

# Chrystia Freeland's Trans Mountain pipeline is being propped up by Canadian banks

By Eugene Kung | Opinion | February 27th 2023



The Trans Mountain saga has brought to light just how deep petro-politics have seeped into some federal institutions. Photo by Shutterstock

[▶ Listen to article](#)

Feb. 18, 2023 marked the one-year anniversary of Trans Mountain's last construction cost update, when the price tag of the expansion project (TMX) ballooned to \$21.4 billion – nearly triple the cost projected when Canada bought the embattled pipeline in 2018.

In response, Finance Minister Chrystia Freeland [promised](#) that the federal government would “spend no additional public money on the project,” while insisting TMX was still commercially viable, according to confidential analysis from BMO and TD.

These statements were questionable at the time, and one year later, we know why. While the average Canadian is struggling with inflation and increased interest rates, TMX is getting special treatment from Canadian banks and hiding its full financial picture.

The latest publicly available information is contained in the [third-quarter 2022 report](#) from the Canada Development Investment Corporation (CDEV), the Crown corporation that houses Trans Mountain's six corporate subsidiaries. The report shows that Trans Mountain's debt to Canadians had increased [\\$214.3 million](#), despite Freeland's promise of no more public money. This brings the amount owed to Canadians to nearly \$16 billion. By the end of 2023, that number will approach [\\$17 billion](#).

In addition to this substantial public support, CDEV anticipates that the \$10-billion construction loan provided by Canadian banks will be spent before construction is complete: *“Given the significant ongoing expenditures expected in connection with the TMEP, the corporation will require continued financing to complete the project. [...] It is expected that the syndicated loan payable will be refinanced with a new loan with a maturity date beyond one year.”*

That loan, by the way, is only earning the banks 1.85 per cent interest – outrageously low, especially given that the prime interest rate has increased dramatically in the last year and now sits at 6.7 per cent.

So how could Freeland insist that TMX was still commercially viable at \$21.4 billion? Well, it turns out that the analysis from [BMO and TD](#) used a [100-year payback period](#) to make it work on paper – more than double the 40-year period used in most other analyses.

---

## What people are reading



**Alberta expecting another big spender budget ahead of provincial election**

---

In other words, the oilsands pipeline that was reapproved by a federal government that had declared a climate emergency one day prior now needs to transport heavy oil until 2122 to become commercially viable. Relying on the 100-year analysis suggests that Freeland has already decided Trans Mountain cannot, and will not, repay the debt owed to Canadians.

Last September, West Coast Environmental Law released [a report](#) with economist and public finance expert [Robyn Allan](#) that showed how the federal government is hiding Trans Mountain's full financial picture using corporate shells and accounting wizardry. We projected that Freeland would write off \$17 billion owed back to Canadians in order to maintain the illusion of commercial viability.

This is because the tolls (or fees) that the pipeline company charges its oil company customers were negotiated back when the project's price tag was a mere \$5.4 billion. Once costs exceeded \$7.4 billion, TMX's viability began to erode. Kinder Morgan knew this and that's why it wanted out. Unfortunately for the Canadian public, the federal government paid a premium for the pipeline company that has since seen the expansion project's costs skyrocket.

A \$17-billion writeoff of debt owed to Canadians will be yet another massive subsidy to the oil and gas sector.

Canadians are struggling with the cost of living, while oil companies are reporting record profits and continuing to rake in public subsidies. Meanwhile, Trans Mountain gets the benefit of low interest rates and extended payback periods. Just imagine the home you could afford with a 100-year mortgage at 1.85 per cent interest.

The Trans Mountain saga has brought to light just how deep petro-politics have seeped into our government and financial institutions. It makes you wonder how this isn't a bigger scandal than the ones that have plagued the federal government, like the SNC Lavalin affair.

*Eugene Kung is a staff lawyer with West Coast Environmental Law Association. He has experience in constitutional, administrative and regulatory law, with a focus on the intersection of energy, climate and Indigenous rights.*

---

## Keep reading



### **Are the carbon credits Trans Mountain bought now worth less than cow burps?**

By Marc Fawcett-Atkinson | News | February 23rd 2023





## **Debt-plagued Trans Mountain Corp. bought carbon credits from obscure seaweed cattle feed company that isn't operating**

By Marc Fawcett-Atkinson | News | February 21st 2023



## **Counting the costs and contradictions of the Trans Mountain pipeline expansion**

## Comments

Post a comment

valerie losell | a day ago

and why isnt ctv “ exposing” this outrage, like it is screaming about chinese gov meddling in elections? ( and why not scream about American oil company and fascist christian right wing meddling in elections for that matter ;) , so we could get actual “ so called balanced” reporting Ha ha ha. balanced. oh stop please !

Reply

---

Gail Peirson | a day ago

Chrystia Freeland's Trans Mountain? As soon as I saw that ridiculous heading I didn't bother reading further.

Reply

---

f nordvie | 13 hours ago

Yes. Chrystia Freeland was a back-bencher when Trudeau not only purchased the TM, but contracted a subsidiary of the first owner to complete the work. Trudeau's first mandate letter to her when she was Minister of Finance included no more money to the fossil fuel industries ... or was it just oil cos; that got translated into "no inefficient subsidies." I have to think that meant "economically efficient for the oil cos." The taxpayers are certainly not getting any "efficient" benefit from it, and never will. But his next term's mandate letters were silent on the issue. So I would call it JT's pipeline, not Christia Freeland's. We all know very well what happens to his cabinet ministers who don't do his bidding. In case anyone forgets, think Jody Wilson-Raybould. Not only that, but the federal government has guaranteed all the bank loans. The banks are happy to continue financing a loser, because they can't lose on it. Aside from the Development Corporation's fancy finagling, I'd love to know what the term of the original loans by the Canadian chartered banks actually was. I doubt it extended into perpetuity.

Reply

---

