

Playing For Keeps

**Boosting Western Canada's Economic
Competitiveness in the Post-Recession World**

**Roger Gibbins,
President and CEO**

**Robert Roach,
Director of Research**

June 2009

Canada*West*
FOUNDATION

Playing for Keeps: Boosting Western Canada's Economic Competitiveness in the Post-Recession World draws from the international and Canadian literature on competitiveness, past policy recommendations from Canadian think tanks and commissions, work that the Canada West Foundation has done over the past decade (including the ongoing Going for Gold Project), policy spadework by western Canadian governments, and a survey of 500 western Canadian economic analysts drawn from the ranks of academia, economic development authorities, think tanks and the public service.

This report was written by Roger Gibbins and Robert Roach with the assistance of Saravie Brewer, Owen Jung, Jacques Marcil, and Casey Vander Ploeg. The report has been prepared for the 2009 Western Premiers' Conference. The opinions expressed in this document are those of the authors and are not necessarily those of the Canada West Foundation's Board of Directors, advisors or funders.

EXECUTIVE SUMMARY

Western Canada (BC, Alberta, Saskatchewan, Manitoba, Yukon, NWT and Nunavut) is a dynamic regional economy with a highly educated labour force, a rich endowment of natural resources, a large and vibrant service sector and a combined GDP that places it among the 20 largest economies in the world. The region is an integral part of the national economy and has been the key source of national economic growth for several years.

The success of the western Canadian economy, however, depends on its ability to *stay* competitive in the global marketplace. The region is well-equipped for this competition, but it cannot rest on its past achievements or it will find itself overtaken by a long list of competitors. Just like every other region and country in the world, the West must be *constantly* improving its economic game—from education and transportation infrastructure to business acumen and profitability.

The prime mover of the region's economic success is the individuals and businesses that take risks in the free market. Governments, however, also have a role to play and this report suggests ways that they can facilitate and sustain the region's economic performance through proactive public policy action.

The forces that sharpen or dull an economy's competitive edge are relatively straightforward and will *not* change as a result of the current global recession—they will simply become even more important. These "pillars" of economic success include stable government and the rule of law, modern infrastructure, a healthy and educated workforce, competition, and the ability to innovate. What does change, and will change, is the relative importance of these pillars to particular jurisdictions and the methods used to build and maintain them.

In a highly advanced economy like western Canada's, we have the luxury of focusing on innovation and attracting talent from around the world while other jurisdictions have to focus on basic infrastructure and health care. This does not mean that we can ignore any of the pillars, but it does mean that our expectations are extremely high, and rightly so.

Given the unique context of western Canada, eight key drivers of economic success of particular importance emerge from the basic pillars of competitiveness:

- ❑ tax policy;
- ❑ transportation infrastructure;
- ❑ human capital (education, Aboriginal population, immigration);
- ❑ cities and the importance of place;
- ❑ green economy;
- ❑ innovation;
- ❑ moving up the value chain; and
- ❑ intergovernmental cooperation.

While still covering a lot of ground, these eight drivers provide the framework for a regional competitiveness strategy with 37 specific public policy recommendations grouped into three categories:

A. Strengthening Western Canada's Competitive Foundation

1. Significantly strengthen and coordinate provincial and territorial programs to improve educational outcomes and labour force participation of Aboriginal peoples with the goal of achieving parity with the non-Aboriginal population by 2020.
2. Increase educational outcomes for people living in rural areas by removing real and perceived barriers to post-secondary education participation.
3. Examine options for moving toward a pan-Western university system.
4. Strengthen ties between northern and southern post-secondary institutions.
5. Improve programs and financial incentives to attract foreign students to study in western Canada, and make it easier for those students to gain Canadian work experience and to remain in western Canada when their studies are complete.
6. Significantly increase funding for attracting the best minds (at both the faculty and student level) with the goal of creating the best university system in the world.
7. Allow post-secondary institutions to set their own tuition rates, reduce direct grants to institutions, and provide grant funding directly to students. The goal is to increase affordability through student grants while taking advantage of market forces to increase efficiency and specialization. Any increases in tuition should be balanced by local concerns regarding the importance of ensuring affordable and accessible post-secondary education.
8. Significantly increase funding for (and tracking the outcomes of) a wide range of post-secondary training, skills development and life-long learning.
9. Create tighter linkages between the full range of post-secondary institutions and private sector employers.
10. Strengthen programs for the attraction and retention of immigrants, immigrant settlement, language training, timely and appropriate recognition of foreign credentials, and obtaining Canadian job experience.
11. Build on the success of the Provincial Nominee Program to attract immigrants with specific skills.
12. Create a single regional strategy and speak with a single regional voice when approaching the federal government on issues related to immigration, Aboriginal peoples, post-secondary education and tax policy.
13. Recognize that large urban centres are the primary magnets for both immigration and interprovincial migration, and thus develop comprehensive urban policies in conjunction with municipalities and cognizant of a variety of factors including urban design, amenities, arts and culture, the environment, and transit.

14. Recognize and support the role played by a broadly-defined arts and culture sector in cultivating an educated and creative workforce, attracting and retaining skilled labour and establishing a strong civic culture upon which economic activity can rest.
15. Transform the approach to K-12 education in the region by retraining teachers and redrafting curricula to better tap the creative abilities of western Canadian students. Encourage and fund the development of programs within western Canadian business schools designed to engender creativity among employees of western Canadian businesses.

B. Creating a Platform for Competitive Success

16. *Continually review* provincial and territorial tax regimes with the goal of keeping them as simple as possible.
17. Pursue *broad-based* tax reductions as opposed to targeted tax relief, thereby better positioning the entire economy and enhancing simplicity.
18. Reduce corporate tax rates.
19. Shift taxation away from taxing income and investment and toward more consumption taxes.
20. Harmonize provincial sales taxes with the federal GST.
21. Expand ongoing efforts to identify and remove the unnecessary red tape that impedes business performance.
22. Work with universities and the business sector to provide more tools for accessing foreign markets and investment for small and medium-sized enterprises and individual entrepreneurs.
23. Provide low-interest loans and other incentives for western Canadians to travel to other countries for cultural and business exchanges, and provide opportunities for foreign visitors to do the same in the West.
24. Innovate with new financing, funding, and delivery options for public infrastructure, including ear-marking some forms of tax revenue for infrastructure investment (e.g., fuel taxes, as is done in the US).
25. Build on the work of the Western Transportation Ministers Council and implement a regional transportation infrastructure strategy.
26. Increase investment in public transit and require urban centres to maximize the use of transit-oriented development.
27. Increase investment in the development of alternative energy production technology and generation capacity.

28. Develop and implement a comprehensive regional ecological goods and services inventory and introduce pilot projects for paying land owners to provide those services with the goal of increasing the region's stock of natural capital over time.
29. Increase high-speed internet connectivity in rural and remote regions of western Canada.
30. Increase support for the adoption of new technology by the private (both non-profit and for-profit) and public sectors.
31. Pursue more joint marketing of the region with regard to tourism, investment, education, and immigration.

C. Building Up: Increasing Economic Diversification

32. Do not succumb to the temptation to pick winners, but instead, greatly increase the availability of venture capital in the region by providing the private sector with a pan-Western fund managed by an arms-length private sector firm dedicated to inexpensive financing for start-ups and commercialization ventures.
33. Increase incentives for private sector R&D spending regardless of the sector (i.e., general incentives as opposed to industry-specific ones).
34. Put greater emphasis on commercialization of public sector R&D by encouraging greater integration between universities and the business sector around product development and marketing.
35. Increase pressure on the federal government to expand global free trade, preserve and enforce the North American Free Trade Agreement, and establish bilateral free trade agreements with as many countries as possible. Notwithstanding efforts to diversify export markets, because of the extreme importance of the role of the US, special effort should be placed on improving relations with the US and addressing protectionist tendencies.
36. Increase pressure on the federal government to make it much easier for foreign investment to flow into and out of the region and the country.
37. Reduce duplication of efforts and unhealthy competition by developing a coordinated regional approach to economic diversification that includes an agreement not to undercut other jurisdictions to attract and keep investment.

It is important to stress that western Canadian provincial and territorial governments are already taking significant action across these and other fronts, and are by no means starting from scratch (see the Appendix for an inventory of current government actions).

In addition to these recommendations, the effectiveness of a new regional competitiveness strategy will be greatly enhanced by building on the existing base of regional cooperation. The more the four provinces and three territories can work together as a *team* (as opposed to a single entity), the more efficiency they will be able to achieve and the more weight they will have in the domestic and international arenas.

PREFACE

What can governments do to improve western Canada's competitiveness?

“If we want Canada to be a leader in the economy of tomorrow, we cannot succeed only by following others to where they have been. We have to learn from others—in North America, Europe, or Asia—but then we have to do better. As a small country within a competitive world, we are the ones who must try harder, who must anticipate rather than react, who must create change rather than adapt to it.”

—David O'Brien, Chairman, Business Council on National Issues, April 5, 2000

Given that we have little idea how deep or long the global recession will be, it is difficult to see through the current clouds and plan for an uncertain future. With that said, many of the economic variables that existed before the recession will still be in play after it is over. For example, volatile commodity markets are something that the West has faced before and will face again. Similarly, the fundamental features of a successful economy have not changed and neither have the long-term trends that have been shaping the global marketplace for decades. Political stability, a free market, efficient transportation systems, and an educated population continue to be key drivers of competitiveness. At the same time, globalization and China, India and other rising giants remain significant economic forces.

