St. John's BOARD of TRADE

Submission to Senate Committee on Energy, the Environment and Natural Resources

The St. John's Board of Trade is committed to helping business succeed. A strong vibrant private sector is critical for Newfoundland and Labrador's future.

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Submission

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Submission

Lowering Carbon Emission: Impacts on Businesses in Newfoundland and Labrador

The St. John's Board of Trade is committed to helping business succeed. Accredited nationally with distinction, the St. John's Board of Trade is a non-partisan business advocacy organization that is the principal voice of business for over 800 members.

A strong, vibrant private sector is critical for Newfoundland and Labrador's future. To ensure that we have a strong private sector, government must take into account the needs of employers when determining their policies and changes to them. Changes should focus on striking a balance between Canada's competitiveness, the cost of doing business and protecting the environment.

A federal climate change policy presents both costs and opportunities. Some of our members will be more affected than others. The clean and renewable energy technology sectors clearly stand to benefit from more aggressive policies on climate change, however individual industries such North Atlantic Refinery Limited (NARL) will need a phase in approach, complimented with polices and solutions that help them remain competitive.

"As a major employer within NL we estimate that our total economic impact is ~5% of GDP (direct, indirect, and induced) for the province and, although the rhetoric around a straight carbon tax has died off with the Federal Government's announcement of its backup system in June, with no recovery mechanism for our GHG intensive exports, we are a company at risk due to carbon pricing initiatives. Exports and imports must be accounted for in any pricing system to encourage Canadian competitiveness and sustained economic growth. Until the Federal Government allows for border carbon adjustments or consideration of local circumstances, carbon pricing will continue to threaten the long-term viability of Canadian export-oriented, GHG intensive businesses such as NARL Refining." - NARL

Based on advice from our members, policy committee, and supporting research from the Canadian Chamber of Commerce, the St. John's Board of Trade offers the following recommendations:

1. **Money collected from carbon pricing be invested to improve Canada's competitiveness.** Higher costs for everyone can only be justified if these revenues are applied to improving Canadian competitiveness. Funds raised from carbon pricing schemes must be applied to reducing competitiveness impacts and promoting innovation. Government must ensure that revenue collected from carbon pricing directly facilitate businesses' transition to a lower carbon economy and not go into general revenue. Further, the revenue should be objective and transparent.

2. **Its carbon pricing OR regulations, not carbon pricing AND regulations.** Carbon pricing is the lowest cost way to reduce an economy's emissions. Yet too often we're seeing governments take an "all of the above" approach, layering

regulation on top of carbon pricing. In some cases, adding regulation to carbon pricing initiatives can add significant costs while undermining market-based pollution pricing initiatives.

3. **Phased in approach.** The goal to reduce emissions by 30 per cent from 2005 levels by 2030 is lofty. We recommend a phased in approach supporting businesses, such as NARL, through this transition with supports and programs to become more innovative and competitive through the change.

4. **Focus on developing new technologies that reduce emissions.** Offsets and technologies that remove emissions from the atmosphere could play an important role in allowing Canadians to make progress towards their emissions goals without hobbling the economy.

5. **Good governance leads to better results.** The Paris Agreement will require updates to Canada's emissions plan every five years starting in 2023. Governments need to be transparent about the economic analysis behind their policy and program development, making sure that businesses of all sizes know what impact they will have on costs.

6. **Climate polices must encompass all sources of emissions.** There is a risk of focusing climate policies too strongly on regulating emissions from individual industries, such as the oil and gas sector. An ideal climate policy from both an environmental and economic standpoint is one that captures all sources of emissions, including consumers.

We must address climate change, and accept that this will come with a cost. What we do not accept is complacency over Canada's competitiveness. Governments should be taking great care in the design of these policies and taking a Pan-Canadian approach to assessing and managing government imposed business costs.

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