



March 1, 2018
**Low Carbon Economy
Leadership Fund**

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The Honourable Catherine McKenna
Minister of Environment and Climate Change
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Minister McKenna,

The NSBA is a member-driven and focused organization that serves, promotes, and protects business throughout Saskatoon and beyond. Although our origins and roots are in Saskatoon's north end, today we encompass far more than that. From its grassroots origins of a handful of businesses, today's NSBA consists of a membership in excess of 700 companies. Members range from single owner-operator proprietorships to large multinational corporations that employ thousands. Despite this diversity, there is a core element within the NSBA membership that is centered on industrial service and supply.

Our membership is aware of the difficulties facing our country in terms of reducing our greenhouse gas emissions to preserve the future of the environment we enjoy as Canadians. They recognize that improvements can and need to be made. On the other hand, our membership exists in a world where profit margins are the air they must breathe to survive; higher or new taxes can be the difference between growth and closure. The challenge is to tackle the former problem without adversely impacting the latter and the performance of Canada's economy.

As such, we would respectfully request that the federal government remove access requirements from the Low Carbon Economy Leadership Fund, particularly the requirement to sign on to the Pan-Canadian Framework on Clean Growth and Climate Change. We believe that this requirement will have a profoundly negative impact on our economy. In contrast, the availability of the Leadership Fund to Saskatchewan and its business and research interests will serve as an incentive to improve their greenhouse gas emissions now and in the future.

We believe that this incentive is important to our province. It gives businesses an opportunity to invest in new technologies that will help them meet provincial and federal emissions standards. As many businesses struggle to find money for growth in the present economic climate, this fund can add needed capital to the market. The conditions attached to this capital, namely that it be used to help companies reduce their emissions and grow sustainably, ensure that the funding is not being used for unintentional purposes. In this way, the business need to innovate and grow can be paired with the country's need to improve our emissions standards.

However, the carbon pricing provisions of the Pan-Canadian Framework will undoubtedly have the opposite effects on growth and innovation, particularly in light of the options available to businesses in terms of location of operations. This will be the case even with funding from the Leadership Fund as the amount of tax collected from businesses will dwarf the money available through the fund. And even if the province of Saskatchewan were to reimburse a carbon tax directly back to taxpayers dollar-for-dollar,

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the lag on this money would still paralyze business. With an American tax picture that is looking more appealing by the day, we simply cannot afford to be less competitive lest our businesses cease to view this province and our country as a good place to invest.

In your briefings to the media you have correctly noted that Saskatchewan does have a carbon price on the books. We would observe that this price is not a flat tax as is proposed in the Pan-Canadian Framework. Structured as a compliance measure for businesses that do not meet pre-specified targets, we view this much more favourably than a price that punishes businesses and individuals indiscriminately. The key difference for business is that the Saskatchewan government's plan offers business the opportunity to comply first and penalizes second. A flat carbon price does not offer businesses or even individuals a chance to comply before enforcing the penalty.

As we have seen in our city time and time again, if given incentive and opportunity business owners will do the right thing for the interests of their community. By requiring provinces to sign on to the Pan-Canadian Framework as a prerequisite for receiving Leadership Fund money, the federal government is deterring business and taking away an opportunity, which only serves to make achieving the end goal of reduced emissions harder to do. Again, we would encourage the federal government to drop this requirement so that businesses in Saskatchewan have access to the same opportunity for sustainable growth and innovation as other areas of the country.

We would be happy to consult further with you or your office on this file. Please do not hesitate to contact the NSBA at any time.

Sincerely,

Keith Moen
Executive Director

Cc/ The Honourable Scott Moe, Premier of Saskatchewan
The Honourable Dustin Duncan, Minister of Environment



SASKATOON'S BUSINESS ASSOCIATION