Western Canada will emerge from the current slowdown, and when it does, the global economy will be no less competitive than it was before the recession. Those regions and countries that succeed will be the ones that *act today* to meet the challenges of tomorrow. Those that do not act now, and act decisively, will see their prosperity erode.

Hence, this report identifies options for improving western Canada's ability to compete in the global economy. The goals of this report are to:

- ❑ identify the broad determinants of economic success in a highly competitive world;
- ❑ place these determinants against the backdrop of the unique characteristics and circumstances of western Canada; and
- ❑ provide public policy recommendations for what provincial and territorial governments in the West might do together, and in cooperation with the Government of Canada, to foster success in the global economy *over the long-term*.

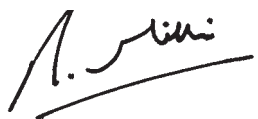
Because *regional* cooperation and action are critical to maximizing the West's comparative advantages within Canada and abroad, *Playing for Keeps* presents a *regional* competitiveness strategy. This strategy, which complements and enriches what provincial and territorial governments are able to accomplish on their own, has the potential to propel western Canada to the next level of international competitiveness.

As we work our way through these topics, “western Canada” and “the West” include the four western provinces—Manitoba, Saskatchewan, Alberta and British Columbia—along with Northwest Territories, Nunavut and Yukon, just as the term “western Canadians” encompasses all those who live in the four western provinces and three northern territories. This stylistic simplicity does not ignore important differences *among* and *within* the provinces and territories, for such differences are central to our understanding of competitive challenges and strategies. The “western Canadian” terminology also reflects common ground that exists across the region’s component parts. Although the western provinces and territories will always compete to some degree for economic opportunities and investment, this healthy competition does not preclude extensive intergovernmental cooperation.

The report is bounded by a number of caveats:

- ❑ The analysis is directed to the long-term (i.e., the next 10-20 years). It does not address how to pull the West out of the current recession or how to increase growth next year, but is focused on long-term competitive strategies that make sense regardless of when the recession ends and what may or may not be left in its wake.
- ❑ There are limits to what governments can and should do. Success in the global economy is driven by the creativity and productivity of businesses and individuals; well-designed public policy can help unleash this creativity and productivity, but it is not a substitute.
- ❑ A comprehensive policy discussion in western Canada must take into account the Government of Canada, particularly when its action or inaction impacts directly on the prosperity of western Canadians. In this report, however, federal policy will be addressed directly only in cases where partnerships and policy coordination across the federal and provincial/territorial governments are essential for success.

Finally, we should note the critically important underlying assumption that **a stronger, more competitive West will contribute to a more prosperous Canada and, ideally, a more prosperous world.** Indeed, while the language of economic competition is apt, it does not have to mean “defeating” other jurisdictions or seeing their standard of livings decline while ours goes up. We hesitate to quote Ronald Reagan in this context, but a rising tide can raise all boats if the conditions are right.



Roger Gibbins
President and CEO
Canada West Foundation
June 2009



Robert Roach,
Director of Research,
Canada West Foundation

CONTENTS

i.	EXECUTIVE SUMMARY	ii
ii.	PREFACE.....	vi
1.	SETTING THE STAGE.....	1
2.	WESTERN CANADA'S UNIQUE CHARACTERISTICS AND CHALLENGES	3
3.	KEY DRIVERS OF ECONOMIC SUCCESS IN WESTERN CANADA	7
3.1	Tax Policy.....	11
3.2	Transportation Infrastructure.....	13
3.3	Human Capital	15
3.4	Cities and the Importance of Place.....	17
3.5	The Green Economy.....	20
3.6	The Witches' Brew of Innovation: R&D, Venture Capital, Commercialization, Education, and Creativity.....	22
3.7	Moving Up the Value Chain.....	26
3.8	Intergovernmental Cooperation	28
4.	GROWING THE ECONOMY AND BOOSTING COMPETITIVENESS.....	29
4.1	Strengthening Western Canada's Competitive Foundation	31
4.2	Creating a Platform for Competitive Success	35
4.3	Building Up: Increasing Economic Diversification	40
5.	ACTING TOGETHER: REGIONAL STRATEGIES FOR COOPERATION	44
6.	ACTING IN CONCERT WITH THE GOVERNMENT OF CANADA	47
7.	CONCLUSION.....	50
	Bibliography.....	52
	APPENDIX: Inventory of Current Policy Action on Competitiveness by Western Canadian Governments	58
	British Columbia.....	59
	Alberta	69
	Saskatchewan	75
	Manitoba	84
	Yukon	98
	Northwest Territories.....	103
	Nunavut	109

1. SETTING THE STAGE

“In an ambiguous global financial environment, it is more important than ever for countries to put in place the fundamentals underpinning economic growth and development.”

—World Economic Forum, *Global Competitiveness Report 2007-2008*

The combined population and economic output of the four western provinces and three northern territories are approximately equal to those of metropolitan Chicago. Where we stand apart is not in the richness of our human capital, for Chicago residents are as well educated and just as likely match us in business acumen, access to capital, international connections and entrepreneurial zeal. What sets us apart is that the western Canadian population is spread across a vast land base and seven provincial and territorial governments.

Our basic comparative advantage comes from the resources harvested from that land base (e.g., food, forest products, and hydro power) and from those found beneath the surface (e.g., diamonds, natural gas, bitumen, potash, and uranium). Our challenge is to strengthen this comparative advantage even as we move beyond it. We must do this because there are other “hewers of wood and drawers of water” out there competing with us and because there are economic opportunities that we can and should seize that are not related to natural resources. Although the resource sector will remain a central pillar of the regional economy, it is essential to build around that pillar if we are to grow the economy and ensure sustainable prosperity.

A NOTE ON THE FIGURES: The statistical information presented on the following pages provides an overview of key characteristics of the West related to its demography, economy, and international competitiveness. The figures occasionally relate directly to the text, but are also intended to be read as a standalone component.

Figure 1: Western Canada vs. Chicago

	Chicago	Western Canada
Population	9,524,673 (July 1, 2007) Metropolitan Statistical Area; Source: US Census Bureau	10,298,564 (July 1, 2008) Source: Statistics Canada
Nominal GDP	506.1 (2007, billions of \$US) Source: US Conference of Mayors	520.6 (2007, billions of \$US) Source: Statistics Canada and Canada West Foundation
Area	18,684 square km http://wapedia.mobi/en/Chicago_metropolitan_area#2	6,827,155 square km Source: Atlas of Canada
Density	510/square km (Canada West Foundation calculation)	1.5/square km (Canada West Foundation calculation)

At present, western Canadians enjoy the fruits of a prosperous regional economy. The issue going forward, however, is the *future* competitiveness of our regional economy in a dynamic and uncertain global economy. To address this issue requires an understanding of the unique characteristics of the region and the primary drivers of economic success in that context.

“... Economic activity is increasingly being organized on a global basis. New and more aggressive competitors are emerging, and new technologies are reshaping entire industries.”

—Federal Competition Policy
Review Panel

2. WESTERN CANADA'S UNIQUE CHARACTERISTICS AND CHALLENGES

“...the alterations in western circumstances during the present generation are so profound that Canadians living outside the region might be surprised by the scale of the changes. These recent changes have a common Western character.”

—Gerald Friesen, *The West: Regional Ambitions, National Debates, Global Age*

Western Canada is a resource-driven economy that is heavily dependent on exports. It has a small but highly educated population and a large and dynamic service sector. The region's economic output places it on the same list as the 20 largest national economies in the world. The West has been heavily engaged in global trade since the fur trade and has adapted well to globalization and freer trade with the US and Mexico. As the global economy continues to shift manufacturing to low-cost jurisdictions, the West is in a good position to harness its natural and human resources to move up the value chain and remain a highly productive and wealthy region in the years ahead.

In early 2009, the Canada West Foundation surveyed 500 economic analysts drawn from the ranks of academia, economic development authorities, think tanks and the public service from across the four western provinces.

The results of the survey can be found in the Canada West Foundation report *Raising Our Game: Results of the Going For Gold Western Canadian Economic Competitiveness Survey*.

However, the competitive position of the West must be placed against the region's unique characteristics. Here the region's strengths are readily apparent: a huge land base richly endowed with natural resources, a well-educated and well-trained labour force, attractive urban environments, strong public finances, stable democratic governments, proximity to the world's largest economy and market (although this varies across the region), and a strategic location on the Pacific rim and the Arctic Coast. In many ways, western Canada is a blessed corner of the world.

At the same time, many of the West's characteristics play out in a more complicated way when placed in the context of international competitiveness:

- ❑ The extraction, processing and sale of natural resources play a very important role in the regional economy, although the resource mix varies considerably across the provinces and territories, from diamonds and uranium to bitumen and canola.
- ❑ Resource markets are notoriously volatile, posing serious challenges for the predictability of private investment and the management of public finances.
- ❑ Within the resource-based regional economy, the production, consumption and export of energy loom particularly large.
- ❑ As a consequence, emerging concerns about greenhouse gas (GHG) emissions will play a central role in the evolution of the regional economy.
- ❑ The great majority of Canada's agricultural land is found in western Canada.

