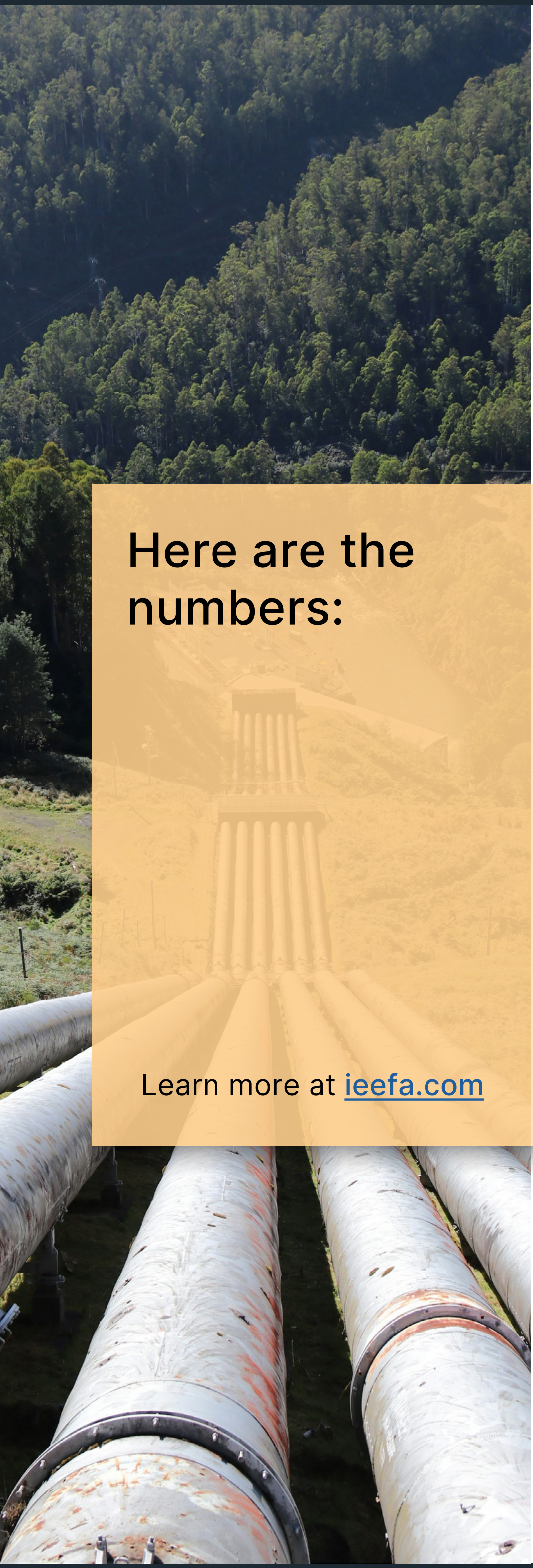
Trans Mountain Expansion Pipeline Project (TMX) has Financial Issues Despite Government Bailout

Canada should heed lessons from the TMX and think twice before using public dollars to fund more oil infrastructure



Canada is at a crossroads in its energy policy. As the country looks to diversify oil exports, the government would be wise to look at the TMX as a cautionary tale.

In 2018, the Canadian government bailed out the poorly conceived, financially troubled oil pipeline. Just last year, the government put more cash into the project. IEEFA's analysis has found that not only is the project's cost billions of dollars more than originally reported, but the government is unlikely to recoup the remainder of its investment.

Here are the numbers:

- **The direct funding Canada provided for TMX is actually $35.6 billion. That is $1.4 billion more than is typically reported.**
- **Indirect financial subsidies raise total taxpayer exposure to the project to over $40 billion.**
- **Final pipeline construction costs ballooned to 584% above initial budget estimates.**
- **$26 billion of total funding provided is ineligible for recovery via proposed shipping tolls.**
- **Canada's ability to recoup the remainder of its investment is at risk due to the issue of high toll rates.**

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Oil infrastructure development, once seen as a financial boon, is now beset by rising costs, a trend of lower prices, and questions about future demand. Now is the time for the Canadian government to step back and take a hard look at the energy questions facing the country. The analysis should include a realistic examination of the potential consequences for Canadian debt of a massive, taxpayer-subsidized pipeline build-out.