX:ENB) Northern Gateway project, a \$5.5 billion twin pipeline system that would transport crude from Edmonton to Kitimat where it could be shipped to Asian markets.

Northern Gateway has not been approved, but the project has mobilized environmental groups to launch a massive campaign about the dangers of tanker traffic in B.C. waters.

Hunter believes the campaign has been so effective that most British Columbians have forgotten that petroleum product shipments are vital to the provincial economy.

For starters, they're nothing new.

Oil tankers have plied Burrard Inlet since 1915 when **Imperial Oil** (TSX:IMO) built the Ioco refinery and town site in Port Moody (Ioco is an abbreviation for Imperial Oil Co.)

Today, Imperial, **Shell Canada**, **Petro-Canada** and **Chevron Canada** operate petroleum product terminals along Burrard Inlet.

Chevron's refinery is the largest property taxpayer in Burnaby, and company spokeswoman **Deidre Reid** said petroleum product movements in Burrard Inlet are crucial to the refinery's business.

Between its Burnaby location and an office in downtown Vancouver, Chevron employs 665 people locally.

At **Port Metro Vancouver**, crude oil and petroleum products have been steaming in and out of the harbour for decades.

see *Crude*, 5

## THIS WEEK



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World-class sprinter now running two companies he saved from closure **Profile, page 31**

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Forest industry set for turnaround, but skilled workforce has departed **News, page 4**

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Uranium mining ban in B.C. depriving province of potential resource windfall **News, page 4**

**Dealing with death in the workplace**

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**Talent deficit threatens to stunt province's green energy growth**

B.C. needs more expertise to harness looming sustainable power surge **List story, page 19**

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# Crude: Port's exports up 369% between 1995 and 2010



Energy consultant John Hunter: "let's accept the fact that the risk of a tanker accident is pretty small"



Tides Canada co-chairman Joel Solomon: "fossil fuels are here to stay and are a key part of economic prosperity and the energy needs of the world"



Liberal MP Joyce Murray: says her bill is meant to formalize a tanker moratorium former prime minister Pierre Trudeau introduced in 1972

from *Tanker*, 1

Between 1995 and 2010, total crude oil exports at the port increased 369% to 3,864,674 tonnes.

Petroleum product imports such as gasoline and jet fuel have increased 254% to 1,737,354 tonnes for the same period.

Still, port COO **Chris Badger** said those shipments are only a fraction of the total volume the port handles (102 million tonnes in 2009).

By comparison, the **Port of Montreal** handled some 777 million tonnes of liquid cargo in 2009, including gasoline, fuel oil and jet fuel.

Even though petroleum product movements through the port account for a small portion of its overall business, those shipments power trucks and jets that support the economy.

"We as the Lower Mainland have increased our need for refined crude products ... so a considerable amount of refined fuels are coming back into B.C. in order to feed the airport, to feed the economy," Badger said.

In 2009, according to **Kinder Morgan Canada**, the port's crude oil exports were valued at \$2.3 billion.

Its Trans Mountain pipeline is a 1,150-kilometre system that transports a variety of petroleum products between Alberta and B.C.

The pipeline supplies more than 90% of the gasoline, diesel and jet fuel products delivered to the central Interior and Lower Mainland.

The Trans Mountain also transports jet fuel from Chevron's Burnaby refinery and supplies approximately 80% of **Vancouver International Airport's** fuel needs.

On top of the terminals, the port and the pipeline, petroleum product shipments also support barging companies.

Vancouver's **Island Tug and Barge Ltd.** is one of a handful of B.C. companies

that specializes in fuel movement between the mainland and coastal islands.

"The whole of Vancouver Island depends on water transfer for their fuel," said **Scott Hopkins**, Island Tug's operations manager.

And amid all of the oil and petroleum products moving back and forth in B.C. waters, Hunter has one message: "So how many accidents in B.C. waters since 1915? I can't find one."

Environmentalists acknowledge that there has never been a major crude oil spill in B.C. waters, but they often point to the **Exxon Valdez** spill in 1989, which dumped more than 250,000 barrels of oil in Alaska's Prince William Sound.

"Major spills happen and,

**"So how many accidents in B.C. waters since 1915? I can't find one"**

- John Hunter, energy industry consultant

statistically, one will happen," said Liberal MP **Joyce Murray** in regard to the north coast.

"Human error is not something that can be regulated out of existence, nor equipment failure, so my contention is eventually a big oil spill will happen and we could never go back."

She believes a spill would not only harm wildlife, but also wipe out thousands of fisheries and tourism jobs along the coast.

No Tanks! asserts the same message regarding oil tankers in Burrard Inlet.

Badger said there is a risk of a spill in Burrard Inlet, but all vessels that come into the port are manned by B.C. marine pilots, have tug escorts and are doubled-hauled.