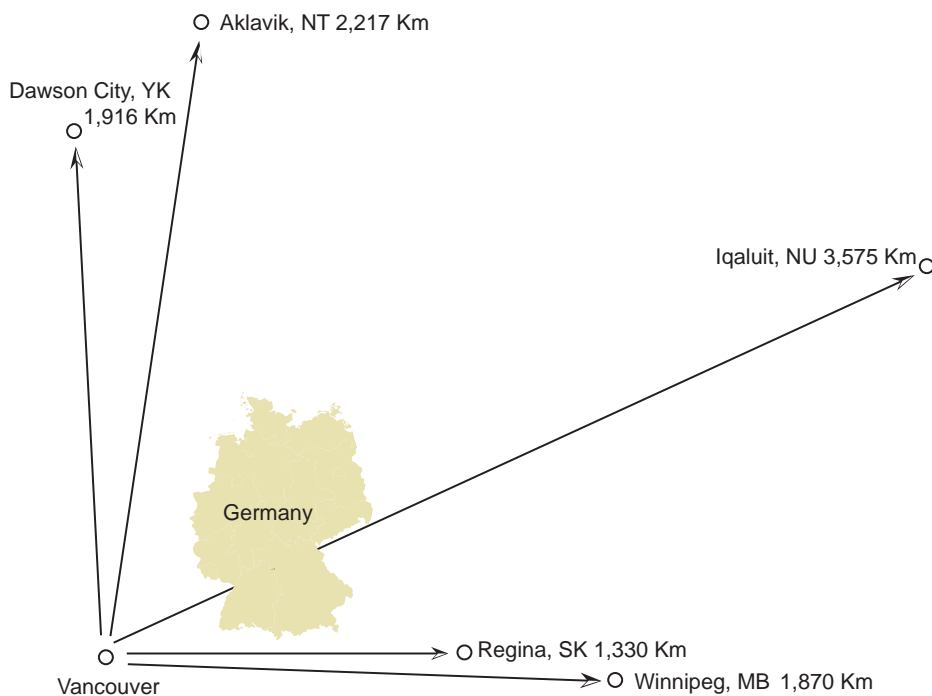
Figure 2: The 20 Largest Economies in the World, 2008

Rank	Country/Region	GDP (millions of US\$)
1	United States	14,264,600
2	Japan	4,923,761
3	China (PRC)*	4,401,614
4	Germany	3,667,513
5	France	2,865,737
6	United Kingdom	2,674,085
7	Italy	2,313,893
8	Russia	1,676,586
9	Spain	1,611,767
10	Brazil	1,572,839
11	Canada	1,510,957
12	India	1,209,686
13	Mexico	1,088,128
14	Australia	1,010,699
15	South Korea	947,010
16	Netherlands	868,940
17	Turkey	729,443
18	Western Canada	579,642
19	Poland	525,735
20	Indonesia	511,765

Source: International Monetary Fund (www.imf.org), Statistics Canada, and Canada West Foundation calculations. Note: *figure excludes Republic of China and the special administrative regions of Hong Kong and Macau.

- ❑ The vast size of the region means that concerns about transportation infrastructure and costs are ever-present.
 - ❑ Although the region is heavily urbanized, it still includes a large number of rural communities dispersed over a vast landscape.
 - ❑ Western Canada has much greater depth to the north than is often appreciated; as Figure 3 illustrates, the north/south dimensions of the regional economy surpass the east/west dimensions.
 - ❑ Western Canada is home to 70% of Canada's Aboriginal population, which is considerably younger than the Canadian norm. At the same time, unresolved land claims and treaty provisions may slow the pace of resource and infrastructure development across the region.
- ❑ A relatively small domestic market (the American market is 30 times as large) means that the western Canadian economy is highly dependent on exports, as is the Canadian economy at large.
 - ❑ A large part of the regional resource base lies in the northern areas of the provinces and in the territories. In the absence of integrated and proactive northern strategies, those resources could go untapped.
 - ❑ Resource industries will have at best modest employment growth as capital investment becomes more important (note, for example, the steady decline in the number of farms and farmers even though agricultural production has grown steadily).
 - ❑ Significant parts of western Canada may be particularly exposed to the disruptive effects of climate change—global warming in the far north, the risk of drought on the Prairies, seasonal flooding in Manitoba, and pine beetles across the boreal forest.

Figure 3: Geographical Span of Western Canada



Source: Canada West Foundation calculations.

- ❑ Despite the recession, labour shortages will remain a significant problem in the West over time.

It is important, of course, to avoid sweeping characterizations of the region. For instance, the state of transportation infrastructure is quite different in the northern territories than in the southern provinces, and the relative importance of natural resources varies across the region. Nonetheless, the above mentioned characteristics have considerable regional sweep, and demonstrate the existence of a distinct *regional economy* in western Canada. The next question, then, is how the competitive position of this distinct regional economy can be strengthened as we move forward.

Figure 4: Share of Canada's Population, 2008

	Population (000s)	% of Total
Canada	33,311.40	100.0
Newfoundland and Labrador	507.9	1.5
Prince Edward Island	139.8	0.4
Nova Scotia	938.3	2.8
New Brunswick	747.3	2.2
Quebec	7,750.50	23.3
Ontario	12,929.00	38.8
Manitoba	1,208.00	3.6
Saskatchewan	1,016.00	3.1
Alberta	3,585.10	10.8
British Columbia	4,381.60	13.2
Yukon	33.1	0.1
Northwest Territories	43.3	0.1
Nunavut	31.4	0.1
WEST	10,298.50	30.9
Rest of Canada	23,012.80	69.1

Source: Statistics Canada, CANSIM Table 051-0001 and Canada West Foundation calculations. Note: WEST = Western provinces and territories.

3. KEY DRIVERS OF ECONOMIC SUCCESS IN WESTERN CANADA

“In today’s knowledge-based economy, what you earn depends on what you learn.”
—President Clinton

Competitiveness is concerned with the factors that sustain economic prosperity and promote economic growth. It is not one thing, but the combined effect of myriad complex factors.

For the purpose of this study, we have adopted the definition used by the World Economic Forum (WEF), a well-established think tank with the motto “entrepreneurship in the global public interest.” The WEF defines competitiveness as “the set of institutions, policies, and factors that determine the level of productivity of a country.”

To a certain degree, a jurisdiction’s competitiveness is measured by comparing it to other jurisdictions. This assumes that jurisdictions are in competition with one another and strive to enlarge their respective shares of a (hopefully) growing pie. Competitiveness per se, however, is not the goal; by increasing competitiveness, policy-makers are trying to enhance productivity and, in turn, prosperity and quality of life for their constituents. Competitiveness is really about what determines the wealth of nations (or in this case, a region).

The WEF’s *Global Competitiveness Report* for 2007-2008 identifies twelve interconnected “pillars” of competitiveness:

1. Institutions (e.g., the legal framework that ensures the rights of owners, government attitudes toward markets, accounting and reporting standards in the private sector)
2. Infrastructure (e.g., transportation, communications, electricity)

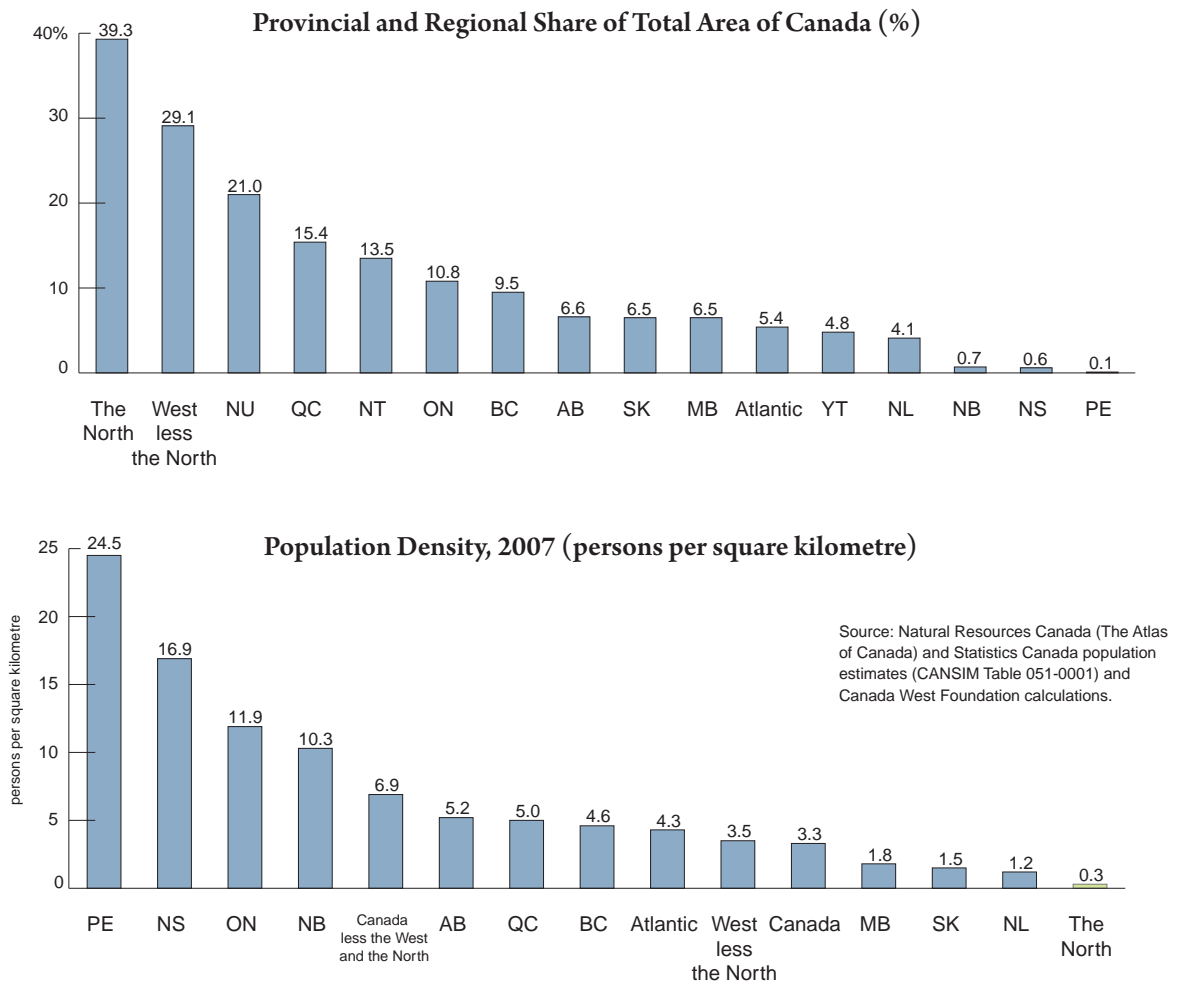
Figure 5: Western Canadian Population Age 65 and Over, 1971-2031 (% of total population)

	1971	2007	2031
British Columbia	9.3%	14.1%	24.1%
Alberta	7.2%	10.4%	21.4%
Saskatchewan	10.2%	14.9%	24.9%
Manitoba	9.6%	13.6%	21.7%
Yukon	2.9%	7.3%	19.7%
Northwest Territories & Nunavut	2.3%	-	-
Northwest Territories	-	4.7%	15.1%
Nunavut	-	2.7%	5.7%

Source: Derived from Statistics Canada CANSIM Table 051-0001 and population projections (Catalogue 91-520).

