



SASKATCHEWAN
CHAMBER *of* COMMERCE

CARBON PRICING SURVEY DECEMBER, 2018

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December 21, 2018

In December 2018, the SCC circulated a second carbon pricing survey following up on our 2016 survey. Both survey results reaffirmed our members' view that a carbon tax is not appropriate for Saskatchewan - a message the SCC has been consistently voicing. There have been a number of ongoing developments since the initial carbon pricing survey was circulated. Most notably, the Government of Saskatchewan launched its Prairie Resilience Framework and the federal government recently announced that effective April 2019, a tax on combustible fuels will be implemented in Saskatchewan.

A portion of the proceeds from the federally imposed carbon tax will be allocated for small and medium-sized enterprises (SMEs). It is projected that \$30 million will be directed to Saskatchewan SMEs in the first year starting 2019-2020. This annual dollar figure will steadily grow to \$80 million by 2023-2024. The total financial support dedicated to Saskatchewan SMEs over a five-year period from 2019 - 2024 is estimated at \$295 million.

The focus of the recent SCC carbon pricing survey centered around the various policy options available for reducing greenhouse gas emissions in the province, as well as the administrative options on how to best direct the proceeds of a carbon tax back to eligible SMEs, should one be imposed. The carbon pricing survey was circulated to both SCC members directly and to participating local Chambers in Saskatchewan.

A total of 10 questions were asked. The survey period was open from December 6 to December 19 2018 and garnered a total of 215 responses. Many of the 215 respondents chose to provide open-ended responses which provided detailed advice.

Found below are the key results of the survey:

- 83% of respondents supported the idea that Saskatchewan should work to meaningfully reduce GHG emissions. This is similar to the 2016 carbon pricing survey in which 86% of respondents supported GHG emissions reductions in general.

- When respondents were asked what policy options were the most appropriate for Saskatchewan in reducing its GHG emissions, the two most popular options selected were:
 - ◇ Greater use of renewable energy sources, and;
 - ◇ Greater focus on energy efficiency programming
- Both options combined accounted for about 73% of the respondents' first choice. Unsurprisingly, the least popular option chosen by respondents was the implementation of a carbon tax.
- Approximately 87% of respondents stated overwhelmingly that a carbon tax would increase their operating costs. The second and third most selected answers were reductions in staff (35%) and decreased sales (34%). Respondent comments in the open-ended portion of this question touched on uncertainty, competitiveness concerns, machinery and equipment downsizing, forced asset sales, potential for increased waste in the federal bureaucracy, etc.
- Respondents offered three distinct themes on how the proceeds of a carbon tax should be directed back to Saskatchewan businesses. In order of responses received, respondents believed that directing revenues back to businesses; supporting programs that serve to reduce a business' emissions profile; and supporting increased renewable energy use were the most desired options.
- The need to offset the higher costs resulting from the new tax the SCC believes to be the basis for the "direct monies back to businesses" responses. However, in one-on-one consultations with businesses, along with the SCC's current position on the matter, businesses believe any revenue generated by a tax on carbon must be fully directed back to processes that reduce carbon emissions.
- When respondents were asked if the proceeds from a carbon tax were made available for programs that allowed businesses to apply for grants that reduced their emissions, 30% of those respondents chose the 50% grant threshold (as a minimum tipping point to incentivize actions). In second place, 28% of respondents chose the 20% grant threshold as their option, with 19% of respondents choosing the 30% grant threshold as the third most popular option.
- When asked which economic sector best described their business, respondent choices in aggregate reflected broad-based, across-the-board sectoral representation.
- When asked to select all the organizations of which they are a member, 82% of those surveyed stated they were members of their local Chamber of Commerce and 65% stated they were members of the Saskatchewan Chamber of Commerce.
- Twenty-five percent of respondents stated they operated out of Regina. About 18% of respondents stated their business operated out of a community of 15,000 people or more. Approximately 16% of respondents

operate out of the Saskatoon area. About 15% of respondents stated their business operated in a community with a size of 5,000–15,000 people (Estevan, Weyburn, North Battleford, Humboldt, etc.). The remaining 25% of respondent businesses operate either out of Moose Jaw, Prince Albert, or a community of 5,000 people or less.

- As referenced earlier, the survey allowed for qualitative, open-ended responses. Below is a thematic analysis of the responses:
 - ◇ Twenty-five respondent comments communicated some form of opposition to the federal carbon tax. Respondent criticisms revolved around the tax being ineffective in driving down emissions; being seen as a money grab; concerns about administrative waste; competitiveness concerns for businesses, etc.
 - ◇ Eight respondent comments communicated some form of support (either enthusiastically or reluctantly) for the federal carbon tax or for some form of carbon pricing altogether. Support for a carbon pricing option was more prominent among younger businesspeople and energy companies that have already voiced support for carbon pricing. Respondents believe a carbon tax will meaningfully change behaviour.
 - ◇ 15 respondent comments stated that proceeds from a federally imposed carbon tax should be directed into actions that lead to actual reductions in GHG emissions, like energy efficiency programming, clean energy technology, etc.
 - ◇ Several respondent comments mentioned that Saskatchewan has carbon sequestration assets (zero-till agricultural practices, boreal forests in the North, native prairie grasslands, CCS at Boundary Dam 3, diesel exhaust burners and H₂S gas scrubbers for transport trucks, etc.) that it does not receive adequate credit for.

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