



# COMPETITIVENESS, JOBS & INVESTMENT STRATEGY FOR ALBERTA

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## MESSAGE FROM **NDP LEADER RACHEL NOTLEY**

For generations, Alberta was a destination of choice for global investment, which led to robust economic growth, low unemployment, and some of the best paid jobs in the country. We can continue to be this destination if we set the right strategy in motion and take bold action.

This paper lays out the investment attraction plan that will inform that strategy for action.

Across the country and around the world, economies are recovering from the shocks of the COVID pandemic. Alberta is no exception. But despite sustained high oil and gas prices, we are not seeing the job creation that such strong global energy demand should drive. In fact, while the Alberta government enjoys historic surpluses, Alberta workers are seeing the second-lowest wage growth among all provinces since the beginning of the pandemic. Our capital investment has lagged considerably behind the national average as well.

Put simply, we are leaving capital investment and job creation on the table when we should be taking full advantage of these opportunities.

With this in mind, the Alberta NDP launched the Alberta's Future project to engage with Albertans on how we can build a more resilient

jobs economy. To date, we have engaged with over 250,000 Albertans on a range of economic topics, including hydrogen, geothermal, bitumen beyond combustion, childcare, broadband, growing the tech sector, revitalizing downtown Calgary, agriculture innovations, and post-secondary development.

Through this process, we have heard clearly from Albertans and the business community that they want a return to stability, predictability, and certainty, along with policies that incentivize investment and restore competitiveness with other jurisdictions.

This strategy provides the certainty and incentives needed to maximize potential investment and build a diverse and resilient jobs economy.

We are at a pivotal moment. The decisions we make today will have long-lasting implications for future generations. We cannot afford to look to the past. We must look towards the future with ambition and hope.

By implementing the strategies outlined in this paper, I am confident we can maximize our competitiveness, attract investment, build a resilient economy and create good-paying jobs, now, and for future generations.