3. Macroeconomic stability (e.g., inflation rate, government deficits and debt)
4. Health and primary education (e.g., a healthy workforce, the quantity and quality of basic education)
5. Higher education and training (e.g., post-secondary enrollment rates, on-the-job training)
6. Goods market efficiency (e.g., healthy market competition, minimum government intervention, buyer sophistication)
7. Labour market efficiency (e.g., mobility of labour, equity between men and women)
8. Financial market sophistication (e.g., non-political, well-regulated securities exchanges, availability of venture capital)
9. Technological readiness (e.g., information and communications technology access and usage, level of technology available to firms)
10. Market size (e.g., economies of scale, free trade)
11. Business sophistication (e.g., quality of business networks, modern business processes)
12. Innovation (e.g., homegrown—as opposed to adopted—technology, design and development of cutting-edge products, R&D spending, collaboration among universities).

Figure 6: Area and Population Density



In western Canada, we have these “bases covered,” to use a baseball analogy. As a result, we have a tendency to take many of these pillars for granted when there is a need for *constant maintenance and improvement* of all twelve pillars. The minute you take a breather, a competitor is right behind you ready to pass. For example, unnecessary barriers to labour mobility, untapped economies of scale, underdeveloped urban transit systems, and poor performance in areas such as Aboriginal educational outcomes and university collaboration are areas in which we could perform better both as individual jurisdictions and as a region.

On the bright side, we are far from starting from scratch. Take primary education and basic health care; improvements in these areas can build on a very sound foundation of which we can be very proud. Western Canada is one of the wealthiest and best places to live in the world for a reason. This gives us the chance to go even further and perform at levels other jurisdictions cannot.

It is also important to note that these factors play out in different ways in different jurisdictions. In western Canada, intermodal freight transportation is particularly important given the vast size of the region. Similarly, Manitoba’s geographic position at the centre of the continent and BC’s proximity to Asia are advantages that have been, and should continue to be, exploited.

One huge thing we have going for us in Canada and western Canada is that we are at an advanced stage of development compared to many other countries. The WEF considers Canada and, by extension, western Canada to be an “innovation-driven” economy. As noted above, this does not mean that we can ignore things like basic education and a stable macroeconomic environment, but it does mean that we can and should place particular emphasis on the pillars of business

Figure 7: Population Change, Western Cities, (000s) 1976-2007

	1976	2007	% Change
Vancouver (CMA)	1,166.3	2,285.9	+96.0
Calgary (CMA)	469.9	1,139.1	+142.4
Edmonton (CMA)	554.2	1,081.3	+95.1
Winnipeg (CMA)	578.2	712.7	+23.3
Victoria (CMA)	218.3	337.4	+54.6
Saskatoon (CMA)	133.8	241.4	+80.4
Regina (CMA)	151.2	201.5	+33.3
	2001	2006	% Change
Iqaluit	5.2	6.2	+10.2
Whitehorse (CA)	21.4	22.9	+7.0
Yellowknife (CA)	16.5	18.7	+13.1

Source: Statistics Canada and Canada West Foundation calculations. Note: CMA=Census Metropolitan Area; CA=Census Agglomeration. The Yukon Bureau of Statistics estimates the population of Whitehorse to be 25,403 as of December 2008. The Yukon Bureau of Statistics includes suburban communities that Statistics Canada does not include in its definition of the Census Agglomeration.

sophistication and innovation. Innovation is especially important. As the WEF argues in its 2007-2008 *Global Competitiveness Report*:

“Although less-advanced countries can still improve their productivity by adopting existing technologies or making incremental improvements in other areas, for countries that have reached the innovation stage of development, this is no longer sufficient to increase productivity. Firms in these countries must design and develop cutting-edge products and processes to maintain a competitive edge. This requires an environment that is conducive to innovative activity, supported by both the public and private sectors.”

You can't ignore the other pillars, but if you really want to break out from the pack, innovation is the basket in which to place a lot of your eggs.

The 12 pillars present policy-makers with a dilemma: as noted, action across all 12 pillars—even if it is just maintenance of an already solid foundation—is needed, but an economic competitiveness *strategy* focused on all aspects of all 12 pillars would be impractical and counterproductive. An effective strategy must pick and choose from among the hundreds of policy options. Hence, this report now turns to an overview of what we see as the most important areas of potential public policy action that arise out of the 12 pillars given the particular characteristics and circumstances of western Canada. The following eight policy “baskets” were selected based on a distillation of input related to the West's competitiveness received by the Canada West Foundation over the last decade. Because each of these baskets requires further unpacking in order to reach the focus demanded by an effective strategy, the report then examines specific things that governments in the region can do to improve performance in these areas.

Figure 8: Percentage of Provincial and Territorial Population in Major Cities, 2007

	Population (000s)	Provincial/Territorial Population (000s)	% of Provincial/Territorial Population
Vancouver (CMA)	2,285.9	4,310.3	53.0
Calgary (CMA)	1,139.1	3,510.9	32.4
Edmonton (CMA)	1,081.3	3,510.9	30.8
Winnipeg (CMA)	712.7	1,193.5	59.7
Victoria (CMA)	337.4	4,310.3	7.8
Saskatoon (CMA)	241.4	999.7	24.1
Regina (CMA)	201.5	999.7	20.2
Abbotsford (CMA)	164.6	4,310.3	3.8
Kelowna (City)	162.3	4,310.3	3.8
Iqaluit (2006 Census)	6.2	29.5	21.0
Whitehorse (CA) (2006 Census)	22.9	30.4	75.3
Yellowknife (CA) (2006 Census)	18.7	41.5	45.1

Source: Statistics Canada Census, Yukon Bureau of Statistics and Canada West Foundation calculations. Note: CMA=Census Metropolitan Area; CA=Census Agglomeration. The Yukon Bureau of Statistics estimates the population of Whitehorse to be 25,403 as of December 2008. The Yukon Bureau of Statistics includes suburban communities that Statistics Canada does not include in its definition of the Census Agglomeration.

3.1 Tax Policy

“...high corporate and personal income taxes discourage investment and work, whereas value-added taxes do not.”

—Competition Policy Review Panel, *Compete to Win*

Although tax policy is only one tool for fostering economic growth and enhanced competitiveness, it arguably has the most immediate impact on output, incomes, and the attraction of domestic and foreign investment. Hence, tax policy is an essential element of any government competitiveness strategy. With that said, a number of caveats must be stressed:

- ❑ a lot of what may be needed on the tax front falls under federal jurisdiction;
- ❑ tax policy has less leverage for territorial governments than it may have for their provincial counterparts;
- ❑ the western provinces and territories face very different circumstances that require different tax policies (e.g., the availability of natural resource revenue in Alberta is sufficient to enable it to be the only province in Canada without a sales tax);
- ❑ low taxes are not a silver bullet and can be counterproductive if they result in, for example, underdeveloped economic infrastructure or a lack of educational opportunities and skills training; and
- ❑ assuming that the overall tax burden is within an acceptable range, *what* governments tax and *how* they tax are more important than *how much* they tax; achieving success is less about *cutting* taxes and more about employing the right *type* of taxation.

In light of the last caveat, much of what western Canada has to do in terms of tax policy is less about which jurisdiction is charging what rate, and more about opportunities for improving the efficiency of the tax system, reducing its distortionary effects, and ensuring stable and sufficient revenue resources for municipalities.

