

Mayor Stephen Mandel
Presentation to the Oil Sands Multi-Stakeholder Committee
Tuesday, September 26, 2006
CHECK AGAINST DELIVERY

- Good afternoon, everyone. Thank you for the opportunity to speak on the issue of oil sands development in Alberta.
- Before offering my perspectives on this topic – and how I believe the Edmonton region can help the Province manage growth and sustain the boom – I would like to applaud the Government of Alberta for setting up the Oil Sands Multi-Stakeholder Committee.
- We have a once-in-a-lifetime opportunity before us in Alberta, and I know that we all understand just how important it is for us all to get it right.
- Both to achieve the maximum benefit from the development opportunities before us and in laying the groundwork of a value-added foundation that has the potential to move our region into the position of one of the world's leading energy development and manufacturing sectors.
- We've been fortunate in the benefits that geography has bestowed on our Province – but like all “lucky” people, it's how we act....or don't act, that will truly define our fortune.
- I'd like to begin by emphasizing the City of Edmonton's full support for your Integrated Energy Vision and its three key objectives; namely, to ensure the oil sands provide
 - Long-term economic benefits;
 - Value-added jobs; and
 - A safe environment for Albertans.
- We see, in the Edmonton Region, we see our City and our regional partners as a big part of this vision.
- And hand in hand with the desire to achieve in the broadest terms on the potential of the oilsands, we have a growing understanding of the growing responsibility we share in needing to attract and retain growth – and to make Edmonton and region realize its full potential as the transportation, logistics, research and manufacturing hub of the oilsands and northern development.
- There are more than \$30 billion in direct oilsands related projects slated for our Region – and I believe that it is only the tip of what's possible.

- And as exciting as the opportunity is, it is equally daunting because there is so much we need to do to really turn vision into reality. And a big part of this task is owned by the municipalities in the region.
- We provide so much of the basic framework that makes business possible – the roads, the land servicing, the people and housing.
- And we have a growing understanding of how much is at stake in getting our part right, you just need to look at Fort McMurray to know what's the risk in not being able to keep pace with growth.
- And all the same symptoms of growth are in place here in this region, and like communities across the province we're struggling to keep pace and contribute as full partners in sustaining the boom.
- A quick look at the current numbers tells you a lot:
 - Edmonton's unemployment rate is below 4%, which represents a huge shortage of labour overall, to say nothing of our skilled labour shortage;
 - Housing prices are up 40 per cent in Edmonton from this time last year – which has a huge impact on affordability;
 - Housing need is at an all-time high – if anyone caught a glimpse of the line-ups for the new Century Park development, that tells you a lot about demand in our city right now.
 - Our apartment vacancy rate has plummeted from 4.5% last October to its current level of 1.5% and shrinking, it's further squeezing people on the affordable housing issue;
 - A record number of people are moving into Alberta, with an expected 75,000 new people in Alberta this year alone.
- But these staggering numbers are nothing compared to what lies ahead:
- 200,000 people are expected to come to the region in the next 10 years – if we can attract all these people (and I know this is increasingly our biggest challenge) they will serve much needed workforce needs, but they bring need with them...for schools, for health care, for roads and parks and community recreation assets.
- We need to provide the community assets that make a city so much more than a place to work. And in turn, our quality of life forms the foundation of what our employers need to be able to attract people.
- But we need to do these things during a time when there is a great deal of strain from growth – not the least of which is the rising costs of infrastructure projects we need to complete – up 30% and more this year.

