

**MEMBER'S STATEMENT — KEVIN O'REILLY, MLA FRAME LAKE
CAP ON ABSOLUTE LIABILITY FOR OIL AND GAS OPERATIONS**

March 4, 2020

MR. O'REILLY: Merci, Monsieur le President. Our government continues to promote hydrocarbon development through a May 2018 strategy document; in fact, Cabinet wants to spend \$1 million over three years to promote oil and gas development. One thing that has not changed in our post-devolution oil and gas regime is a cap on absolute liability for spills or accidents. This cap is found in the Oil and Gas Spills and Debris Liability Regulations that set absolute liability limits of between \$10 and \$40 million, depending on the location of the spill or debris caused by onshore oil and gas development. Mr. Speaker, that means that, if you can't prove fault or negligence, the public pays for whatever disaster may be created. Such liability caps are definitely not a good idea, given the recent disaster in the Cameron Hills, where our government failed to ensure adequate financial security.

In reviewing changes to the oil and gas legislation in August 2019, one of the recommendations from the Standing Committee on Economic Development and Environment was that there be "a comprehensive review of oil-and-gas-related regulation, with the express purpose to increase the cap for absolute liability." There was never a response to that recommendation. The same caps were in place in federal legislation for the offshore for over 30 years. The Auditor General of Canada recommended in 2012 that the caps on the Canadian offshore be reviewed and removed. This was done in 2015, through the Energy Safety and Security Act, where the "polluter pays" principle is expressly incorporated, and there is now unlimited liability for at-fault operators and an absolute liability limit without proof of fault or negligence that has been significantly increased to \$1 billion. Countries such as Norway and Greenland have no such liability caps. As a result of the Deepwater Horizon disaster in the Gulf of Mexico that cost British Petroleum more than \$90 billion in fines and settlements, lost tourism revenues alone totalled more than \$23 billion.

Clearly, the liability caps set in GNWT regulations for oil and gas operations are not consistent with the "polluter pays" principle, other jurisdictions, and international experience. Why has Cabinet not changed to remove the liability caps in more than five years since devolution? I will have questions later today for the Minister of Industry, Tourism and Investment. Mahsi, Mr. Speaker.