3.2 Transportation Infrastructure

“People in transportation do not feel that ‘fixing potholes’ is more important than health care or education. But they know, better than anyone, that without an efficient and well-maintained transportation system, the prosperity that today supports our excellent social programs would simply not exist.”
 —*Moving Forward: A Guide to the Importance of Transportation in Canada*, WESTAC

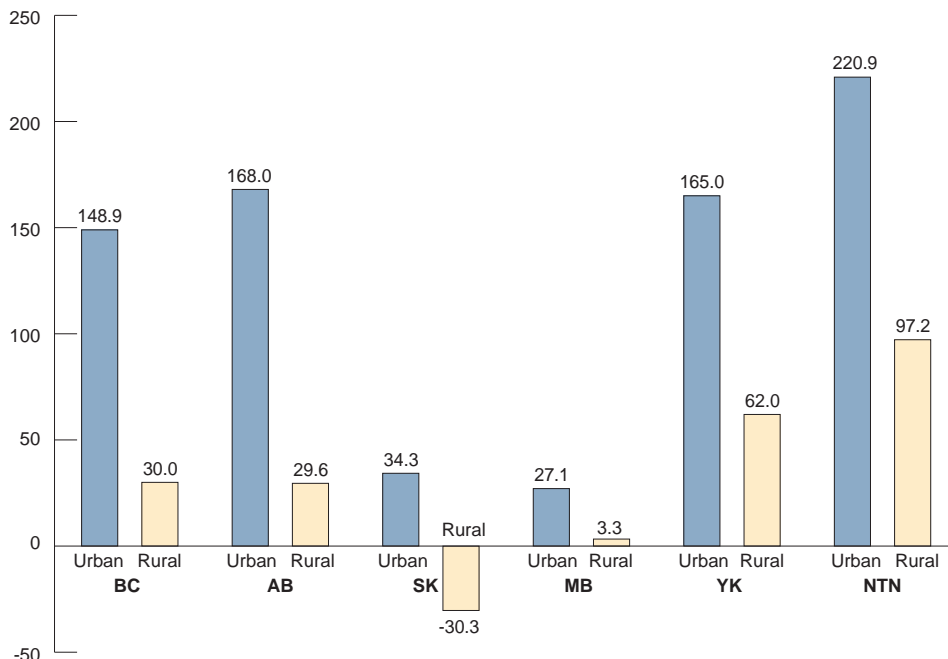
Transportation infrastructure links people and communities, products and markets, and is essential to businesses of all types and all sizes. In western Canada, a premium is placed on transportation infrastructure because of our vast geography, a relatively sparse population, and our status as one of the world’s most trade-oriented economies. In the West, much of the resource base lies at a considerable distance from markets, making it difficult to imagine a competitiveness strategy that does not have the provision of transportation infrastructure as a central element. The role of public policy here is to help

reduce the costs of distance, moderate the negative impact on business, and lower costs across the economy.

The spread of e-commerce and the revolution in information and communication technologies will not alter the fact that many goods (and people) still have to be moved in and out of the region on a massive scale. The conventional transportation infrastructure—roads, railways, airports, pipelines, and ports—will be as vitally important to the region’s economy in the future as it was in the past. Public policies relating to regional transportation infrastructure are therefore inextricably tied to the prospects for regional prosperity.

Urban transit systems and inter-city passenger transit are also critical elements as they facilitate the efficiency of economic activity within cities and between them. Given the increasing pressure to reduce greenhouse gas emissions, the “greening” of the transportation system is a relatively new factor that must be given due consideration.

Figure 9: Population Growth, Urban and Rural Areas, 1966-2006 (%)



Source: Derived from Statistics Canada Census data. Note: NTN = Northwest Territories + Nunavut.

Transportation challenges and opportunities are numerous in western Canada and include, for example, east-west and north-south electricity transmission, the need for a northern gas pipeline, continued development of the Pacific Gateway, labour shortages, maintaining strong intraregional and international air linkages, the effects of climate change and the need for more transportation infrastructure in the North, and maximizing the role of the Port of Churchill.

3.3 Human Capital

“The intense competition that flows from an open world generates a relentless flow of new ideas. Prosperity flows not just to those who generate new knowledge, but in even greater measure to those who find ways to make effective use of such knowledge.”

—Canadian Council of Chief Executives,
From Bronze to Gold: A Blueprint for Canadian Leadership in a Transforming World

There are many dimensions to human capital—everything from general attitudes toward work and unionization to rewarding creativity and the retirement age. The existence of a highly *educated* labour force, however, consistently emerges as one of the major drivers, if not *the* major driver, of economic competitiveness. As the world embraces the knowledge economy and manufacturing and now many services continue their exodus from Canada and the United States, the education and skills of the labour force become even more important. Indeed, they provide the foundation for innovation and productivity at home, and they are the transmission belts for securing innovations from abroad.

Western Canada’s stock of human capital is impressive and is a primary reason for the region’s current prosperity. The quality of human capital, however, is not a static thing but a highly dynamic phenomenon that requires constant nurturing. This is even more important as our competitors catch up with us, and pass us (if they haven’t already), in this area.

There are only two ways to improve the quality of the West’s human capital: 1) by increasing the education and skills of the local population (and retaining that population); and 2) by importing skilled labour from other parts of Canada or other countries (and putting those skills to full use).

With regard to the former, there are significant demographic pockets where education opportunities and achievements fall short. Generally low educational outcomes in rural and Aboriginal communities are prime

Figure 10: Share of International Immigrants to Canada, 2008

	Share of Total Population	Share of Immigrants to Canada
British Columbia	13.2%	17.3%
Alberta	10.8%	9.5%
Saskatchewan	3.0%	1.7%
Manitoba	3.6%	4.3%
Yukon	0.10%	0.04%
Northwest Territories	0.13%	0.05%
Nunavut	0.09%	0.01%
Rest of Canada	69.1%	67.1%

Source: Derived from Statistics Canada CANSIM Table 051-0011. Note: The reference period is July 1 to June 30.

examples of shortfalls in maximizing the West's human capital potential.

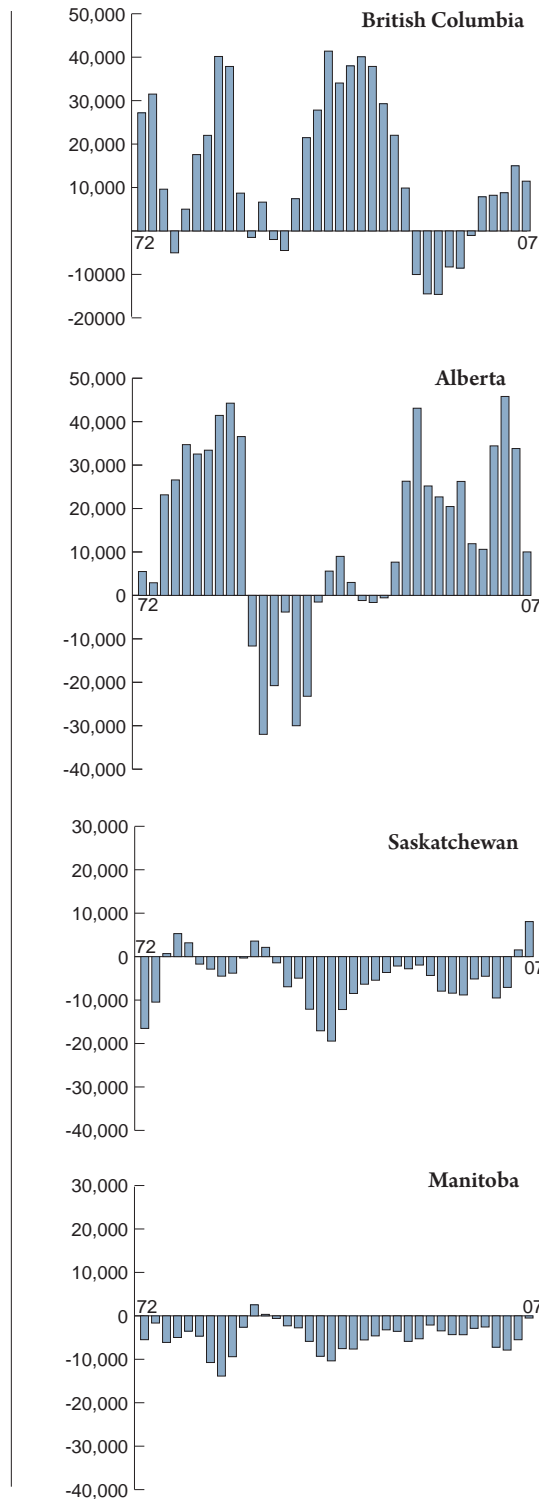
Only BC and Manitoba attract a larger share of international immigrants than their share of the national population warrants, with the rest of the region significantly underperforming in this area. As a region, the West has attracted more people from other parts of Canada than it has lost, with a net gain of 619,986 people between 1972 and 2007 (see Figures 11 & 12). These gains, however, are not evenly distributed across the region with only BC and Alberta posting positive interprovincial migration numbers over this period. On the bright side, there is a fair degree of labour mobility in Canada and in the West as movement between provinces is very common.

An area of particular concern is the ongoing gap between the skills and experience of new immigrants and their success in the western Canadian labour market. The labour market potential of recent immigrants is often not fully realized in the face of language barriers, lack of Canadian workplace experience, and ongoing credential and skills recognition challenges.

The region—despite the slowdown—continues to have skilled labour shortages that will get worse post-recession and as the population continues to age. In addition, there is always the issue of whether or not the type of education we are providing matches the high-end labour market needs demanded by the knowledge economy. The Canada West Foundation's 2008 *Looking West* survey found that 50% of western Canadians do not think that high school students are learning what they need for the workforce (Berdahl 2008).

In short, while we are doing reasonably well at educating our population and attracting skilled labour from other jurisdictions, reasonably well is not good enough for the challenges to come. To paraphrase American education policy, it is essential that no group or individual be left behind.

Figure 11: Net Interprovincial Migration, 1972-2007



Source: Statistics Canada, CANSIM Table 051-0018.

3.4 Cities and the Importance of Place

“[W]hile theoretically we can choose to live virtually anywhere, the reality of the global economy is that certain places offer far more opportunity than others.”

