



**Response to the South Saskatchewan
Regional Plan Phase I Feedback
Questionnaire**

January 15, 2010



Introduction

The Calgary Chamber of Commerce represents over 2,300 Calgary-based businesses. On critical and emerging issues in public policy, the Chamber acts as the leading forum for debate, and advocates public policy solutions that improve the business climate. The Calgary Chamber puts forth this submission on behalf of its members, the small, medium and large enterprises that may be impacted by the South Saskatchewan Regional Plan (SSRP).

Response to Question #1

In your opinion, what should the priorities be for the SSRP? Please rank from the highest priority (1) to the lowest priority. If you have other priorities that are not identified in the following list, please add them in the blank spaces and then rank them.

- ***Strong economic development***
- ***Increased protection of surface water***
- ***Increased protection of ground water***
- ***Improved air quality***
- ***Greater conservation of ecologically sensitive areas***
- ***Reduction in the loss of agricultural lands***
- ***Increased recreation opportunities***

The Chamber believes that strong economic development should be the highest priority of the Government of Alberta with respect to the SSRP but recognizes that there must be a balance between the economic, environmental and social outcomes. Unquestionably, a productive and growing economy drives prosperity, and high quality social outcomes can only be achieved through a strong and sustainable economy. Economic growth and profitability allow companies to invest in technology and innovation that has the potential to further reduce environmental impacts. That said the Chamber recognizes that economic development should not come at the expense of the environment – in particular the surface and subsurface water resources of the region.

In recognition of the interconnected nature of economic, social and environmental outcomes, the Chamber calls for the province to establish a decision-making framework for the South Saskatchewan Region that objectively assesses and values the contribution of all land uses and related environmental services to the economic, social, and environmental prosperity of the province.

Response to Question #2

The economy of the South Saskatchewan Region is diverse, and economic development varies across the region. The region’s major economic activities are agriculture, energy production, forestry, and tourism and recreation. Economic growth in the region is important for sustaining local employment and the strength of local communities. Resource development in the region also contributes significant revenues to the province, helping fund important programs and services for Albertans.

2.1 After reading Pages 16 to 21 of the SSRP terms of reference, how important do you feel each of the following are to sustaining economic growth in the South Saskatchewan Region? Please rate your answers on a scale from not at all important to very important.

***Agriculture
Energy production***

***Forestry
Tourism and recreation***

The Chamber recognizes that all of these industries are important to sustaining economic growth in the region, and that leading industries will change over time in response to external drivers, technology, innovation and opportunity. The regional planning process provides an opportunity for



a balanced and integrated forum for determining economic, social and environmental outcomes, leading to less litigious, confrontational, and polarized discussions for all these industries.

The Need for a Comparative Economic Framework

In assessing and prioritizing the various sectors of the South Saskatchewan Region (SSR) economic base, it is important to apply comparative measures. The *SSRP Terms of Reference* describes the contribution of each industry using an assortment of figures and numbers, some of which are based on projections far into the future. As a consequence, a direct comparison of each industry is not immediately possible in the terms of reference.

Comparable and consistent economic measures must be collected, disseminated and analyzed in order to accurately assess and compare the contribution of each sector to the economic prosperity of the region. Measures such as GDP, total employment, economic output and potential economic output are all key indicators that inform economic comparisons across industries. The Chamber strongly encourages the Land Use Secretariat and the South Saskatchewan Regional Planning Team to publish, utilize, and promote the maintenance of a set of consistent and comparable economic measures across economic sectors in all of its published materials moving forward.

Informed cumulative effects decision-making must be based on consistent high-quality data. The Government of Alberta can play the leading role in establishing integrated high-quality datasets that support decision-making that results in sustained prosperity for Albertans and the South Saskatchewan Region.

The Importance of the Energy Sector to the Provincial Economy

In terms of provincial Gross Domestic Product (GDP), the energy sector (which includes, among other things, oil and gas and electricity generation) contributes by far the greatest proportion. In 2007, energy represented 27 per cent of direct GDP, compared to tourism (5.1 per cent), agriculture (1.9 per cent) and forestry (N/A).¹

Oil and gas, a component of the energy sector, is currently the most critical industry to the provincial economy. It is estimated that approximately 15 per cent of direct GDP (\$23 billion) is a result of mining and oil and gas activity directly.² The industry contributed an additional 27 per cent of provincial GDP through associated economic activity – both indirectly (through increased demand for geological, drilling, accounting and technological services) and through induced activity (such as increased consumption and investment associated with higher incomes and profits). Consequently, oil and gas impacts all sectors of the economy – from the drilling contractor to the drycleaner. In the South Saskatchewan Region alone, oil and gas accounted for \$1.5 billion in provincial royalties and taxes.³

The Strategic Importance of Unconventional Resources to the SSRP

While the production of conventional oil and natural gas in Alberta is projected to decline, unconventional resources such as coal bed methane and shale gas could become significant economic drivers for the region. In 2008, 10,000 coal bed methane wells were estimated in the province – a significant proportion of which are in the SSR. Moreover, the greatest growth potential for CBM is in the Airdrie-Dumheller-Brooks area.⁴ Consequently government needs to ensure that the investment climate for these unconventional sources in the region is robust to

¹ Government of Alberta. 2009. *Highlights of the Alberta Economy 2009*.

