
ARE NEW OIL PIPELINES AND TANKER FACILITIES VIABLE IN CANADA?

Research Report

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INTRODUCTION:

The debate around what to do with Canada's energy resources does not come with an easy solution. Controversies over Enbridge's Northern Gateway pipeline project, Kinder Morgan's TransMountain Expansion project, Enbridge's Line 9 reversal as well as the Keystone XL pipeline are examples that demonstrate the inherent challenges of building an oil pipeline anywhere.

Public polls have been varying considerably on the viability of pipeline projects. Nanos Research released a survey for the Woodrow Wilson Institute in April 2013 which found significant support in Canada and the U.S. for the Keystone XL pipeline. Yet, within a month (May 29, 2013), an Angus Reid survey for the Asia Pacific Foundation of Canada found that support for pipelines to the West Coast had dropped from 53% to 45% over the past year. As well, the BC provincial election was held during this time frame and pipelines were a key campaign issue.

In that changing environment, INNOVATIVE decided to see where Canadians stand on pipeline and tanker facilities, and whether the proponents' arguments have the potential to build support.

As part of INNOVATIVE's Canada 20/20 national panel, 2,469 Canadian adults responded to a unique URL via an email invitation and were asked a variety of questions related to see how they feel about oil and gas development projects.

At the start of the survey, participants were asked what their initial reaction would be to a list of nine potential energy projects including:

- hydro power for dams,
- run of hydro power that re-directs part of the flow and returns it downstream,
- electricity generating plants fuelled by municipal waste,
- LNG storage facilities,
- high voltage electricity transmission lines,
- oil pipelines,
- natural gas pipelines,
- drilling for shale gas, and
- port facilities for oil tankers.

Their responses are shown below as "pre-test" responses.

Respondents were then asked to agree or disagree with a series of message statements that support oil pipeline or port facility projects.

Finally, we asked respondents once more whether they would support or oppose projects for oil pipelines and port facilities for oil tankers. Those responses are labelled below as "post-test".

To simplify reporting the results, we calculated a **net support score** by subtracting the percentage opposed to the type of project from those in favour for each region. We then subtracted initial net

support from the final net support to determine the ***net impact score***. A positive net impact means support grew and a negative net impact means support fell.

We often use this approach for message testing. Clearly, having an respondent read a statement is nowhere near as compelling as the same statement made within a well-produced TV ad or web page. However, our experience is that if messages are unable to move people when we have their undivided attention, no amount of production value can make the message compelling. .

Key takeaways from the study are as follows:

- Oil pipeline projects receive about the same approval as disapproval in our pre-test, with BC respondents being the least favourable
- Canadians appear to accept energy messages that are being made by government, industry and the media
- The proponent messages we tested build support for oil pipelines and tanker facilities