—Richard Florida, *Who’s Your City? How the Creative Economy is Making Where to Live the Most Important Decision of Your Life*

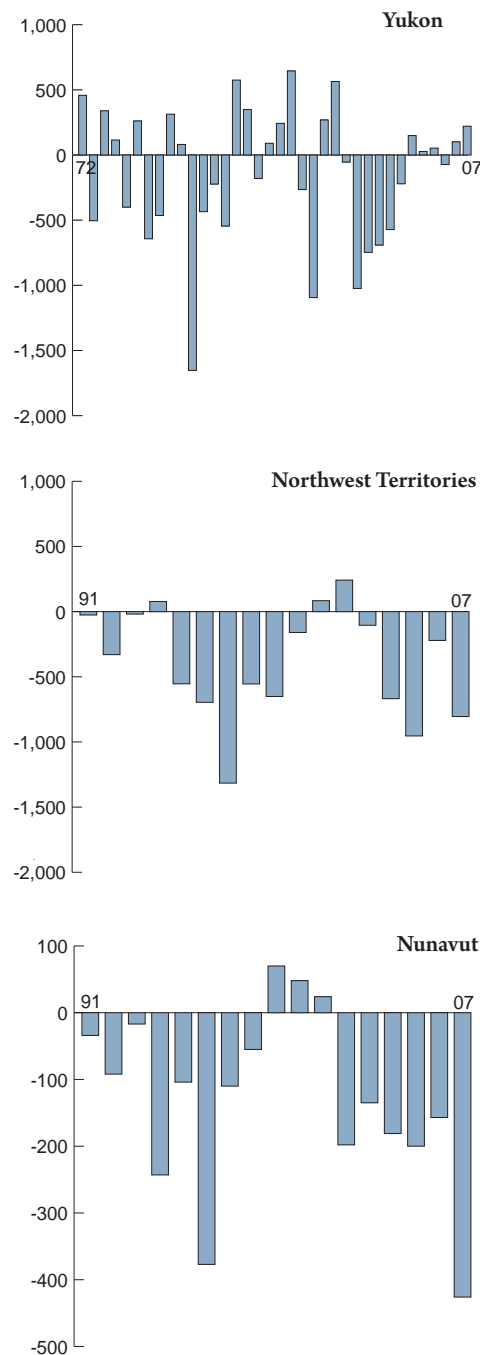
Successful economies capture their unique physical and social character, recognizing that the quality of community life, and particularly the health and vitality of large urban centres, are essential to the attraction and retention of skilled labour and footloose investment capital. Theorists such as Richard Florida draw attention to the importance of urban amenities in the attraction and retention of the “creative class.” As *global* competition for talent intensifies, the quality of *local* place will become more, rather than less, important.

In this respect, western Canada has some strong cards to play in that its cities are modern, clean, relatively efficient, and dynamic places. Vancouver topped *The Economist’s* 2008 list of the world’s most livable cities (Calgary tied with Adelaide, Australia for 7th spot) and third on the 2008 Mercer Quality of Life Survey (Calgary placed 26th).

In addition to the theoretical role of cities in cultivating and attracting the human capital ideally suited to work in the knowledge economy, there is general consensus that cities are drivers of economic growth, especially in the service and knowledge economy. This creates a tension in the West because of its strong and still recent rural history, and because its natural resources and extraction sites are located in the rural West, not in its urban centres.

The arguments concerning cities as drivers of economic growth emphasize that the national economy is really just a collection of regional economies, and that many of the challenges and opportunities for growth are controlled

Figure 12: Net Interprovincial Migration, Territories 1972-2007 (Yukon), 1991-2007 (NT & NU)



Source: Statistics Canada, CANSIM Table 051-0018.

at the metropolitan level. As part of its Metropolitan Policy Program, the Brookings Institution published *MetroNation: How US Metropolitan Areas Fuel American Prosperity* in 2007. The report argues that the key drivers of national prosperity are innovation, human capital and infrastructure. Because metropolitan areas are where these resources tend to accumulate, the economic role of cities is crucial. The Brookings study goes on to discuss the clustering effect: the concentration of human capital, infrastructure and innovation leads to knowledge spillovers, particularly of tacit knowledge, which cannot be traded over long distances.

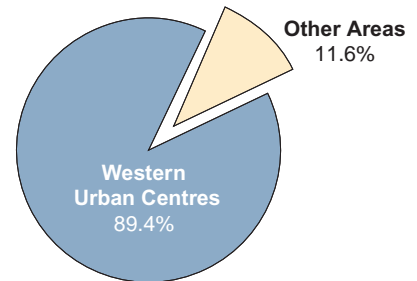
One effect of globalization has been the geographic dispersal of routine economic functions (things like manufacturing and basic service work), and this is what many people point to when discussing globalization. However, Florida points to a second effect: higher-level activities such as innovation, design, finance, and so on have actually clustered into a small number of locations. This is consistent with Michael Porter, who argues that the more mobile things are, the more location matters (Porter 2003).

Policies that improve the efficiency, livability and dynamism of the West's large urban areas will therefore improve the region's economic competitiveness. Urban form and density, public transit, downtown revitalization, cultural amenities, and social issues such as homelessness are examples of urban issues where the West has room to improve its urban policy performance.

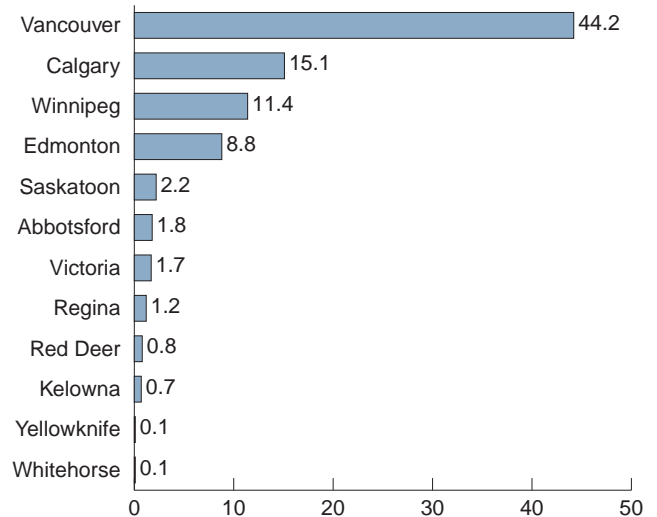
Although a focus on cities is appropriate, it is important to stress that urban areas and rural areas are interdependent, and that a prosperous region depends on the health of both. One key reason for investing in rural areas is to protect and restore the environment; rural populations can act as stewards of the environment. Natural capital is a benefit to urban populations, and so rural areas have a key role to play in protecting these resources to the benefit of all. Preventing urban congestion is another point brought up consistently: healthy, livable rural areas that can retain talent and attract business would help

Figure 13: Destination of International Immigrants, 2007

Share of International Immigration to Western Canada (%)



Share of International Immigration to Select Western Urban Areas (%)



Source: Derived from Citizenship and Immigration Canada, Facts and Figures 2007.

stop overcrowding in urban areas. Some authors even point to the link between these two ideas: McGranahan and Wojan, economists with the US Department of Agriculture, claim that rural areas often have the natural amenities to appeal to, and retain, the creative class, and that the growth in rural areas between 1990 and 2004 has been driven by the creative class.

Figure 14: Total International Migration, 1972-2008

	Total Immigration	Total Emigration	Total Net Immigration	Average Annual Net Immigration
Canada	6,740,019	1,903,013	4,837,006	130,730
Manitoba	203,806	71,881	131,925	3,566
Saskatchewan	80,890	35,350	45,540	1,231
Alberta	550,489	261,438	289,051	7,812
British Columbia	1,111,838	280,508	831,330	22,468
Yukon	2,928	2,082	846	23
NWT + Nunavut	4,174	1,787	2,387	65
WEST	1,954,125	653,046	1,301,079	35,164
Rest of Canada	4,785,894	1,249,967	3,535,927	95,566

Source: Derived from Statistics Canada CANSIM Table 051-0011. Note: The reference period is July 1 to June 30. Note: WEST = Western provinces and territories.

Figure 15: International Migration, 2008

	Immigration	Emigration	Net Immigration
Canada	249,603	45,049	204,554
Manitoba	10,741	1,842	8,899
Saskatchewan	4,300	528	3,772
Alberta	23,806	5,369	18,437
British Columbia	43,114	6,954	36,160
Yukon	101	20	81
Northwest Territories	131	25	106
Nunavut	32	20	12
WEST	82,225	14,758	67,467
Rest of Canada	167,378	30,291	137,087

Source: Derived from Statistics Canada CANSIM Table 051-0011. Note: The reference period is July 1 to June 30. Note: WEST = Western provinces and territories.

Figure 16: Source Area of International Immigrants to Western Canada, 2007

	MB		SK		AB		BC		Territories		WEST	
	#	%	#	%	#	%	#	%	#	%	#	%
Asia & Pacific	5,871	53.6%	1,711	48.6%	11,212	53.8%	26,492	68.0%	93	48.2%	45,379	60.9%
Europe & the United Kingdom	2,294	20.9%	841	23.9%	3,383	16.2%	4,988	12.8%	46	23.8%	11,552	15.5%
Africa & the Middle East	1,766	16.1%	646	18.4%	3,525	16.9%	3,336	8.6%	21	10.9%	9,294	12.5%
United States	210	1.9%	133	3.8%	938	4.5%	2,634	6.8%	17	8.8%	3,932	5.3%
South & Central America	811	7.4%	186	5.3%	1,782	8.5%	1,475	3.8%	16	8.3%	4,270	5.7%
Source Area Not Stated	3	0.03%	0	0.0%	17	0.1%	16	0.04%	0	0.0%	36	0.05%
Total	10,955	100.0%	3,517	100.0%	20,857	100.0%	38,941	100.0%	193	100.0%	74,463	100.0%

Source: Derived from Citizenship and Immigration Canada, Facts and Figures 2007. Note: WEST = Western provinces and territories.