# SETTING THE STAGE

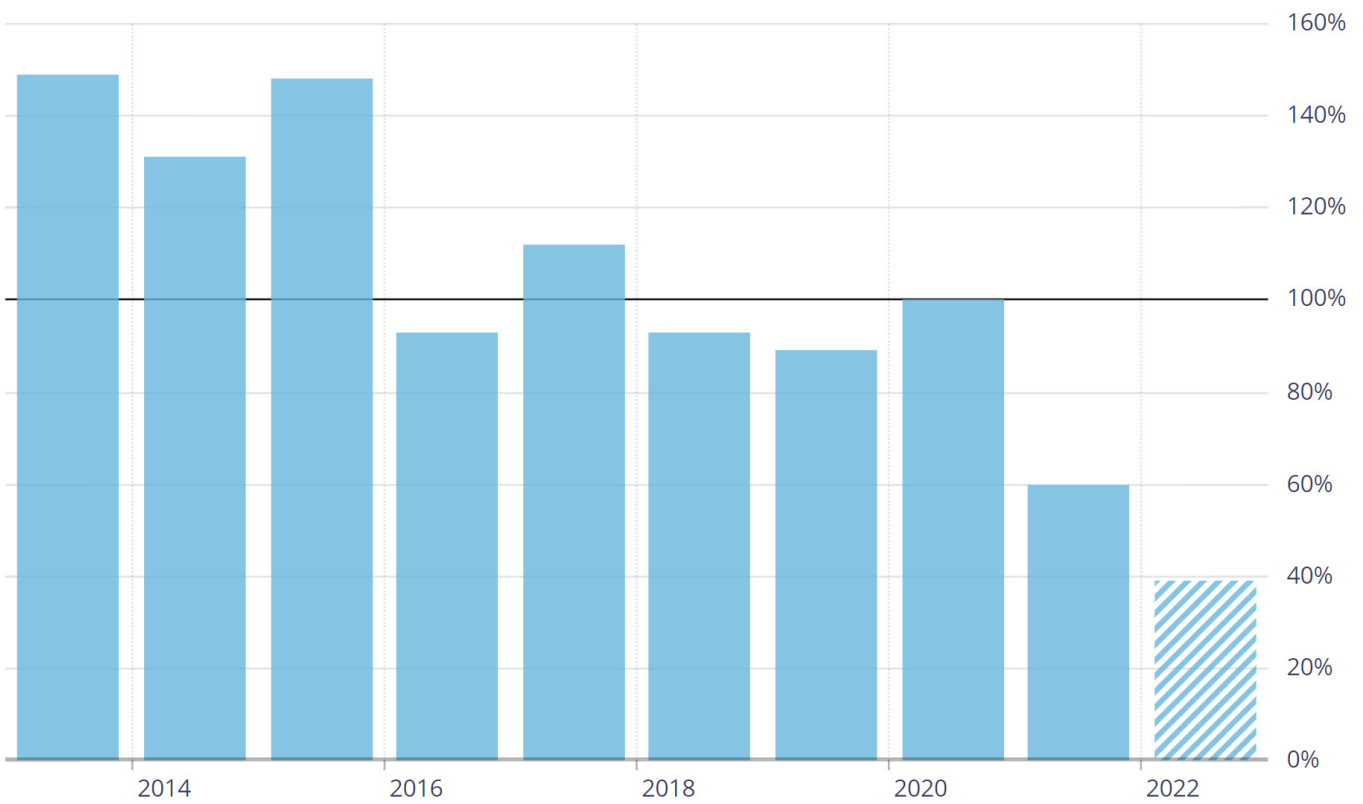
## FOUNDATIONS FOR INVESTMENT

For generations, Alberta led the country in private and public sector capital investment, in GDP, and in high wages. It is positive that our GDP and exports rebounded in 2022 on the strength of our energy sector and global commodity markets, but to ensure high-paying and sustained job growth we have got to

increase our competitiveness, productivity, and levels of capital investment across the economy. Energy sector investment is down, shown in graph below, at a time when cash flows are high. Overall investment levels are also flagging, shown on the next page. We want to reverse this.

