

TASK FORCE FOR



**real jobs,
real recovery**

SECURING CANADA'S ECONOMIC FUTURE:

Natural resources for real jobs and real recovery



SUMMARY REPORT OF THE TASK FORCE FOR REAL JOBS, REAL RECOVERY

WWW.REALRECOVERY.CA



Copyright © 2020 Task Force for Real Jobs, Real Recovery
All rights reserved.

Resource Works Society
Suite 960 - 1050 West Pender St.
Vancouver, BC V6E 3S7
www.resourceworks.com

Editor: Margareta Dovgal (margareta@resourceworks.com)

Contributing Authors: Don Hauka, Pat Hufnagel-Smith, Joseph Quesnel,
Patricia Mohr, Denise Mullen

Images licensed, used with permission or otherwise attributed.



Contents

<u>EXECUTIVE SUMMARY</u>	4
<u>RECOMMENDATIONS</u>	7
<u>TASK FORCE ADVISORS</u>	16
<u>COALITION</u>	18



**READ THE FULL
REPORT ONLINE:
REALRECOVERY.CA**

Executive summary

To help spur a recovery that generates significant, sustained and shared benefits for all, the Task Force for Real Jobs, Real Recovery conducted an extensive study throughout the summer of 2020.

It concludes that Canada's natural resource sector can play a critical role in ensuring a competitive, prosperous economy while accelerating innovation and environmental competitiveness.



Resource industries are accustomed to change and are ready to work in partnership with government on a dynamic effort to achieve Canada's climate goals and build a more robust, inclusive and globally competitive economy.

In ways not witnessed in many decades, the COVID-19 crisis has disrupted norms and challenged Canadians' ability to keep the economy functioning. As we recover, we must recognize that this cataclysmic event has also brought us to a crossroads where Canadians have a unique chance to take stock of our record, our assets and our opportunities to re-imagine our economic future.

Canada's natural resource enterprises can make an enormous contribution to the rebuilding challenge ahead. In recent years, as environmental concerns have become a more pressing global issue, the sector has demonstrated its ingenuity, resiliency and commitment to change through a determined, multi-faceted response.

Resource companies are exporters of leading environmental practices and ethical standards in mining, forestry, chemical production and oil and gas.

Across Canada's natural resource industries, innovators are working with governments to reduce emissions and minimize impacts on water, land, air and wildlife and contributing to the advancement of clean technologies and sustainable products

In the first quarter of 2019, natural resource industries directly contributed \$236 billion to GDP, representing 11.3 per cent of the Canadian economy.

Even before the pandemic, the natural resource sector was grappling with ongoing challenges due to low prices, declining capital investment and market access constraints for several key resource commodities. To stay competitive and continue to support Canada's economic performance, the sector has undergone a major overhaul to adopt more efficient, emissions-reducing technologies, processes and products.

And the sector remains at the forefront of creating meaningful, well-paying jobs that support families and communities across Canada and provide much-needed economic opportunities for remote, northern and Indigenous communities.

The natural resource sector is now poised to lead efforts with the federal government to rebuild a prosperous economy while meeting our climate targets.

Collaborative and ambitious leadership by the federal government and alignment with other levels of government and business can unleash the full potential of Canada's natural resource industries.



Our recommendations draw on extensive research and input from a 36-member coalition of industry, business, labour and Indigenous groups from mining, construction, forestry, labour, chemistry, transportation, oil and gas and Indigenous economic development, **representing more than three million workers and a quarter of a million businesses.**

Executive summary

Economic modelling conducted for the Task Force for Real Jobs, Real Recovery by Dr. G.K. Fellows shows that the right success conditions for natural resources and manufacturing could result in improved capital productivity and reduced trade costs. This could mean up to 2.6 million new jobs and as much as a 17 per cent jump in real GDP, yielding nearly \$200 billion in potential increases in labour earnings – at time when Canada’s economic future is uncertain due to the impacts of COVID-19.



The right success conditions for natural resources and manufacturing could mean up to 2.6 million new jobs and as much as a 17 per cent jump in real GDP.