3.5 The Green Economy

“Natural capitalism is about choices we can make that can start to tip economic and social outcomes in positive directions. And it is already occurring – because it is necessary, possible and practical.

— Paul Hawken, Amory Lovins, and L. Hunter Lovins, *Natural Capitalism: Creating the Next Industrial Revolution*

The West is home to one of the greatest stores of natural capital in the world. From the northern lights and diamonds to the boreal forest, from vast stores of oil and gas to the eastern slopes of the Rockies and the lakes of Manitoba, western Canada overflows with natural beauty, natural resources, and is home to an array of ecological “goods and services.” Harvesting this bounty as well as maintaining it are at the core of the region’s comparative advantage and its quality of life.

There is growing awareness that economic competitiveness and environmental issues are becoming linked in three key ways: 1) jurisdictions that do not to take action on environmental issues, such as reducing greenhouse gas emissions, may be penalized by a global marketplace and policy space that are increasingly demanding greener processes and products; 2) there are significant direct and indirect economic costs created by degrading a jurisdiction’s natural capital (e.g., if the water supply becomes contaminated); and 3) there are opportunities to participate in new markets for green products and services, and to save money through less wasteful production systems (“eco-efficiency”). In addition, there are quality of life factors that argue in favour of greener practices that, while of value on their own, also play a role in attracting and retaining skilled labour and investment.

Conversely, it is sometimes argued that jurisdictions that do not adhere to greener practices have the advantage over those that adopt the new approaches. For

example, if country X requires a reduction of greenhouse gases that adds to the price of a particular product and country Y does not, country Y has the upper hand in terms of price. While this may be true in the short-term, it is imperative that decision-makers consider the long-term and hidden costs of various policy alternatives, and that businesses adapt now to a higher standard of environmental performance rather than wait and play catch-up down the road.

Managing forest and water resources, dealing with the effects of climate change (especially in the North), reducing greenhouse gases, maintaining agricultural land, addressing conflicting land uses, and improving urban natural capital assets are just a sample of policy areas that have ramifications on competitiveness. An even tighter linkage between “the environment” and “the economy” than is currently in place is essential to the long-term economic success of the region.

Figure 17: Greenhouse Gas Emissions, 2007

	Total kt CO ₂ equivalent		Tonnes Per Person
	1990	2007	2007
Newfoundland and Labrador	9,450	10,500	20.7
Prince Edward Island	1,980	2,090	15.1
Nova Scotia	19,000	20,600	22.0
New Brunswick	15,900	18,700	25.1
Quebec	82,600	85,700	11.2
Ontario	175,000	197,000	15.4
Manitoba	18,600	21,300	17.8
Saskatchewan	43,400	72,000	72.0
Alberta	171,000	246,000	70.1
British Columbia	49,200	63,100	14.6
Yukon Territory	531	400	12.3
Northwest Territories	1,160	1,470	33.8
Nunavut	195	367	11.7

Source: National Inventory Report, Greenhouse Gas Sources and Sinks, 1990-2007, Greenhouse Gas Division, Environment Canada, Submission to the United Nations Framework Convention on Climate Change

“What kind of world will we have when our economy is based on increasing the capacity and efficiency of our existing communities... on increasing (not just slowing the rate of depletion) the capacity and health of our farmlands, watersheds, and fisheries? What happens when each year leaves us with a healthier, wealthier world?”

—Storm Cunningham, *reWealth: Stake Your Claim in the \$2 Trillion reDevelopment Trend That’s Renewing the World* (2008)

3.6 The Witches' Brew of Innovation: R&D, Venture Capital, Commercialization, Education, and Creativity

“Canada lacks in its efforts to transform and use knowledge, turning it into new marketable goods or services.”

—Conference Board of Canada, *Exploring Canada's Innovative Character: Benchmarking Against Global Best*

It takes money to make money; hence, the primary importance of venture capital (VC) to western Canada's competitiveness. The availability of venture capital—from angel investors putting up cash for start-ups to multi-billion dollar venture capital funds—is the yeast that grows new businesses that are too risky for other types of investors such as banks or capital markets. As such, there is a strong link between venture capital and the knowledge economy because traditional means of financing are often unavailable to small- and medium-sized knowledge-based industry start-ups. (The lack of tangible assets, delayed revenue streams, and the high risks associated with these types of firms are the usual impediments to traditional financing.)

Venture capital has the potential to help convert Canada's resource-based economy to a knowledge-based, innovation-driven economy. While relatively few firms receive venture capital, there is evidence that VC-backed firms make a significant contribution to an economy's growth, innovation and productivity. Studies have shown that VC-backed companies outperformed their non-VC-backed counterparts in terms of job creation and revenue growth (between 2003 and 2007, VC-backed firms in Canada had annual growth rates of 17.1% for employment and 32% for total sales) (Duruflé 2009). A large share of Canada's biggest public and private technology companies were at one point at least partially financed by venture capital. Between 1996 and 2007, VC-backed technology firms created 147,504 direct and indirect jobs in Canada, while generating \$18.3 billion in sales (ibid.).

Figure 18: Total Venture Capital Investment Activity, 2007

	\$	% of Total
British Columbia	\$315,716,000	15.2
Alberta	\$57,641,000	2.8
Saskatchewan	\$59,152,000	2.8
Manitoba	\$18,495,000	0.9
Ontario	\$947,939,000	45.6
Quebec	\$646,460,000	31.1
New Brunswick	\$15,968,000	0.8
Nova Scotia	\$18,000,000	0.9
Total	\$2,079,371,000	100.0
WEST	\$451,004,000	21.7
Prairies	\$135,288,000	6.5

Source: Canada's Venture Capital and Private Equity Association (www.cvca.ca) and Canada West Foundation calculations. Note: WEST = Western provinces only, Prairies = Alberta, Saskatchewan, and Manitoba.

VC-backed firms are generally highly innovative because they typically invest in research and development activities. As a result, these firms have a higher propensity to register patents, and therefore play an important role in the development and commercialization of new technologies, particularly from universities and government labs. VC-backed firms are also highly export-oriented; 70% of the revenue generated by VC-backed firms was from export sales, more than four times the export ratio (17%) of the total Canadian private sector (ibid.). If high levels of venture capital activity occur in a particular region, this may lead to the development of an industrial “cluster.” Clusters have been linked to productivity, growth and innovation (Porter 1998).

A well-functioning venture capital industry fosters a strong entrepreneurial spirit and leads to the expansion of the managerial talent pool for the next generation of knowledge industry start-ups. Unfortunately, western Canada punches well below its weight in terms of its share of venture capital investment in Canada. In 2007, western Canada accounted for only 21.7% of venture capital invested in Canada (CWF calculations using data from www.cvca.ca). The picture is especially bleak on the Prairies with a total of only 6.5% (\$135 million out of \$2.1 billion).

A related but distinct tool in the economic competitiveness box is commercialization of research (a.k.a. new product development). Sometimes linked to the availability of venture capital and sometimes not, commercialization involves taking ideas (often generated by formal R&D programs) and transforming them into viable commercial enterprises. It’s a simple equation: the more research and development combined with commercialization that takes place within a jurisdiction, the more competitive its economy.

In one way or another, venture capital, R&D, and commercialization all relate back to innovation, i.e., “improvements in the ways of doing things that add significance or value” (Carlson 2007).

Figure 19: Aboriginal Population, 2006

	Population (000s)	% of Total Population*
Canada	1,172,785	3.8%
Newfoundland and Labrador	23,455	4.7%
Prince Edward Island	1,730	1.3%
Nova Scotia	24,175	2.7%
New Brunswick	17,650	2.5%
Quebec	108,425	1.5%
Ontario	242,495	2.0%
Manitoba	175,395	15.5%
Saskatchewan	141,890	14.9%
Alberta	188,365	5.8%
British Columbia	196,075	4.8%
Yukon	7,580	25.1%
Northwest Territories	20,635	50.3%
Nunavut	24,915	85.0%
WEST	754,855	7.9%
Rest of Canada	417,930	1.9%

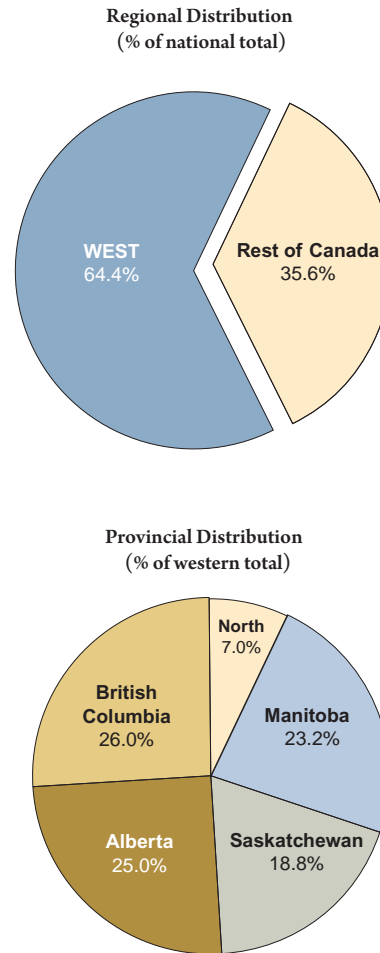
Source: Statistics Canada 2006 Census. * % of total provincial, territorial, or regional population. Note: WEST = Western provinces and territories.