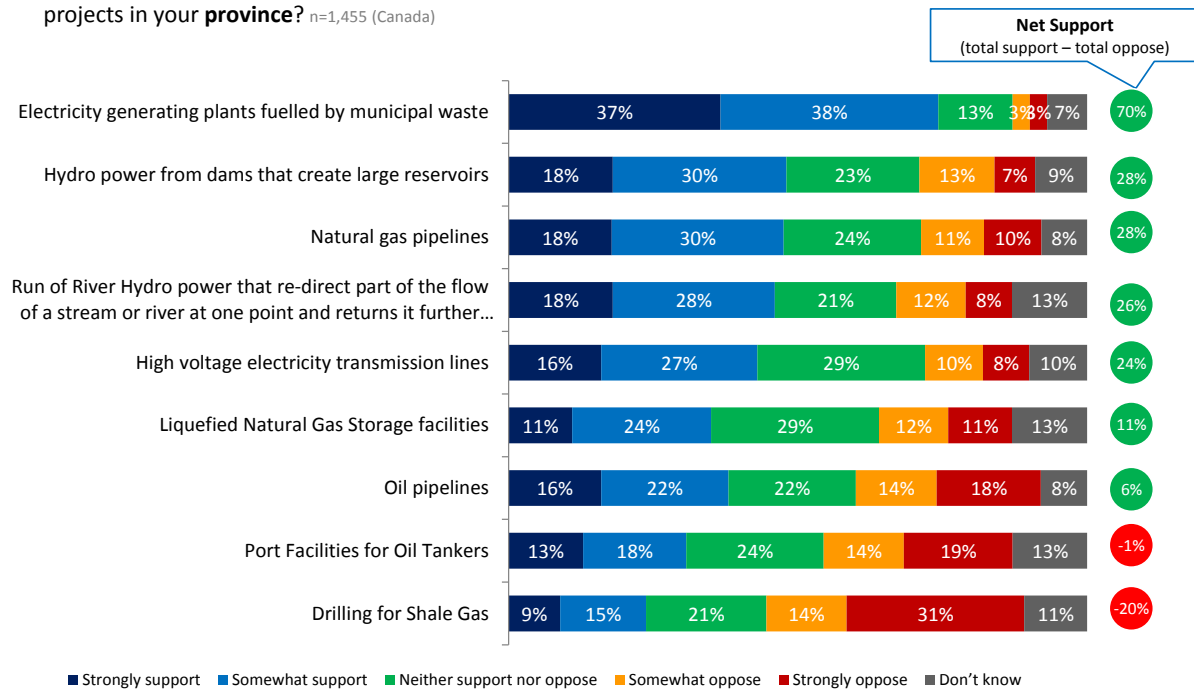
For a complete list of survey questions and results, please refer to the end of this report.

DETAILED FINDINGS:

Initial Support for Energy Projects

When asked whether Canadians support or oppose a variety of energy projects in their province, we see most types of projects enjoy more support than opposition. With the exception of shale gas, most electricity and natural gas projects tested enjoy significantly more support than opposition.

Generally speaking, would your initial reaction be to support or oppose a proposal to build each of the following projects in your **province**? n=1,455 (Canada)



It gets tougher for oil projects, but they are competitive. Oil pipelines enjoy 6 percentage points more support than opposition while Canadians are divided on oil tanker facilities. Given their initial responses, we see that oil pipeline development is not off the table. Port facilities for oil tankers are not particularly popular or unpopular.

Regional Support for Energy Projects

While the national numbers for oil projects are competitive, the regional results show some bigger challenges. While on average across Canada more people support than oppose pipelines, in BC, Ontario and Quebec, there are more opposed than supportive – particularly in BC.

Port facilities for tankers have a similar challenge – evenly divided across the country but more opposed in BC, Ontario and Quebec. It is worth noted that the Atlantic provinces are very supportive of tanker facilities.