**Chart 1-A: Capital expenditures in the energy sector as a share of cash flow will be modest**

Capital expenditures as a percentage of cash flow

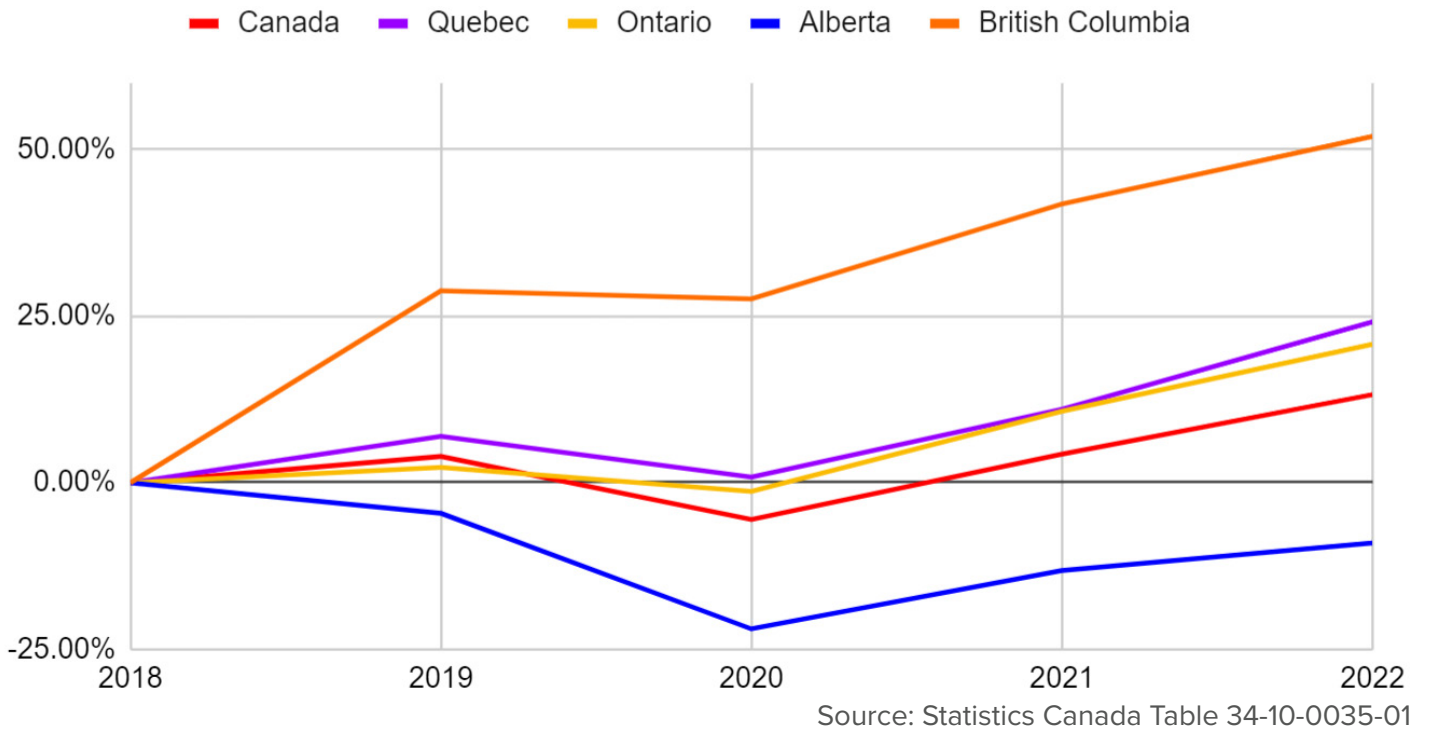


Source: [Toronto-Dominion Bank](#), [Bank of Canada](#) and [Bank of Canada](#) calculations Last data plotted: 2022



# SETTING THE STAGE

## Change in capital investment comparing Canada and major provinces



## GETTING THE BASICS RIGHT

To position Alberta as the leading destination in Canada for capital investment, we have been having ongoing conversations with industry and community and business leaders across the province.

We have heard the following: Alberta must play to our strengths; and government signals must be clear and aligned. That includes success in the following areas.

### TALENT AND SKILLED LABOUR

First and foremost we must maintain and build our highly skilled workforce. Alberta's workforce is the most productive in Canada, and we have the highest labour force participation rate. Simply put, Albertans like to work, and we're good at it. We have to retain our people and attract and train more. Through the Alberta's Future project, we have:

- **Proposed Strengthening Post-Secondary for a Resilient Future**, this includes colleges, universities, and technical institutes.
- **Committed to direct and on-the-job skills training and apprenticeship** through our Trades Training Centres announcement.
- **We will also be working on a plan with Albertans, employers, the not-for-profit sector, and post-secondary institutions to close the employment and credentialing gap that exists for newcomers to Alberta who have high rates of overqualification in our province, meaning so many Albertans are underpaid and so much talent is underused.**

# SETTING THE STAGE

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## TREATY RELATIONSHIP AND DUTY TO CONSULT

Government and the private sector need to work hard and do better at honouring Treaty with Indigenous peoples. We must respect the constitutional duty to consult, abide by our obligations, and act in good faith. We cannot create meaningful strategies to increase investment, create jobs, and improve competitiveness without a foundational respect for Indigenous rights and Treaty relationships.

## INCREASE REGULATORY CERTAINTY

**We will work aggressively and constructively to advance certainty in cross-boundary regulatory processes.** Specifically, we will push for clear and statutory regulatory timelines, an end to duplication where provincial policies or processes are in place, and an end to the ability of federal ministers to arbitrarily require a federal environmental impact assessment. Clear and stable rules are paramount to the future of investment and growth for Alberta and for the whole country.

## COMPETITIVE INVESTMENT INCENTIVES

For Alberta to succeed in attracting investment, we need to rank on global assessments. Having the most competitive general tax rate in the country is a competitive advantage, and we also need targeted incentives – like the ones presented in this paper – to establish new capabilities, sectors, sub-sectors, and job growth.

## DIGITAL INFRASTRUCTURE, DATA, INNOVATION

Alberta has growing strength in Artificial Intelligence (AI), and immense existing strength in life sciences and health data and research and development, but we need to intentionally foster and promote innovation and new capabilities to use data and AI to innovate, commercialize projects here in Alberta, and solve problems. Data can be an engine of economic growth and, as such, deserves focused attention, which we discussed in our Alberta's Future paper on *Growing Tech, Creating Jobs*. We need to push farther and look for innovation opportunities across the economy.





## **EXCELLENT PUBLIC HEALTH AND EDUCATION**

World class healthcare and education are preconditions for attracting investment and talent. For example, companies won't make billion dollar investments if they don't think the employees will have access to a family doctor. Alberta's excellent public health care and public education have historically been seen as attributes that can attract, support, and retain a highly skilled and cosmopolitan workforce.

## **THE ALBERTA BRAND**

Quality of life and Alberta's brand are essential to investment scouting and attraction. Our quality of life is second to none, with excellent facilities, beautiful wilderness, Rocky Mountains, parks, and landscapes. We have had cultural life and experiences that Albertans are proud of. But while our quality of life is excellent, we have to be more deliberate in harnessing the full potential of the Alberta brand, ensuring what we have is valued and promoted, while at the same time being intentional about avoiding reputational damage from irresponsible government communications.