Securing Canada’s Economic Future includes a series of extensive, wide-ranging recommendations that could help us to achieve these goals, falling into three categories:

- **Mobilizing resource prosperity** by leveraging Canada’s world-class industries, advancing regulatory efficiency, attracting capital investment, enhancing critical infrastructure, ensuring access to resource lands and maximizing Indigenous economic participation.
- **Building meaningful employment** by ensuring job creation, building employment resiliency, advancing Indigenous employment and enhancing skilled workforce mobility.
- **Accelerating innovation and environmental competitiveness** by aligning climate action and natural resource development, driving challenge-oriented innovation, updating federal support programs and tax incentives, advancing emissions reduction technologies and plastics innovation, supporting advancements in sustainable forestry, bioeconomy and mining and developing hydrogen and small modular nuclear reactor industries.

By acting on our recommendations as part of Canada’s economic recovery policy, the federal government can ensure our nation-building resource assets aid environmental goals and help secure our economic future.

During the COVID-19 emergency, natural resource companies responded by providing the necessary raw materials and manufactured products for the global public health response and by adapting quickly to help remote workforces and communities stay safe and healthy – while keeping Canadians working.

Recommendations

MOBILIZING RESOURCE PROSPERITY

Canada has an extremely ethical, environmentally responsible and highly regulated resource-based economy that is globally recognized for producing cutting-edge, low-emissions commodities. However, the advantage of fixed resource assets which can't be relocated requires the appropriate enabling conditions.

In the post-COVID-19 global economy, Canada needs to mobilize and enhance its competitive advantage to compete effectively in international markets and for international investment.



1. **Leverage Canada's world-class resource industries:**

- Publicly and vocally endorse the Canadian natural resource brand.
- Work in partnership with industries to improve policies, processes and regulations.
- Establish an integrated table for investment and major projects to ensure workable long-term solutions to COVID-19 economic impacts.

2. **Improve public and investor confidence in regulation and decision-making:**

- Commit to evidence-, science- and outcomes-based impact assessment decisions.
- Advance more agile regulations and policies.
- Coordinate with provincial and territorial governments on legislative and regulatory priorities.

3. **Attract capital investment to boost COVID-19 recovery:**

- Focus on implementing easy and effective measures that deploy resource prosperity.
- Conduct a comprehensive review of Canada's business taxation environment.
- Extend the Accelerated Capital Cost Allowance for major capital projects to 2030 and consider making it permanent.
- End federal taxation of provincial and municipal stimulus funding incentives.

Recommendations

MOBILIZING RESOURCE PROSPERITY

4. Enhance critical infrastructure:

- Improve Canada's ranking on the World Bank's Logistics Performance Index by 2025 in partnership with the private sector and all levels of government.
- Build road, rail, deep seaport and IT infrastructure, especially in areas where infrastructure gaps constrain socioeconomic development.
- Establish a national low-carbon energy grid and promote electricity interties between provinces.
- Invest dedicated funds in northern infrastructure to reduce the cost of resource development, generate important economic activity and support Canadian sovereignty in Arctic regions.
- Mandate a stronger resource development focus for the Canada Infrastructure Bank.

5. Ensure access to resource lands for development:

- Base land use decisions on science-based assessments that determine the value of an area's resource potential.
- Coordinate with provincial and territorial governments on conservation commitments.



Recommendations

MOBILIZING RESOURCE PROSPERITY



6. Maximize Indigenous economic participation:

- Integrate meaningful reconciliation into Canada's economic recovery strategy.
- Consult and work in partnership with Indigenous communities to review and amend the *Indian Act*, improve existing Indigenous consultation and accommodation processes and resolve outstanding land claims to create a secure environment for investment.
- Consider lending Indigenous communities use of the federal sovereign guarantee to ensure Indigenous entrepreneurs and businesses can access the proper capital and financial tools to succeed.
- Prioritize procuring at least five per cent of goods and services from Indigenous-owned businesses.
- Review tax incentives such as the Mining Exploration Tax Credit with a focus on helping to develop Canada's North and benefitting Northern Indigenous communities.

Recommendations

BUILDING MEANINGFUL EMPLOYMENT

Building real jobs means looking for areas of real opportunity, right here at home. Fortunately, we already know where we have unassailable strategic advantages and it makes sense to start recovery efforts by encouraging efforts within our control where markets are already waiting for goods and services that result from people doing their jobs.

A healthy, competitive natural resource sector will drive new employment, skills, create a larger ecosystem of service providers, and boost emerging sectors. It will bring workers along by creating opportunities for jobs that leverage specialized skills and expertise and by preparing workers for continued employment in an evolving sector.

