

House of Commons Standing Committee on Natural Resources

Study: Current and Future State of Oil and Gas Pipelines and Refining Capacity in Canada

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CHECK AGAINST DELIVERY

Thank you, Mr. Chairman.

J'aimerais présenter mes commentaires en anglais mais par la suite, je serai heureuse de répondre aux questions, soit en français ou en anglais.

My name is Vivian Krause.

Over the past five years, unpaid, I have followed the science and the money behind environmental campaigns and recently, I have written a series of articles published in The Financial Post and elsewhere. I also write a blog called Fair Questions.

I am not part of any industry, any political party or any campaign.

As I prepared to testify today, I watched the short video at the web-site of the Joint Review Panel for the Northern Gateway. In that video, the chairperson of the panel, Sheila Leggett, says that the decision that the panel will be making is whether the Northern Gateway is in the public interest of our country. She emphasizes that public participation is important and that the panel is focused on making sure that it has a process that is **open, fair and transparent**.

With the backing of government and the oil industry, one of the most powerful industries in the world, it is expected the Northern Gateway proponents will have significant resources at their disposal. This is common knowledge so when the public hears from the spokespeople from industry and government, we consider the source.

What hasn't been known, however, until recently, is that some of the opponents of pipeline projects, and the campaigns against Canadian energy also have some deep-pocketed supporters south of the border.

In order for the Joint Review Panel to conduct its work in a manner that is open, fair and transparent, I believe that **on all sides**, funding to influence public opinion and public policy should be out in the open.

In my review of U.S. tax returns of the American charitable foundations that have been funding the environmental movement, I've traced \$300 million that has gone from American foundations to environmental organizations and campaigns affecting Canada. Most of my analysis is based on U.S. tax returns because the I.R.S. requires greater disclosure and makes more information publicly available, than the C.R.A.

The \$300 million is for roughly 850 grants that I've traced from ten foundations. In addition to those foundations, there are another dozen or more American foundations that also have granted substantial funds to Canadian environmental groups.

By my analysis, American funding of enviro groups in Canada has **increased ten-fold over the past decade**, from \$4 million in 2000 to \$50 million in 2010.

Of the \$300 million in American funding that I've traced, at least **\$30 million is for campaigns that specifically target the oil and gas industry in Canada.**

As I see it, the campaign against Canadian energy is one side of a two-sided coin. The other side of the coin is the creation of the renewable energy industry. In trying to understand the campaign against Canadian oil, and the pipeline projects that are the lifeline of the Canadian energy sector, this is perhaps the most important insight that I can offer.

This thinking is reflected in a strategy paper titled "Design to Win," prepared by the California Environmental Associates and funded by all of the big American foundations that are funding

the climate change campaign. In this document, there's a diagram that clearly spells out that consumer and voter campaigns are funded as a way to put pressure on politicians to create the context for policy that will bring about, and I quote, a "massive shift in investment capital from dirty energy to clean energy."

Of course, the dichotomy between dirty energy and clean energy is a bit of a false dichotomy to the extent that so-called, clean energy also has some negative, environmental impacts. Underlying this dichotomy is another dichotomy which is the rough dichotomy between energy that has, historically, included a substantial level of foreign oil imports, and an industry that is primarily domestic.

So the campaign to shift from dirty energy to clean energy, as it appears to me, is also about shifting from imported oil to domestic energy. **This isn't purely about protecting the environment.** If you read the fine print, you'll find that American foundations say themselves that one of their interests is the energy security, the national security and the energy independence of the United States.

In the media coverage and the public debate over the past few weeks, there have been several recurring questions. I'd like to try to speak briefly to these.

1) "So What?"

The first question is the "So what?" question. Environmental organizations have downplayed the extent to which the Canadian environmental movement is funded by American foundations. They counter that the oil industry has foreign investors and that the environmental impacts of the oil industry are global, so its fine for the environmental movement to source its funding globally as well. These are valid points.

The heart of the matter isn't only the foreign nature of this funding. It's that the money involved is big, and its from billion-dollar foundations, who are implementing a marketing strategy to shift investment capital using the publicity of science as one of the tactics. As I see it, in some instances, environmental activism is being funded as a tactic for

manipulating markets, swaying market share, and protecting trade interests.

If thousands of Alaskan families, say, were giving small cheques of \$25 or \$30 to B.C. environmental groups opposed to the gateway, well, that would be foreign money but I don't think it wouldn't bother me. After all, if there is a terrible oil spill on the B.C. coast, Alaska could be affected. But the American money that's fueling the campaign against Keystone XL and against the Northern Gateway isn't small amounts of money from a large number of individuals. It's the opposite of that. Its very large amounts of money from a very small number of sources. These are billion-dollar foundations and in one case, a hedge fund billionaire, Jim Simons, the man behind Renaissance Technologies, a \$15 billion dollar hedge fund.

My blog and most of my writing has been about **the science** and the money behind environmental campaigns, and really, it's the use of flawed science and the use of exaggerated and in some instances, false claims, that is my biggest concern.

Some of what the environmental organizations are saying simply isn't true. That's the real problem here. And that's what brings me to ask, who's funding these campaigns, and why?

2) Who's Calling The Shots?

Environmentalists insist that they're in the driver's seat. This doesn't quite ring true for me because most of the foundations that are funding these campaigns do not accept unsolicited proposals. In other words, they have their own ideas.

3) Constituency

This is an important one for the Joint Review Panel. The question is this: When an organization receives a substantial portion of its funding from a single, foreign source, who does that organization represent? Take, for example, RAVEN, a small First Nations group that campaigns against the proposed, Prosperity Mine in B.C. According to its Canadian tax returns for 2009 and 2010,

83 percent of its total revenue for those years, was from outside Canada. When an organization is that heavily funded by outside sources, does it represent Canadians? Or, does it represent its foreign funders? Or both?

Incidentally, I've seen several grants that mention specific mines, including the Prosperity mine, and other specific projects, including a ski resort, the Jumbo Ski resort, proposed in B.C.

When billionaire funders are involved in influencing public opinion and public policy on a major issue of national importance, I believe that this should be out in the open, whether those billionaire funders are foreign or Canadian.

Going forward, I hope that the CRA will require the same level of disclosure as the IRS. Had that been the case, all of this would have been out in the open years ago.

I also hope, as I've said before, that government and industry will begin a dialogue directly with the American foundations that are funding the campaign against Canadian energy. These foundations give away a billion dollars every year. I doubt that anyone can out-spend them. They've already spent hundreds of millions of dollars in our country, so I take it that they're serious about what they're doing. I think the time has come for a dialogue directly between the Canadian government and industry, and these American foundations.

Thank you, Mr. Chairman.