



**FMI Edmonton Chapter Event – October 4, 2018
Sutton Hotel – 10235 101 Street, Edmonton, Alberta
“Alberta: Setting a New Path to Regain Our Competitive Advantage”**



Summary

- The catchphrase “Alberta Advantage” may not have the same resonance as perhaps it once did given the boom and bust pattern that has occurred over the last half century, and in light of the most recent provincial recession.
- The workshop brought together a panel of experts to hear their views on different policy options designed to reposition Alberta on a new path to prosperity.

Graham Thomson, Journalist, the Edmonton Journal and CBC

- Thompson offered a sobering perspective on Alberta’s romanticized views of boom periods, arguing pursuit of the old notion “Alberta Advantage” is regressive, and only serves to move the province backwards.
- Thompson provided insight in regards to Alberta’s current and future political landscape and the tendency for politicians with a four-year time horizon to find themselves locked in what he described as the “carbon trap”.
- Though short on specific solutions, Thompson noted in his remarks Alberta needs an entirely new path to sustainable prosperity, absent of a carbon-based so-called advantage.

Bob Savage, Assistant Deputy Minister, Government of Alberta

- Alberta’s advantage was once measured in the volume of oil produced each day. Our competitive advantage, according to Savage, is now reflected in our relationships with Indigenous peoples and communities, and in our efforts to offset climate change.
- Savage highlighted various public policy instruments designed to make the fossil fuel industry environmentally sustainable; specifically, the provincial government’s Carbon Leadership Plan, Carbon Levy and Carbon Competitiveness Incentive Regulation.
- Savage noted the Alberta Government is investing 1.4 billion in green energy and clean technologies over the next several years, and improvements on the path to sustainability are already evident.
- Savage noted Suncor already uses 50 percent less energy per barrel of oil than a decade ago and is expected to further reduce by an additional 30 percent by 2030.
- He identified Alberta’s environmental record and recent success matter to investors, noting our history of environmental stewardship is the province’s competitive advantage.

Laurie Adkin, Professor, University of Alberta

- Dr. Adkin’s presentation rejected the province’s assertion of environmental stewardship and investment towards sustainability. She noted that to actually prevent the damaging effects of climate change we need to reduce our emissions to zero by 2030.
- Dr. Adkin argued Alberta; however, cannot do it alone, arguing a national strategy is needed to properly allocate Canada’s carbon budget.
- Dr. Adkin noted making Alberta’s fossil fuel industry more efficient is not the competitive answer. Instead, she argued we must divert investment towards a non-fossil fuel future that includes accelerating job creation and transition to a green economy.
- Dr. Adkin also identified a significant threat to Alberta’s competitive future is the absence of a remediation strategy to effectively deal with the province’s abandoned fossil fuel infrastructure.
- She argued as we transition to a green economy, the costs associated orphaned pipelines, wells, and refineries is growing and simply cannot be ignored.

Karen Young, Executive Director, Government of Alberta

- Young’s presentation focused on Alberta’s growing Aboriginal population and participation of Indigenous people in Alberta’s economy.
- Young emphasized Alberta’s focus that include: Closing social and economic gaps between Indigenous and non-Indigenous people; supporting meaningful Indigenous participation in decision-making, including sectoral and Métis self-government; enabling participation in resource development; and maintaining the honour of the Crown.
- Young noted that in 2015-16 oil sands development accounted for \$3.3 billion in business with nearly 400 Indigenous-owned companies in 65 communities.
- At the same time, \$50 million in grants have been provided to support green energy projects in 2018-19 through the Indigenous Climate Leadership Initiative.

Melville McMillan, Professor Emeritus, University of Alberta

- Dr. McMillan provided an economic lens to the discussion of Alberta’s competitive advantage. He posited the reason for repositioning or restructuring the province’s economy through diversification is to stabilize Alberta’s economy.
- He noted that while our economic output is very concentrated in the oil and gas sector relative to other provinces, the concentration of our workforce is very low and thus, more diverse. This means Alberta’s population is resilient, even if our economic dependence on oil and gas can lead to economic instability.
- Dr. McMillan observed that while Alberta’s diversification policies and initiatives are a positive sign, their impacts are limited.
- Diversification is challenging and is difficult to achieve. Efforts by government are incremental at best, and are likely to have little impact on promoting economic stability, according to Dr. McMillan.
- Regardless, economic data suggests Alberta’s economy is already stable and an advantage persists. While the most recent recession in 2015 reduced Alberta’s economic output, GDP per capita remains 50 percent greater than other provinces, revenue generating capacity is 20 percent greater than any other province, and our per capita tax advantage is 28 percent below the national average.
- Dr. McMillan’s key take-aways were to have realistic expectations for diversification, realize Alberta’s economy is relatively stable, and recognize Alberta still possesses a considerable advantage.