

Minister
of Natural Resources



Ministre
des Ressources naturelles

Ottawa, Canada K1A 0E4

May 15, 2020

Mr. Yves Giroux
Parliamentary Budget Officer
pbo-dpb@parl.gc.ca

Dear Mr. Giroux:

Thank you for your correspondence of April 28, 2020, regarding your request for data on the \$750 million to launch a new Emissions Reduction Fund and the \$1.7 billion to clean up orphan and inactive oil wells.

Canada's resource industries are among the economic sectors hit the hardest by the COVID-19 pandemic. The petroleum sector is struggling with the added challenge of record-low oil prices that comes as the pandemic has caused global demand for oil to drop dramatically.

For this reason, our government has announced targeted funding to support distressed sectors, including almost \$2.5 billion for the energy sector. This funding will help to retain and create approximately 10,000 well-paying jobs while enhancing environmental performance in the petroleum sector so it can continue to play a key role in Canada's clean growth future.

The \$2.5 billion in funding includes:

- Up to \$1.72 billion, through funding to the governments of Alberta, Saskatchewan, and British Columbia and repayable funding to the Alberta Orphan Well Association, to clean up orphan and inactive oil and gas wells. This is expected to create thousands of jobs, including an estimated 5,200 in Alberta alone, and provide lasting environmental benefits.
- Up to \$750 million in repayable contributions through a proposed new Emissions Reduction Fund to lower greenhouse gas emissions in Canada's oil and gas sector, with a focus on methane. This fund includes \$75 million, some of which will be non-repayable, to help the offshore industry in Newfoundland and Labrador create and maintain jobs through pollution reduction efforts.

Canada

My officials are currently in discussions with the provinces and other key stakeholders to ensure the Emissions Reduction Fund is disbursed as quickly and as effectively as possible. Early engagement has been conducted with Alberta, Saskatchewan, and British Columbia, as well as several industry leaders. Program delivery options have also been developed and are being narrowed down for best-fit implementation. Further decisions with consultation on program delivery will be made in the coming weeks.

Concerning the \$1.7 billion to clean up orphan and inactive oil wells, these funds are being disbursed to the provinces by the Department of Finance. I encourage you to reach out to my colleague, the Honourable Bill Morneau, Minister of Finance, for more information on this program.

I trust that you, your employees, and all your families are safe and healthy during this unprecedented period.

Again, thank you for writing.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Seamus O'Regan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

The Honourable Seamus O'Regan, P.C., M.P.

c.c.: The Honourable Bill Morneau, P.C., M.P.
Minister of Finance