## **NET ZERO**

If we can successfully innovate, the opportunities in reaching net-zero are enormous for Alberta as an energy powerhouse. A joint study by Calgary Economic Development and Edmonton Global estimated that moving to net zero could create 170,000 jobs in the cleantech sector in Alberta, and contribute \$61 billion to GDP by 2050, with advances in hydrogen, digitization, CCUS, ag-tech, and electrification. We have already realized tremendous benefits and investment by making Alberta a destination of choice for renewables. We hear and we support a role for government to derisk and, like with the oil sands in the 1970s, to directly support market investments into game-changing emissions reduction technologies. This includes supporting contracts for difference or other derisking tools where appropriate and across technologies that hold great potential.

# PROPOSALS

## 1. ALBERTA'S FUTURE TAX CREDIT

The global economy is changing, and we need to be competitive.

Our proposed Alberta's Future Tax Credit is targeted towards new emerging sectors like critical minerals processing, clean technologies, carbon materials, alternative fuels, and advanced manufacturing. It is designed to level the investment playing field with other jurisdictions, because no comparable tax incentive in Alberta currently exists.

Alberta's Future Tax Credit is a **refundable** tax credit of 20 per cent on capital investment in new emerging sectors. An incremental refundable amount of up to 10 per cent will be awarded for new capital investment that generates key outcomes, like high-skilled job opportunities, new technological capacity in our province, or new sectoral skills and know-how.

This refundable investment tax credit of up to 30

per cent is proposed to exist for 10 years, and if successful, would be made permanent.

Based on similar incentives in the Inflation Reduction Act in the USA, Alberta's Future Tax Credit is estimated to cost \$250 million annually, and is projected to attract \$10 billion in incremental investments in emerging sectors, while creating 20,000 jobs.

Furthermore, and subject to additional consultation on criteria, the Alberta Future Tax Credit will increase in value by an incremental 10 per cent for new capital investment that generates key outcomes, like high-skilled job opportunities, new technological capacity in our province, or new sectoral skills and know-how.

This major new investment incentive will help build a more resilient and diversified economy in Alberta, and create new areas for long term, stable, economic growth.





# PROPOSALS

## THE ALBERTA'S FUTURE TAX CREDIT WILL HELP COMPLETE AN INVESTMENT ECOSYSTEM IN ALBERTA THAT WILL ALSO INCLUDE:

- **An Alberta Venture Fund to enable Albertans to invest directly in and see dividends from start-ups and scale-ups in the tech sector. The fund would help Alberta build a world-class innovation environment, help build Alberta-based technology leaders and provide Albertans with direct returns in a new, diversified economy.**
- **The new, proposed Alberta's NDP Agriculture Value Add Capital Investment Tax Credit to support, derisk, and catalyze growth in agri-food and agricultural processing.**
- **A relaunched Alberta Investor Tax Credit (AITC), which the UCP canceled. Directed at early stage (angel) investors and small innovative companies, by the end of 2018 the tax credit supported over 200 companies in Alberta, over 70% of which were located in Calgary.**
- **The Alberta Petrochemical Incentive Program (APIP) that our government launched as the Petrochemical Diversification Program in 2016 to support large capital investments in new Alberta petrochemical facilities and upgrading.**

We can conservatively estimate that the Alberta Future Tax Credit will attract \$10 billion in incremental investment in emerging sectors, and create 20,000 jobs. More importantly, this major new investment incentive will help build a more resilient and diversified economy in Alberta, and create new areas for long term, stable, economic growth.

## ALBERTA FUTURE TAX CREDIT

- ▶ **30% REFUNDABLE TAX CREDIT**
- ▶ **\$10 BILLION INVESTMENT INTO NEW SECTORS**
- ▶ **20,000 JOBS**
- ▶ **MORE RESILIENT DIVERSIFIED ECONOMY**

# PROPOSALS

## 2. SUPERCHARGING THE ALBERTA PETROCHEMICAL INCENTIVE PROGRAM

Alberta must continue to build on its strengths. We will expand the Alberta Petrochemical Incentive Program (APIP).

Based on the highly successful Petrochemical Diversification Program brought in by the NDP, the current APIP is working. But it could work better. It should be supercharged.

At a cost of \$70 million annually, we will expand the eligible feedstocks of the program to include, for example, recycled plastics.

We will expand the program to include end-products.

And we will bring back partial upgrading into the program, after it was removed by the current government.

By supercharging APIP — a 30 per cent expansion — we expect to attract an incremental \$10 billion of new investment, and create 27,000 jobs.





