

## MEMBER STATEMENT—KEVIN O'REILLY MLA FRAME LAKE

### LIABILITY CAPS IN OIL AND GAS REGULATIONS

October 18, 2018

**MR. O'REILLY:** Merci, Monsieur le President. Our government passed mirror legislation and regulations for resource management that came into effect as part of the devolution process. In the Oil and Gas Operations Act, section 52 allows for the making of regulations under this legislation. The Oil and Gas Spills and Debris Liability Regulations were made under this authority and set absolute liability limits of between \$10 and \$40 million, depending on the location of a spill or debris caused by oil and gas exploration and production. If damages exceed the absolute liability limits, then all parties may be responsible for the oil and gas spill, especially with onshore areas that we regulate now. This means that the GNWT and our taxpayers may be on the hook if damages exceed these caps. The same caps are in place in federal legislation for the offshore and have not been changed in 30 years. That means that, if we cannot prove fault or negligence, the public pays for whatever disasters may be created.

This is the offshore, but the Deepwater Horizon disaster in the Gulf of Mexico cost British Petroleum more than \$90 billion in fines and settlements. Lost tourism revenues totalled more than \$23 billion alone. In October 2011, the US Department of the Interior's Minerals Management Services was dissolved after it was determined it had exercised poor oversight for the drilling industry. Three new agencies were placed at separating the regulation, leasing, and revenue collection responsibilities, respectively.

Countries such as Norway and Greenland have no liability caps, and the Auditor General of Canada recommended in 2012 that the caps on the Canadian offshore be reviewed and changed.

Clearly, the liability caps set in GNWT regulations for oil and gas operations are not consistent with the polluter pays principle. They are outdated compared to other jurisdictions and international experience. Why on earth would Cabinet cap liability on damages that could run into the hundreds of billions of dollars? Why has the Minister not made changes to remove the liability caps in more than four years since devolution?

I will have questions for the Minister of Industry, Tourism and Investment, who sets the regulations, manages leasing, and collects revenues from oil and gas development and is also the promoter of such development. Mahsi, Mr. Speaker.