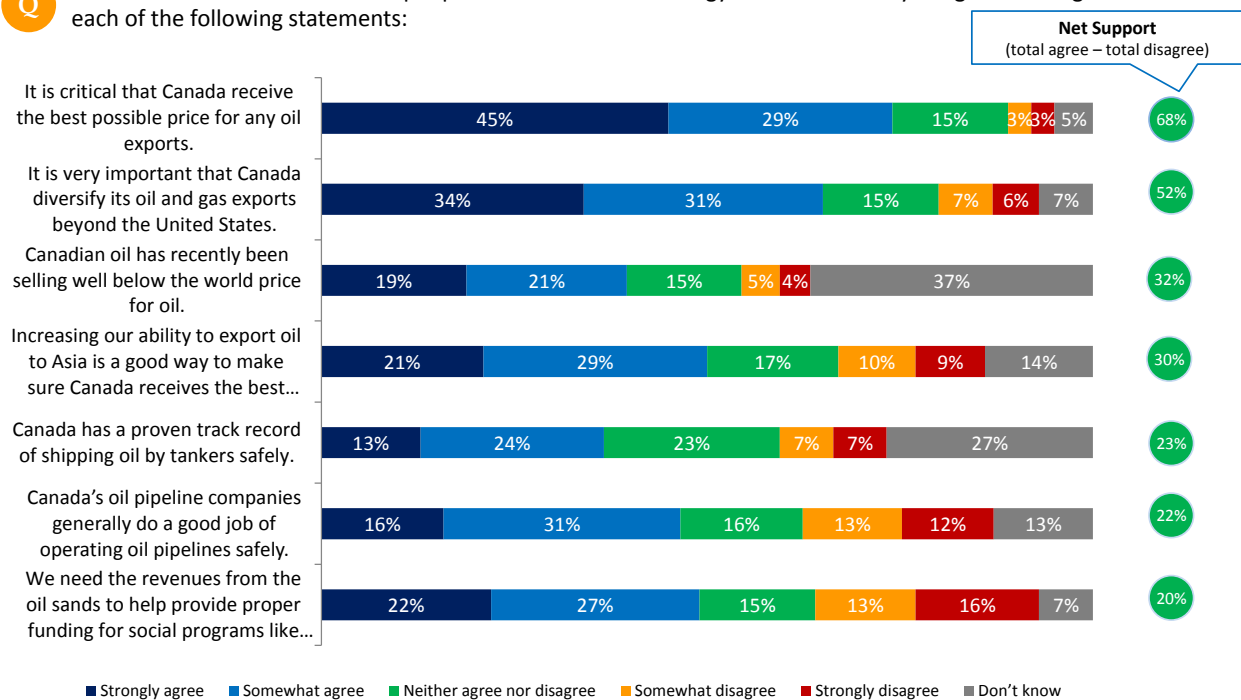
Q Generally speaking, would your initial reaction be to support or oppose a proposal to build each of the following projects in your **province**? n=1,455 (Canada) **Net Support (total support minus total oppose)**

	National	BC	Alberta	Prairies	Ontario	Quebec	Atlantic
Electricity generating plants fuelled by municipal waste	70%	69%	84%	66%	71%	63%	72%
Hydro power from dams that create large reservoirs	28%	22%	10%	41%	31%	27%	35%
Natural gas pipelines	28%	25%	56%	44%	32%	3%	33%
Run of River Hydro power that re-direct part of the flow of a stream or river at one point and returns it further downstream	26%	17%	29%	25%	22%	32%	43%
High voltage electricity transmission lines	24%	24%	18%	18%	21%	30%	34%
Liquefied Natural Gas Storage facilities	11%	22%	41%	18%	8%	-8%	18%
Oil pipelines	6%	-9%	44%	43%	-5%	-2%	24%
Port Facilities for Oil Tankers	-1%	-9%	14%	5%	-8%	-5%	33%
Drilling for Shale Gas	-20%	-15%	14%	11%	-26%	-36%	-20%

Reaction to Proponent Messages


Next, we showed people seven messages about energy. All seven messages were well accepted with at least 20 percentage points more people agreeing than disagreeing with the statements. The greatest net agreement was found in messages that conveyed best price for oil exports and diversifying oil and gas exports beyond the U.S. The statement about Canadian oil selling at under world prices stands out because of a large degree of uncertainty. It appears many people have not heard of that development. The safety record statements about both pipelines and tankers also enjoy strong net agreement, but the tanker statement also shows a large number of people who are uncertain, likely because they have not heard anything about tanker safety one way or another. The need for oil sands revenue to support social programs has the highest level of disagreement at 29%, but still enjoys 49% agreement.

Q Below are a series of statements people have made about energy. Please tell us if you agree or disagree with each of the following statements:



Impact of Messages on Support for Oil Pipelines and Tanker Facilities

After respondents were asked about the seven energy messages, we then asked them again whether they would support or oppose oil pipelines and port facilities for oil tankers. The net impact for oil pipelines demonstrates the numbers by which the industry messages tested move support for oil pipeline projects. All regions show growth in support for oil pipeline projects, with the most significant growth seen in Ontario (17%) followed by Quebec and B.C., the three key battlegrounds. If oil companies are able to better position themselves and present their best foot forward, they have the potential to garner more support for proposed oil pipelines like Northern Gateway and Line 9 in BC, Ontario and Quebec.