## PROPOSALS

### 3. CONSULT ON EXPANDING THE ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION

We have heard initial feedback that the Alberta Indigenous Opportunities Corporation is working and would launch broad consultations and incorporate Indigenous perspectives on potential expansion into a greater number of sectors across the economy, and, in some cases, at a smaller scale than large energy projects.

There are 15 First Nations and Métis Settlements involved in projects such as the Northern Courier Pipeline, the Lindbergh Co-Gen Facility, and the Cascade Power Project — each contributes to Alberta's economic strength and stability.

We would also look at lowering the investment thresholds to build more equity and ownership with Indigenous communities. Part of our commitment would be to maintain and increase where possible the amount that Government provides in de-risking capital and loan guarantees.

We have heard this clearly, from communities and from industry — Indigenous participation, equity, and ownership is critical to advancing projects and innovating across the economy, and we're committed to doing this work.

# PROPOSALS

## 4. PERFORMANCE FAST PASS & NAVIGATORS

We propose establishing a regulatory **Performance Fast Pass**. This pass would be available to companies that have a proven track record of compliance with all rules and regulations applying to the company.

This proposal is similar to that made by the Business Council of Alberta for a “regulatory Nexus card for fast-track project approval times to trusted operators with excellent track records on operational and environmental performance as well as for the deployment of innovative clean technologies.” For companies that demonstrate historic and ongoing compliance with regulations, they will receive the best and fastest regulatory services.

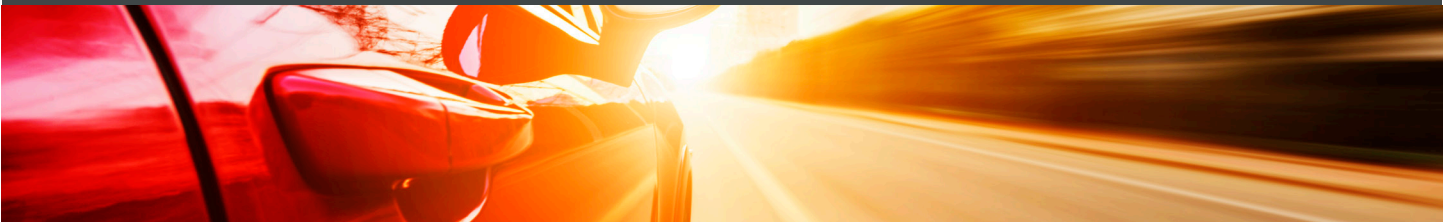
As many have observed — from the Calgary Chamber of Commerce to Deloitte Canada — Alberta and Canada have real challenges in our regulatory competitiveness. Uncertainty, duplication, and unpredictability have had a serious dampening effect on investment and new growth. Alberta has an opportunity to significantly increase stability, certainty, and easy access for businesses, industries, and global investors so that our province is one of the most competitive jurisdictions in the world, and the leader in Canada.

### NAVIGATORS

**We also propose to increase the capacity and expertise** of our regulators for key sectors like clean energy, agriculture, life sciences, and advanced manufacturing. We would work with industry, environmental engineers, and Indigenous communities to **establish navigator offices** that could help businesses accelerate through approval processes. Navigators can help be proactive and nimble where projects may have novel or more complex aspects. During consultations we have heard that these types of offices could specifically help more innovative and also smaller companies compete on a level playing field.

We are committed to promoting Alberta as the best place in Canada to start and grow leading businesses. Our environmental and work standards as well as the ability to implement them smoothly all drive towards the same

destination - a resilient economy with high-skilled and high-paid jobs with industries that meet the needs of Albertans and that export products and expertise across the world.



## 5. REPEAL THE SOVEREIGNTY ACT

We will repeal the job-killing Sovereignty Act.

It has no place in Alberta, where we must value our stable and secure investment environment. At minimum, the Act creates instability and uncertainty in our economy at a pivotal time when every signal must be clear and aligned to attract business growth and investment.

According to former Bank of Canada Governor David Dodge, “The Sovereignty Act purports to replace the courts as the constitutional arbiter, and therefore undermines the rule of law.

And consistency in the rule of law is really the cornerstone for any functioning economy.”

Dodge, added, “The Sovereignty Act is a signal to the world that we don’t quite know what we are doing, we can’t quite get the fundamental stuff right. And if we can’t get the fundamental stuff right, investors will go elsewhere.”

We cannot afford this harmful legislation, so we will repeal it and restore much-needed stability and certainty.