Ships transporting crude from Kitimat would have similar requirements,

Enbridge has said, although during a recent speech to the **Calgary Chamber of Commerce** president and CEO **Patrick Daniel** acknowledged that a spill is still possible.

The company faced additional criticism last summer when it reported an oil leak from its pipeline in Michigan.

In his speech, Daniel said the company's goal is to reduce leaks and spills to zero.

He also argued that a rejection for Northern Gateway would limit Canada's ability to diversify its oil markets beyond the U.S.

"At a time when the world demand for energy is rising very significantly, ignoring Canada's West Coast energy bottleneck is the equivalent of announcing that we're not interested in playing on the world stage," he said.

But that might be exactly what some people in the U.S. want.

North Vancouver-based researcher and writer **Vivian Krause** has traced millions of dollars back to U.S. foundations that have funded Canadian groups to "demarket" Alberta oil.

Since 2000, foundations such as the **William & Flora Hewlett Foundation**, the **David & Lucile Packard Foundation**, the **Gordon & Betty Moore Foundation**, the **Pew Charitable Trusts** and the **Rockefeller Brothers Fund** have spent more than \$200 million to "reform" Canada's resource industries.

A significant chunk of that money targeted Alberta's oil industry, and moved through organizations such as the U.S. **Tides Foundation**, **Tides Canada**, the **Pembina Foundation** and **Corporate Ethics International**.

Local environmental business guru **Joel Solomon** is vice-chairman and a founding member of **Tides Canada**.

Tides shares a Vancouver

office with **Renewal Partners**, a seed investment company of which Solomon is also president.

According to Krause's research, U.S. and Canadian tax returns show that U.S. foundations have funnelled money into the Great Bear Rainforest Initiative on the B.C. coast, the Boreal Forest Initiative, First Nations at Kitimat village and the **David Suzuki Foundation**.

Tax returns also show that Tides and Tides Canada have funded US\$4.3 million for a "Tar Sands Campaign," providing money for organizations such as the **Sierra Club**, **Corporate Ethics**, the **Natural Resources Defense Council** and **Forest Ethics**.

Krause said the same Canadian environmental organizations, funded by the same U.S. foundations, have also targeted B.C.'s salmon farming industry.

And Solomon has long been an ardent supporter of Vancouver's "green" Mayor **Gregor Robertson**.

Renewal Partners backed Robertson's **Happy Planet Foods** with an early investment, and Solomon later supported his bid for a mayoral seat.

When asked if he or the Tides Foundation was trying to steer B.C.'s economy away from its resource industries, Solomon said: "Canada's natural resources are our long-term national security and important to the well-being of future generations. They must be utilized responsibly

## CRUDE FIGURES:

**1915** - the first oil tankers steamed into Burrard Inlet

**369%** - the amount crude oil exports have increased at Port Metro Vancouver between 1995 and 2010

**\$2.3** billion - approximate value of crude exports in 2009

**90%** - the amount of the Lower Mainland's gas, diesel and jet fuel supplied via pipeline

## OIL OPPORTUNITIES:

**465** - the number of employees at Chevron's Burnaby refinery

**200** - the number of employees at Chevron's Vancouver office

**100** - the number of employees at Petro-Canada's Burrard terminal

**91** - the number of Kinder Morgan employees in B.C.

**29** - the number of Imperial Oil employees in B.C.

and with the highest regard for their impact."

Tides Canada vice-president of business development **Sarah Goodman** said the foundation's oilsands grants have averaged \$500,000 over the last five years, or less than 3% of its grant-making activity.

Goodman added that Tides has "taken no stand for or against the oilsands."

Liberal MP **Joyce Murray** dismissed Krause's research as a "conspiracy theory," adding that she was B.C.'s environmental minister when she and Premier **Gordon Campbell** met with U.S. foundations to discuss investing in a "sustainable economy" on the central coast.

"That was not the U.S. hoisting something on the province of British Columbia," Murray said. "It was the premier having the foundations join in an area of common objectives."

When asked why Bill

C-606 targets B.C.'s coast and not the east coast where oil tankers are also a regular feature, Murray said it's meant to formalize a tanker moratorium former prime minister **Pierre Trudeau** introduced in 1972.

Her bill does not target tanker traffic in Burrard Inlet or the movement of other petroleum products up and down the coast.

But the bill would effectively cripple the Northern Gateway project.

And **Frank Atkins**, a **University of Calgary** economist and world oil markets expert, said if B.C. can't effectively ship oil to Asian markets it'll be a loss for not only the industry but also the Canadian economy.

"This is a big market for us," Atkins said. "So stopping tanker traffic, it wouldn't be immediately disastrous, but over the long term it's really going to limit growth." ■ jmckay@biv.com



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