7. **Ensure job creation:**

- Establish a regulatory and policy environment that encourages investment in industry in order to get Canadians back to work.

8. **Build employment resiliency:**

- Coordinate with industry to address pending shortages and the disruption of the natural resource sector's labour force.
- Work with provinces and territories to modernize Canada's education and training ecosystem to better support lifelong learning.
- Emphasize flexible, affordable training and continuous skills development.
- Accelerate digital literacy and competency.



Recommendations

BUILDING MEANINGFUL EMPLOYMENT



9. **Advance Indigenous employment:**

- Work with Indigenous governments to develop a framework to guide the development of the Indigenous natural resource workforce.
- Increase employment retention and readiness for skills development by addressing social and systemic barriers faced by Indigenous peoples and communities.

10. **Attract and retain talent:**

- Help industry promote the natural resource sector as a meaningful career pathway.

11. **Enhance skilled workforce mobility:**

- Work with provinces and industry to address barriers to mobility for tradespeople and apprentices in natural resources and supporting industries.

Recommendations

ACCELERATING INNOVATION AND ENVIRONMENTAL COMPETITIVENESS

Canada's natural resource industries are productive, innovative and uniquely positioned to support an inclusive and transformative low-emissions economic recovery.

We have an obligation to Canadians to use these strengths and assets to address the challenges and opportunities presented by climate change and the path to global recovery and renewal from COVID-19.

12. **Align climate action and natural resource development:**

- Develop an integrated climate and natural resource strategy that reconciles climate objectives and export of low-emissions resource commodities.
- Rationalize the cumulative cost of the Clean Fuel Standard with federal and provincial GHG pricing systems.
- Collaborate with provinces on:
 - a. Implementing a robust GHG offset system, including the necessary protocols and market mechanisms to incentivize innovation.
 - b. Ensuring a level playing field on carbon taxes or cap-and-trade emissions trading allowance pricing to ensure they don't become barriers to internal trade.
 - c. Accelerating investment in low-emissions innovations for facilities and sectors that are best positioned to fast-track the post-COVID-19 economic recovery.



Recommendations

ACCELERATING INNOVATION AND ENVIRONMENTAL COMPETITIVENESS



13. **Drive challenge-oriented innovation:**

- Review federal R&D funding programs and prioritize support for innovation and investment in the natural resource sector to align with a low-emissions future.
- Ensure optimal delivery of direct and indirect funding to upscale and commercialize critical technologies.
- Modernize and improve the Scientific Research and Experimental Development (SR&ED) program by:
 - a. Raising the SR&ED investment tax credit to 20 per cent from the current 15 per cent.
 - b. Eliminating or substantially raising the \$50 million upper threshold for the taxable capital phase-out range.
 - c. Reinstating capital expenditure eligibility (phased out beginning in 2013).
 - d. Eliminating the 20 per cent disallowance on arm's-length consulting payments.

Recommendations

ACCELERATING INNOVATION AND ENVIRONMENTAL COMPETITIVENESS



14. **Advance emissions reduction technologies:**

- Adopt a tax credit at a globally competitive rate for the successful deployment of carbon capture, utilization and storage (CCUS) and direct air capture (DAC) technologies.

15. **Leverage mining as a low-emissions enabler:**

- Continue to deliver the Canadian Minerals and Metals Plan and cooperate on the Canada–US Joint Action Plan on Critical Minerals Collaboration.

16. **Support sustainable forestry and forest products:**

- Work with provinces, territories, Indigenous communities and industry to accelerate implementation of the Canadian Council of Forest Ministers' (CCFM) Forest Bio-economy Framework.
- Continue to promote innovation activities and partnerships with the forestry sector.

Recommendations

ACCELERATING INNOVATION AND ENVIRONMENTAL COMPETITIVENESS

17. **Develop a Canadian hydrogen industry:**

- Continue to work with provinces and municipalities on charting a path to large-scale deployment.
- Improve regulatory timelines limiting hydrogen's growth by working with the Canada Energy Regulator and the private sector to prioritize and streamline reviews of critical expansions in the natural gas transmission system.