² Mansell, Robert and Schlenker, Ron (2006). *Energy and the Alberta Economy: Past and Future Impacts and Implications*. Institute for Sustainable Energy, Environment and Economy. Available at: <http://www.iseee.ca/whatsnew/reports/reports.shtml>

³ Government of Alberta. 2009. Terms of Reference For Developing the South Saskatchewan Region. p 18. <http://www.landuse.alberta.ca/RegionalPlans/SouthSaskatchewan/documents/TermsOfRefDev-SouthSaskatchewanRegion-Nov26-2009.pdf>

⁴ Ibid



position the region (and the province) for future economic growth. Additionally, the importance of emerging energy sources, such as wind, needs to be incorporated.

Oil and Gas Development in the Eastern Slopes

The province has established the priority use of the Eastern Slopes area of the SSR as watershed protection and sustainable recreation and tourism opportunities. While the Chamber supports and respects the critical importance of maintaining these priorities for this area, it also recognizes the opportunity to sustainably tap into high production potential of the oil and gas wells located in the deep formations of the foothills. Continuing to enable well-managed oil and gas development while mitigating the environmental impacts of the industry in this area will help achieve a balance of environmental management and economic growth in the SSR.

Regulatory Competitiveness

In coordination with other regional plans and as an outcome of the entire framework process, it is important that government ensure the cumulative effects approach of the land use framework ultimately creates a regulatory climate that encourages investment, prudent environmental management and positive social outcomes. The Government of Alberta must, therefore, ensure that Alberta's regulatory regime, one of the most comprehensive and stringent regulatory systems in the world, is as streamlined as possible. For example, by increasing the transparency of the regulatory process through improved clarity about permitted land-uses, the SSRP can add predictability to the process, ultimately reducing compliance costs and positioning Alberta more competitively. The Land Use Framework and SSRP can be catalysts for regulatory competitiveness by enabling regulatory certainty while eliminating conflicts and bottlenecks between regulatory agencies.

Response to Question #3

Should the balance between public benefits and private property rights be: maintained as it is currently, shifted toward greater public benefits, or shifted toward greater private property rights?

The Chamber believes the balance between public benefits and private property rights should be maintained as it is currently. Robust property rights provide the foundation and confidence for Albertans and businesses to invest in this province.

Conservation Incentives

As the government works to achieve greater public benefits through landscape conservation, and purpose-driven environmental management to sustain environmental services, the best mechanism would be to introduce incentives into the existing system of strong private property rights. For example, the Chamber could support the use of rights/market based tools and incentives like conservation offsets to achieve outcomes identified through the process of balancing social, economic and environmental values. This represents a substantial change in economic signals for development planning and the government should monitor implementation with an aim to detect any unintended consequences of the use of these tools. Conservation offsets need to be understood, applied and adapted based on learning about the potential impacts of shifting the distribution of social and economic benefits and effectively achieving stated regional outcomes. Stakeholders that may benefit or be impacted by the application of the tools should be engaged in discussion about how they will be applied, monitored and engaged post-implementation to assist in responding to unintended impacts.

Transportation Utility Corridors

In terms of Transportation and Utility Corridors (TUCs), these will have a material impact to development that is in planning stages or underway that may change the economics of projects. It is important that the government consult with affected industry stakeholders to ensure that the TUCs fit within their planned development. TUCs will be a failure if they force industry players to



take uneconomic routes for the sole purpose of conforming to already / soon to be established TUCs.

Quasi-Judicial Bodies

In addition the Chamber believes that quasi-judicial bodies such as the Energy Resources Conservation Board and the Alberta Utility Commission represent the best avenue for siting linear developments and adjudicating disputes. The authority of these bodies and the judicial review of their decisions should continue uninterrupted and should not be diminished in the future.

Response to Question #6

Final Comments

While appreciating the thresholds for the SSRP must be developed with priorities in mind, the Chamber was disappointed that little reference or information on the thresholds was included in the feedback workbook. As the SSRP process moves forward the Chamber looks forward to engaging in additional dialogue on the selection of indicators and the establishment of thresholds. Once these thresholds are defined, it is critical that the right balance of tools and fiscal measures be established to encourage progress towards desirable outcomes, discourage behaviours that undermine achievement of those outcomes, and recognize efforts already undertaken by existing land users.

This can be achieved by establishing environmental thresholds as triggers (rather than caps) to direct management action to balance predetermined social, economic and environmental outcomes as an approach to cumulative effects management. Such an approach would enable industry to direct and allocate R&D resources to areas of highest priority, in response to triggering the thresholds.