 Given what we discussed, do you support or oppose a proposal to build each of the following projects in your province? n=1,455 (Canada)

	Net Support (total support minus total oppose)					
	BC	AB	Prairies	ON	QUE	Atlantic
Pre-test for Oil Pipelines	-9%	44%	43%	-5%	-2%	24%
Post-test for Oil Pipelines	3%	52%	53%	12%	12%	33%
Net Impact	12%	8%	10%	17%	14%	9%

Impact of Messages on Support for Oil Pipelines and Tanker Facilities

Port facilities for oil tankers also show an increase of support in all regions following the series of energy message statements, but support for tanker facilities did not grow as much as support for pipelines and the greatest improvement occurred in the Prairies where there are no ports.

Q Given what we discussed, do you support or oppose a proposal to build each of the following projects in your province? n=1,455 (Canada)

	Net Support (total support minus total oppose)					
	BC	AB	Prairies	ON	QUE	Atlantic
Pre-test for Port Facilities for Oil Tankers	-9%	14%	5%	-8%	-5%	33%
Post-test for Port Facilities for Oil Tankers	-3%	22%	29%	-1%	5%	42%
Net Impact	6%	8%	24%	7%	10%	9%

Regionally, the gap closed in BC and Ontario but there remained slightly more opponents than supporters. In Quebec support shifted from net negative to net positive. The Atlantic support grew to even higher levels.

SUMMARY:

Recent controversies and political set-backs have raised the question of whether Canadians are willing to permit new oil infrastructure projects. This study reveals that the oil sector is in a reasonable starting position and their arguments can work. The question is, in the competition for Canadian hearts and minds, will oil project proponents be as effective in making their case as their opponents have been in making the opposing arguments?

ABOUT THIS STUDY:

These are the findings of an Innovative Research Group (INNOVATIVE) poll conducted from May 23 to May 31st, 2013.

This online survey of 1,455 Canadian adults was conducted on INNOVATIVE's Canada 20/20 national panel.

The Canada 20/20 Panel is recruited from a wide variety of sources to reflect the age, gender and region characteristics of the country as a whole. Each survey is administered to a series of randomly selected samples from the panel and weighted to ensure that the overall sample's composition reflects that of the actual Canadian population according to Census data to provide results that are intended to approximate a probability sample.

INNOVATIVE provides each panellist with a unique URL via an email invitation so that only invited panel members are able to complete the survey and panel members can only complete a particular survey once.

Since the online survey was not a random, probability based sample, a margin of error could not be calculated. The Marketing Research and Intelligence Association prohibits statements about margins of sampling error or population estimates with regard to most online panels.

The margin of error for a probability-based random sample of 1,455 using a probability sample is ± 3.5 percentage points, 19 times out of 20.

Some questions were previously asked in 2012 NIMBY, an online survey of n=2,502 adult Canadians conducted on INNOVATIVE's Canada 20/20 national research panel. There were 334 respondents in British Columbia. The full report can be found here:
<http://www.innovativeresearch.ca/public-polls.htm>

Survey Questions

Generally speaking, would your initial reaction be to support or oppose a proposal to build each of the following projects in your province? [RANDOMIZE LIST]

Strongly support	1
Somewhat support	2
Neither support nor oppose	3
Somewhat oppose	4
Strongly oppose	5
Don't know	8

En général, diriez-vous que votre première réaction serait d'appuyer ou d'opposer un des projets de construction suivants dans votre province? [RANDOMIZE LIST]

Appui fortement	1
Appui un peu	2
Ni appui ni oppose	3
Oppose un peu	4
Oppose fortement	5
Ne sait pas	8

- NBY50. Hydro power from dams that create large reservoirs
- NBY51. Run of River Hydro power that re-direct part of the flow of a stream or river at one point and returns it further downstream
- NBY54. Electricity generating plants fuelled by municipal waste
- NBY59. Liquefied Natural Gas Storage facilities
- NBY60. High voltage electricity transmission lines
- NBY63. Oil pipelines
- NBY64. Natural gas pipelines
- NBY65. Drilling for shale gas
- NBY66. Port facilities for oil tankers

