House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Canadian Association of Petroleum Producers

or

( ) **an individual** **Name:** _____

Topic: Trade and investment

*Recommendation 1: Please provide a short summary of your recommendation.

In collaboration with the provinces, government should continue supporting Canadian energy export market growth, including oil and gas. With growing U.S. energy self-sufficiency, Canada needs diversified markets to enable continued production growth (eastern Canada and Asia, while continuing supply to the U.S.). Government can help Canadian producers access these new markets by encouraging competitiveness and promoting the Canadian brand abroad as a reliable, innovative and well regulated supplier of energy. Government can also engage the provinces on internal and external market access.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$1 billion or more

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

The expected savings noted above are billions of dollars in incremental tax revenues arising from access to global pricing. We anticipate that the tasks described above can be performed within existing departmental budgets of Natural Resources Canada, Foreign Affairs, Trade and Development, the Asia-Pacific Gateway, Transport Canada and Industry Canada. The government also needs to ensure that its tax structure is competitive to encourage new and ongoing capital investment in upstream petroleum exploration and development.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

The recommendations will benefit Canadians from coast to coast. Direct impact will be on the energy, manufacturing, innovation, technology and construction sectors. Indirect impact will apply to service industries such as environmental and financial consulting, hospitality and transportation. Regions that will see direct growth from new developments are Northern British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and New Brunswick.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

New market access for Canadian energy will generate billions in new royalty and tax revenues to provincial and federal governments. This means increased support for all Canadians with new funding for social services such as healthcare, education, infrastructure and social assistance. Aboriginal Canadians and businesses will receive revenue, employment, contracting and training opportunities to help foster significant improvement in living standards. This includes project participation opportunities, direct and indirect employment, business development opportunities and benefits agreements.

Topic: Employment, labour markets and unions

Recommendation 2: Please provide a short summary of your recommendation.

Upstream oil and gas is Canada's largest private sector investor, employing well over half a million Canadians from coast to coast. The industry expects to add up to 150,000 direct employees over the next decade. Enabling labour force availability – everyone from skilled trades people to engineers – is essential to ensuring continued economic growth and development. The federal government can strengthen programs to develop our domestic labour pool and ensure foreign sourced labour is available to fill gaps that arise from lack of sufficient domestic workforce availability.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

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5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

The federal government should strengthen essential skills development, training and education programs for all Canadians, enhance linkages between post-secondary education and required workforce skills, reduce barriers to cross-country workforce mobility, and continue EI reform to allow better connection between employers and job seekers. Tax incentives and EI support could encourage better workforce mobility. This Canadians-first focus will need strengthened and clear permanent immigration and Temporary Foreign Worker programs to ensure a supplemental supply of skilled labour from abroad.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Under- and unemployed Canadians, including in Aboriginal communities, will benefit the greatest in sectors that require skilled trades, particularly in construction, transportation, natural resources extraction and manufacturing. Those groups currently lacking either essential skills education or skilled trades training to fill acute job shortages in the resources and construction sectors will also benefit. Regional benefits should be seen across the country, including northern and Atlantic Canada and areas with high unemployment in central Canada.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Vulnerable Canadians will improve their standard of living with access to well-paid jobs and development of new skills. Aboriginal Canadians will have access to more training programs and essential skills education necessary for jobs in resource projects, thus increasing their wealth and decreasing dependence on social support programs. This also supports the resource sector's social license to operate in certain regions. The ability to secure labour for large projects is expected to increase the likelihood of major investment being implemented with thousands of jobs being created.

Topic: Business taxation and regulatory issues

Recommendation 3: Please provide a short summary of your recommendation.

Upstream petroleum industry growth depends on attracting international investment capital. Investment capital and available labour enable industry to become a global energy superpower, expanding our export markets. Canada being seen as attractive for investment, with effective and efficient regulatory reforms and a competitive tax structure are essential. Competitiveness must be considered by the federal government in a coherent and integrated manner – key focus areas are market access, taxation, workforce initiatives, Aboriginal consultation and accommodation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

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5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Bills C-38 and C-45 improve regulatory efficiency and responsible environmental performance. Full benefits require effective and efficient regulations and policy that are implemented on an aligned “whole of government” and timely basis. Federal and provincial governments need to collaborate and be aligned, particularly for ‘best-placed’ regulators as a single-window for regulation and to incorporate substitution and equivalency provisions. While implementation should be within current department budgets, ensuring a competitive tax structure to attract investment may lead to a tax expenditure.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

All sectors benefit from a competitive regulatory and tax system. The energy sector, including oil and gas, can launch projects across the country that create jobs and grow the economy. Projects and governments will benefit from clearer and more efficient regulatory processes. Aboriginal peoples will also benefit from improved clarity on aboriginal consultation with appropriate engagement and appropriate accommodation on projects on Crown lands.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

A well executed regulatory reform can facilitate the creation of hundreds of thousands of jobs in resource extraction, manufacturing, construction and services. This employment will largely arise from major projects that will come online earlier and provide salaries and contracting requirements as well as accelerating government taxes and royalties. Increasing government and individuals’ revenues will have a positive impact on the standard of living of all Canadians.

Please use this page if you wish to provide more explanation about your recommendation(s).

Recommendation 1 – Growing Markets
The government can build on the December 2012 Finance Committee report recommendation "that the federal government expeditiously encourage and support the development of infrastructure in relation to liquefied natural gas exports" by facilitating growth into new export markets. Areas for federal involvement, some of which include:
• Fostering and building Canada's relationship in the Trans-Pacific Partnership
• Facilitating discussions of the western provinces within the New West Partnership to encourage exports of oil and gas from Canada's west coast, for example through fiscal, tax and regulatory opportunities.
• Facilitating policy and regulatory changes necessary to encourage west-east product movement to ensure eastern and Atlantic Canada access to Canadian energy and to develop exports off Canada's east coast, for example through fiscal, tax and regulatory opportunities.

Recommendation 2 – Growing Labour Force
The Finance committee December 2012 report had numerous and specific workforce recommendations, including federal-provincial support for development of skilled trades and foreign credential recognition; modernizing Canada's immigration system to a "fast and flexible" system better focused on labour market needs; reviewing the Temporary Foreign Worker Program to ensure it better and more accurately responds to Canada's labour market needs; and continuing to reduce barriers and support training programs for Aboriginal peoples participation in the labour force. Consistent with the committee and the federal government's stated objectives, CAPP supports the following:
• To support youth employment and to reduce underemployment, we encourage the federal government to strengthen the linkage between funding of post-secondary education programs with skills that are needed by employers.
• The oil and gas industry is committed to providing employment opportunities to Canadians first – today and tomorrow. Access to the right skills at the right time is essential to delivering business goals and project targets.
• We encourage the federal government to continue to strengthen the TFW program and permanent immigration program to compete globally for skilled workers in alignment with labour market needs.

Recommendation 3 – Fiscal and Regulatory Competitiveness
Reduce investment uncertainty and focus on balanced decision making, while increasing Canada's global competitiveness, by ensuring key regulatory initiatives, including:
• SARA reform
• Fisheries and Oceans Act
• Climate policy
• Air quality policy

Ensure fiscal structure competitiveness in the dynamic global environment to encourage significant future capital expenditures expected for upstream petroleum and Canadian economic growth. Among other things, this includes:
• Ensuring tax structure accounts for industry's inherent risk profile
• Reduce tax structure complexity
• Focus on audit and administrative substantive issues

*Please note that at least one recommendation must be provided