18. **Deliver on the potential of small modular reactors (SMRs):**

- Work with provinces, territories, utilities, Indigenous communities and industry to fast-track and swiftly implement the recommendations and findings of the forthcoming SMR Action Plan.
- Engage with industry on a public education campaign to build Indigenous and public confidence and support for SMRs.

19. **Build a world-class ecosystem for chemistry innovation:**

- Establish a Plastics Technology Innovation Fund (PTIF) with an initial funding allocation of \$200 million, managed by Natural Resources Canada (NRCan).



Task Force advisors

Our work benefitted from the advice of an expert panel of leaders in public policy, business and Indigenous economic development.



Lori Ackerman

Mayor, Fort St. John
Resource Municipalities
Coalition



Alan Arcand

Chief Economist
Canadian Manufacturers
& Exporters



Mike Cleland

Energy and
Environmental Policy
Consultant



Colleen D'Entremont

President
Atlantica Centre for
Energy



Karen Graham

Principal, KMG Strategy
Regulatory Expert



Alanna Hnatiw

Chair, Alberta's Industrial
Heartland Association
Mayor, Sturgeon County



Tenzin Khangsar

Founder and Managing
Partner
Kanata Impact Ventures



Tim McEwan

Senior Vice President
Independent Contractors
and Businesses Association



Robert R. McLeod

Former Premier
Northwest Territories



Patricia Mohr

Former Vice-President,
Scotiabank
Economist & Commodity
Market Specialist



Karen Ogen-Toews

CEO, First Nations LNG
Alliance
Councillor, Wet'suwet'en
First Nation



Adam Pankratz

Lecturer
UBC Sauder School of
Business

Task Force advisors

Our work benefitted from the advice of an expert panel of leaders in public policy, business and Indigenous economic development.



**Joseph
Quesnel**

Indigenous Policy and
Governance Researcher



**Darrel
Reid**

VP Public Affairs
Progressive Contractors
Association of Canada



**Kim
Rudd**

Former MP and
Parliamentary Secretary
to the Minister of Natural
Resources



**Wally
Schumann**

Former Cabinet Minister
Northwest Territories



**Sheri
Somerville**

CEO
Atlantic Chamber of
Commerce



**Michel
Trépanier**

President,
Quebec Building Trades
International Rep,
Boilermakers



**Mac
Van Wielingen**

Founder and Partner,
ARC Financial
Former Chair, AIMCo



**Sean
Willy**

CEO
Des Nedhe Corporation

Coalition

The following organizations support the coalition behind the Task Force for Real Jobs, Real Recovery:



- Aboriginal Skilled Workers Association
- Alberta Chamber of Resources
- Alberta Forest Products Association
- Alberta's Industrial Heartland Association
- Association for Mineral Exploration of BC
- Atlantic Chamber of Commerce | Chambre de Commerce de l'Atlantique
- Atlantica Centre for Energy
- BC Chamber of Commerce
- BC Construction Association
- Business Council of Alberta
- Canada West Construction Union
- Canada Works Council
- Canada's Ironworkers
- Canadian Association of Oilwell Drilling Contractors
- Canadian Association of Petroleum Producers
- Canadian Chamber of Commerce | Chambre de Commerce du Canada
- Canadian Energy Pipelines Association | Association canadienne de pipelines d'énergie
- Canadian Fuels Association | Association canadienne des carburants

Coalition

The following organizations support the coalition behind the Task Force for Real Jobs, Real Recovery:



- Canadian Manufacturers & Exporters | Manufacturiers et Exportateurs du Canada
- Christian Labour Association of Canada (CLAC)
- Conseil provincial du Québec des métiers de la construction (International) | Québec Provincial Building Trades Council (International)
- Des Nedhe Development
- First Nations LNG Alliance
- Forest Products Association of Canada | Association des produits forestiers du Canada
- Independent Contractors and Businesses Association of BC
- Indigenous Resource Network
- International Brotherhood of Boilermakers
- NWT & Nunavut Chamber of Mines
- Petroleum Services Association of Canada (PSAC)
- Prince George Chamber of Commerce
- Progressive Contractors Association of Canada
- Resource Municipalities Coalition
- Resource Works Society
- Saskatchewan Mining Association
- Surrey Board of Trade
- Truck Loggers Association



**READ THE FULL
REPORT ONLINE:
REALRECOVERY.CA**



TASK FORCE FOR

**real jobs,
real recovery**