# COMPETITIVENESS, JOBS AND INVESTMENT STRATEGY FOR ALBERTA



Over the past three years, we have been consulting through our Alberta’s Future project to develop ideas to build a more resilient and diversified economy. Through discussion and consultation, we have benefited from the input of Albertans from all walks of life.



Earlier in this project, we focused sectors that could help drive economic growth, for example, releasing papers on technology and AI ([Growing Tech, Creating Jobs](#)), in valued-added energy opportunities ([Bitumen Beyond Combustion](#)), in hydrogen ([Hydrogen: A New Energy Source for Alberta's Future](#)), geothermal ([Picking Up Steam: Geothermal and Alberta's Energy Future](#)) and agriculture ([Agriculture and Agri-Food: Increasing Value-Added Processing and Production](#)).



Likewise, we released papers on foundational items, like physical and digital infrastructure ([Building Better Infrastructure](#) and [Bridging the Digital Divide](#)), and improving our post-secondary education system ([Strengthening Post-Secondary for a Resilient Future](#)), on targeted challenges ([Bringing New Energy to Downtown Calgary](#)), on childcare ([Early Learning and Affordable Childcare Strategy](#)), and rural broadband ([Internet & Future Connectivity: Bridging the Digital Divide](#)).

# POTENTIAL COSTS

POLICY	ESTIMATED COST
<b>NEW - INITIATIVES IN THIS PROPOSAL</b>	
ALBERTA'S FUTURE TAX CREDIT	<b>\$250 MILLION</b>
SUPERCHARGED ALBERTA PETROCHEMICAL INCENTIVE PROGRAM	<b>\$70 MILLION</b>
PERFORMANCE FAST PASS & NAVIGATORS	<b>\$5 MILLION</b>
REPEAL THE SOVEREIGNTY ACT	<b>\$0</b>
<b>NEW - PREVIOUSLY ANNOUNCED ALBERTA'S FUTURE PROPOSALS</b>	
REINSTATE THE ALBERTA INVESTOR TAX CREDIT	<b>\$30 MILLION</b>
INTERACTIVE AND DIGITAL MEDIA TAX CREDIT	<b>\$30 MILLION</b>
AGRICULTURE VALUE-ADD INCENTIVE PROGRAM	<b>\$60 MILLION</b>
ALBERTA VENTURE FUND	<b>\$200 MILLION</b>
<b>ONGOING - MAINTAINING CURRENT GOVERNMENT INITIATIVES</b>	
BASE ALBERTA PETROCHEMICAL INCENTIVE PROGRAM	<b>\$230 MILLION</b>
FILM AND TELEVISION TAX CREDIT	<b>\$70 MILLION</b>
INNOVATION AND EMPLOYMENT GRANT	<b>\$74 MILLION</b>
ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION	<b>\$8 MILLION**</b>

\* All costs are on an annualized basis, except for the Venture Fund, which is a one-time capital investment.

\*\* The Alberta Indigenous Opportunities Corporation (AOIC) receives operating expense funding support from the Government of Alberta. Loan guarantees by the government present no additional annual cost, unless there is an impairment.

# CONCLUSION

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Our Competitiveness, Jobs, and Investment Strategy for Alberta was informed by the hundreds of thousands of Albertans who have engaged with us throughout our Alberta's Future project.

While broad in scope, the strategy in this paper includes four new specific proposals to better position Alberta as the best place to invest.

As we stated at the outset of this paper, Alberta faces challenges. But with challenges, come opportunities — and there are opportunities to attract billions of dollars of incremental

investment each year, if we collaborate and work together.

We know this collaboration is possible. Throughout our Alberta's Future project, Albertans have put partisanship and self interest aside, to think deeply about what we can achieve together. They have shared their ideas with us, and their wisdom. We thank them for their collaboration. As with all of our papers, we welcome your feed back.

Visit [AlbertasFuture.ca](https://AlbertasFuture.ca)



# Give Us Feedback

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## WE WANT YOUR FEEDBACK

**Alberta's Future** is an initiative to build a new economy that benefits every person in our province. We want you to share your thoughts and ideas on proposals like this one.

We welcome you to submit your own proposals too!

All of our proposals and those contributed by Albertans like you can be found at **AlbertasFuture.ca**. There, you can also register for in-person and online conversations happening right across Alberta.

We are also hosting this conversation on social media, using the hashtag **#ABFuture**.

**Engage directly with NDP Leader Rachel Notley on YouTube, Twitter, Instagram, and Facebook**



**@RachelNotley**