- NBY50 L'hydroélectricité provenant de barrages qui créent de vastes réservoirs
- NBY51 Hydroélectricité au fil de l'eau qui réachemine une partie de l'écoulement d'un cours d'eau ou d'une rivière à un certain point et le ramène plus loin en aval
- NBY54 Centrales dont l'électricité est produite à partir de déchets municipaux
- NBY59 Installations de stockage de gaz naturel liquéfié
- NBY60 Lignes de transport d'électricité de haute tension
- NBY63 Oléoducs
- NBY64 Gazoducs
- NBY65 Forage de gaz de schiste
- NBY66 Installations portuaires pour les pétroliers

NBY67. From what you have read, seen or heard, which is the safest means to transport oil products over land?

1. Pipelines.
2. Railways.
3. Trucks
98. Don't Know

Compte tenu de ce que vous avez lu, vu ou entendu, quel est le moyen le plus sûr pour transporter des produits pétroliers sur la terre?

1. Oléoducs
2. chemins de fer
3. camions
98. Ne sait pas

Below are a series of statements people have made about energy. Please tell us if you agree or disagree with each of the following statements: **RANDOMIZE**

- | | |
|----------------------------|----|
| Strongly agree | 1 |
| Somewhat agree | 2 |
| Neither agree nor disagree | 3 |
| Somewhat disagree | 4 |
| Strongly disagree | 5 |
| Don't know | 98 |

Voici une série de déclarations de gens ont fait de l'énergie. Veuillez indiquer si vous être en accord ou en désaccord avec chacune des affirmations suivantes.

- | | |
|-----------------------------|----|
| Fortement d'accord | 1 |
| Plutôt d'accord | 2 |
| Ni d'accord ni en désaccord | 3 |
| Plutôt en désaccord | 4 |
| Fortement en désaccord | 5 |
| Je ne sais pas | 98 |

H6 We need the revenues from the oil sands to help provide proper funding for social programs like health and education.

H6. Nous avons besoin des recettes engendrées par les sables bitumineux pour pouvoir financer de manière adéquate des programmes sociaux comme la santé et l'éducation.

H7. It is critical that Canada receive the best possible price for any oil exports.

Il est essentiel que le Canada reçoit le meilleur prix possible pour les exportations de pétrole.

H8. Canadian oil has recently been selling well below the world price for oil.

Récemment le pétrole canadien a vendu bien en dessous du prix mondial du pétrole.

- H9. Increasing our ability to export oil to Asia is a good way to make sure Canada receives the best possible price for our oil.
L'augmentation de notre capacité à exporter du pétrole vers l'Asie est une bonne façon de s'assurer que le Canada reçoit le meilleur prix possible pour notre pétrole.
- H10. Canada has a proven track record of shipping oil by tankers safely.
Le Canada a une expérience éprouvée d'expédier de l'huile en toute sécurité par les pétroliers.
- H11. It is very important that Canada diversify its oil and gas exports beyond the United States.
Il est très important que le Canada diversifie ses exportations de gaz et de pétrole au-delà des États-Unis.
- H12. Canada's oil pipeline companies generally do a good job of operating oil pipelines safely.
Les sociétés d'oléoducs au Canada font généralement un bon travail d'exploitation des oléoducs en toute sécurité.

Given what we discussed, do you support or oppose a proposal to build each of the following projects in your province? [RANDOMIZE LIST]

Strongly support	1
Somewhat support	2
Neither support nor oppose	3
Somewhat oppose	4
Strongly oppose	5
Don't know	8

Compte tenu de ce que vous avez lu, vu ou entendu, êtes-vous favorable ou opposé un des projets de construction suivants dans votre province? [RANDOMIZE LIST]

Appui fortement	1
Appui un peu	2
Ni appui ni oppose	3
Oppose un peu	4
Oppose fortement	5
Ne sait pas	8

- NBY68. Oil pipelines
NBY69. Port facilities for oil tankers

- NBY68 Oléoducs
NBY69 Installations portuaires pour les pétroliers