- We need to work with regional, provincial and industry partners to plan and coordinate access to infrastructure, utilities and services – the things that make the Edmonton region a desirable place to invest and a major contributor to Alberta’s success.
- This need for a more cooperative approach is the major reason you are hearing me talk so much about the need for our region to get its act together and to plan together for our mutual success.
- We need, for example, to consider how we are going to move people and products across our entire region, in a 24/7 business environment – these are decisions that have to be made across boundaries, not just from municipal border to municipal border.
- We need to plan together to make the best possible decisions about where new businesses, communities and services will be situated – again, we have to be able to erase boundaries to make these decisions the best way.
- So instead of having individual communities work out one-offs with industry on a project-by-project basis, we are pushing our regional partners to think much more broadly – about the total impact we can secure from this growth, and the total requirement to support growth across all our communities.
- Clearly, the way we’re responding now isn’t good enough. We must make changes to accommodate the scale of growth.
- If we don’t deliver, we can expect more headlines like the one on the front page of last week’s *Edmonton Journal* business section that said, “Heavy Oil Chicago Bound.”
- Don’t forget, we’re competing against the best in the world, and the future role that the Edmonton region plays in oil sands development will depend on our ability to maintain or increase the attractiveness for investment.
- This means
 - We must provide infrastructure and services to most or all of the upgraders to allow economies of scale and reduce direct capital investment by upgraders. This would provide a disincentive for firms to locate elsewhere.
 - We must provide “private” water supply utility and offer wastewater treatment,
 - We must provide hydrogen production utility to supply the upgraders, knowing that this hydrogen could also be shipped out of the region.

- We must accelerate our ability to capture carbon dioxide for re-use in secondary extraction of conventional resources.
- Equally important is maintaining high levels of service on conventional transportation infrastructure, which for the Edmonton region means:
 - Upgrading the rail system,
 - Improving road access and dangerous goods routes, both within our region and in how we connect to the rest of our province.
 - Focusing on airport services and the road access component of the air transportation system.
- The Edmonton region must also move aggressively on the opportunities offered by downstream value-added activities in three basic categories:
 - Increasing additional refining in Alberta of synthetic crude for shipment throughout North America,
 - Using the by-product gases from upgrading to produce olefins for petrochemical feedstock,
 - Making better use of waste products in synthetic crude production for a variety of purposes.
- We must accomplish all of this if the Edmonton region is to remain a place of choice for major oil sands-related development, and keep the value-added work here in Alberta.
- But the question is: how do we accomplish this?
- The Government of Alberta can play a major facilitating role through direct investment in the Edmonton region – and we welcome that activity.
- But I believe the burden doesn't have to fall only on the shoulders of the Province.
- The Edmonton region can deliver some of the necessary infrastructure and services, but only if Edmonton and its regional neighbours share in the costs and benefits of development and develop a regional plan to manage growth.

- Right now, this isn't happening. There is so little cooperation in this region, we are constraining our ability to make the most of these opportunities.
- We are so caught up in getting something for each of our little communities, that we don't have any broader regional vision. And by entrenching myopic visions within each of our 23 municipalities, we are lessening incentives for cooperation, not building them.
- It's clear that we need to head in another direction – to establish balances and fairness throughout our region in terms of who benefits from and who pays for growth.
- It's also clear we need regional planning.
- Much has been made of the five new upgraders that are on the table for the region, but this is only the start of the direct investment that could come....and it doesn't even begin to project the value-added opportunity that can spin-off from this growth.
- So where's the regional plan to deliver integrated infrastructure for these? What about water, wastewater and other environmental issues that will impact the entire region? How will workers for these massive projects be housed, and what roads will they travel on to get to and from their worksites?
- Without a regional plan to accommodate this, there's reason to believe that this boom will be anything but a boon for the people of this region. The costs will be too high, and then we'll pay an even bigger cost – loss of opportunity.
- Let me assure you, the City is not looking to slow down growth. Far from it.
- We've launched our own industrial land strategy to attract major industrial projects to Edmonton.
- But at the end of the day, inter-municipal competition on this front is not the best way to go. We need to plan regionally on a scale that is greater than ever before, and we need the province to help facilitate this process. Our economic future depends on it.
- Simply put, we need to have:
 - Regional growth management,
 - Delivery of regional economic and social infrastructure,
 - Funding mechanisms that promote cost and benefit sharing,
 - A governance structure that is able to respond quickly to changing priorities, to make these things happen.

- I believe we can meet the challenges.
- I believe that downstream oil sands development is sustainable, both economically and environmentally.
- Edmonton wants to be a partner with the Province in realizing its vision, but we'll only be able to accomplish this through a regional approach . . .
- . . . an approach based in action instead of words . . .
- . . . an approach that promotes working together proactively for the good of us all instead of the same old same old . . . which only perpetuates disparity and municipal self-interest in the region.
- Thank you.