International studies of competitiveness consistently identify innovation as a key driver of long-run economic success. Innovation—by way of new technologies, adopted technologies and improved business practices—is viewed as the *only* source of long-run sustainable growth for advanced industrial economies like western Canada. For example:

- ❑ Kwiek analyzes how regions in central and eastern Europe have been using innovation policy to become more competitive (2008). He finds a very high correlation between competitiveness and the level of innovation measured by capacity for innovation, quality of scientific research institutions, business sector spending on R&D, university-industry research collaboration, government procurement of advanced technology products, and the availability of scientists and engineers.
- ❑ Finland, which cannot compete with low labour and production costs and lacks a large domestic market, has focused on improving local and regional competitiveness through innovation—investment in high technology R&D, and constant improvement of the education system (Jauhiainen 2008).

Competing on the field of technological innovation requires an environment that is conducive to *creative* activity, one with sufficient public and private sector investment in R&D, high quality research institutions (and staff and students), collaboration between universities and industry, protection of intellectual property rights and an education system that cultivates the creative process that is latent *in everyone*. The democratization of creativity whereby *all citizens*—not just “artists”—are encouraged to be creative is seen by many contemporary gurus (e.g., Daniel Pink and Sir Ken Robinson) as the foundation of a truly innovative (and, turn, economically successful) post-industrial society. Indeed, there is a call for our education system to be transformed such that it

Figure 20: Aboriginal Population, 2006



Source: Derived from Statistics Canada 2006 Census. Note: WEST = Western provinces and territories.

does a better job identifying and unleashing the creative potential of western Canadians whether they end up as engineers, lawyers, site supervisors, bureaucrats, or any other type of employee. Creativity is seen as the bridge to the innovation that drives the knowledge economy (which increasingly characterizes jobs in traditional sectors such as resource extraction, transportation and agriculture).

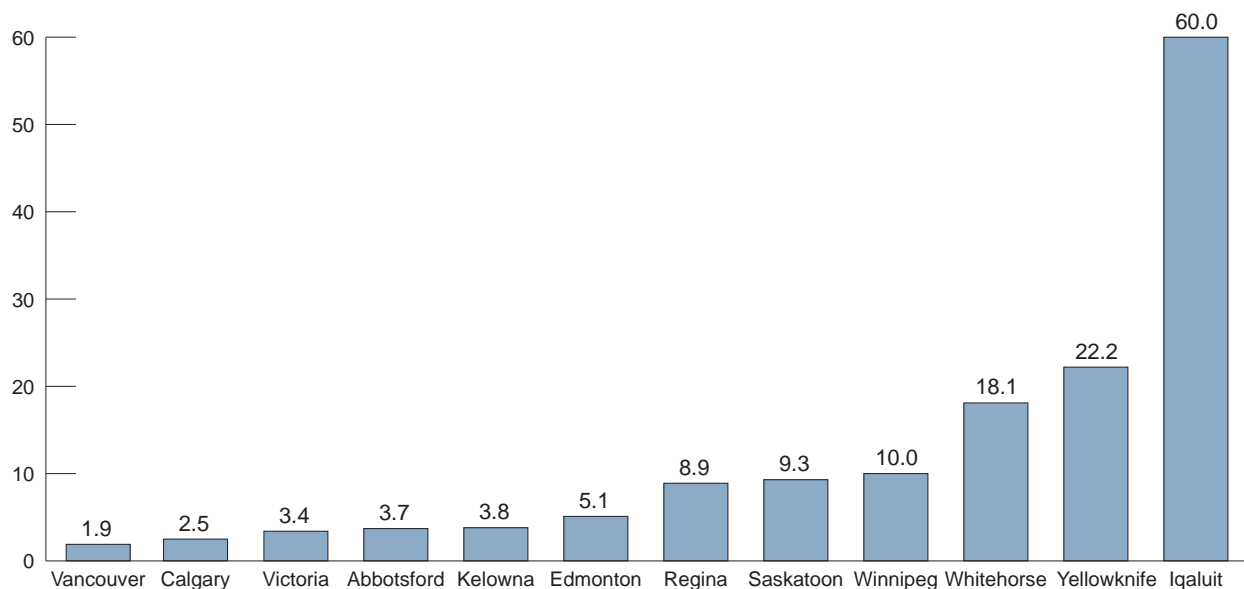
With that said, it is important to stress that there is a very complex relationship between venture capital, R&D, commercialization, innovation, creativity, technology, education, and business clusters that is far from fully understood. What we do know is that when these elements “click,” economic growth is the result. Governments and businesses cannot simply buy innovation and creativity off the shelf like other inputs:

“Knowing how and where to invest for innovative action is extremely elusive: there is no simple

formula whereby an investment in “X” (whatever that may be) will produce “Y” (creativity and innovation). This inability to “buy” the most wanted effects of creative thinking and innovation speaks to the appropriate role of government in this equation. Through astute investment and strategic policy development and implementation, it is possible to nurture circumstances under which original thought and action may flourish” (Carlson 2007).

More will be said later in this report about how to help achieve that elusive clicking sound.

Figure 21: Aboriginal Population of Select Western Cities, 2006 (% of total city population)



Source: Derived from Statistics Canada 2006 Census.

3.7 Moving Up the Value Chain

“There may be a limit to the number of good factory jobs in the world, but there is no limit to the number of idea-generated jobs in the world.”

—Thomas Friedman, *The World is Flat: A Brief History of the Twenty-First Century*

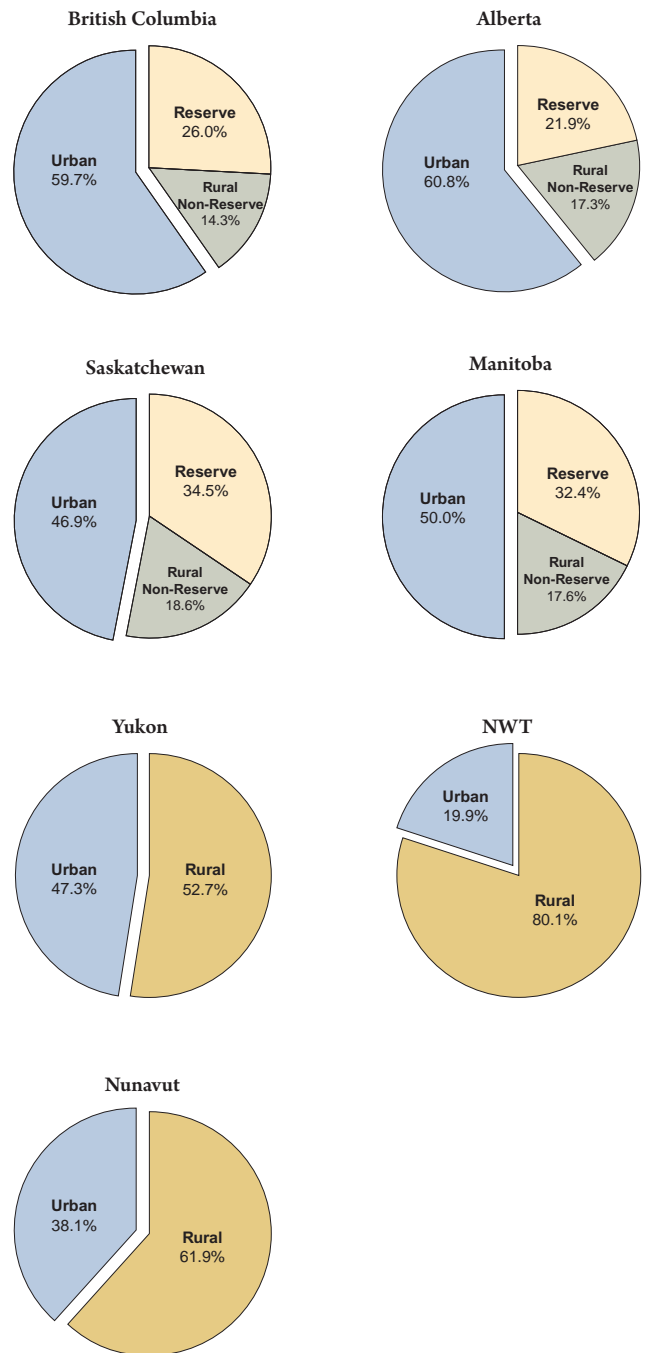
It is no secret that manufacturing that relies on low wages is not a comparative advantage of advanced economies like western Canada and it is no secret that most (though not all) of the “good” jobs (i.e., well-paying and stimulating) are not found on the floor of sweat shops, call centres, or chicken packaging factories. Robots have not yet entirely taken over these jobs as Jeremy Rifkin predicted in his prophetic bestseller *The End of Work* (human labour is still cheaper), but they are clearly not the jobs that will propel and keep western Canada at the leading edge of economic growth, (good) job creation, and international competitiveness over the long-term.

So what kind of jobs will keep the West at the forefront of the global economy? The answer lies in the much-used concept of “value-added,” but not in the way it is traditionally applied in western Canada. We often think of value-added as turning a tree into lumber, bitumen into synthetic crude, or wheat into pasta. While these are all laudable forms of value-added manufacturing, the real growth potential lies in capturing more of the activity that takes place further along the value chain.

Take the example of diamonds. Most agree that extracting raw diamonds and simply selling them to other jurisdictions does not capture the value-added opportunities associated with those diamonds. Hence, the successful push to not just extract diamonds but to cut and polish them as well. There is also the value-added elements of jewelry design, marketing and sales. The more we can capture these latter elements, the further we move up the value chain.

For example, through the signing of Socio-Economic Agreements with the diamond producers currently

Figure 22: Aboriginal Population by Location, 2006 (% of total)



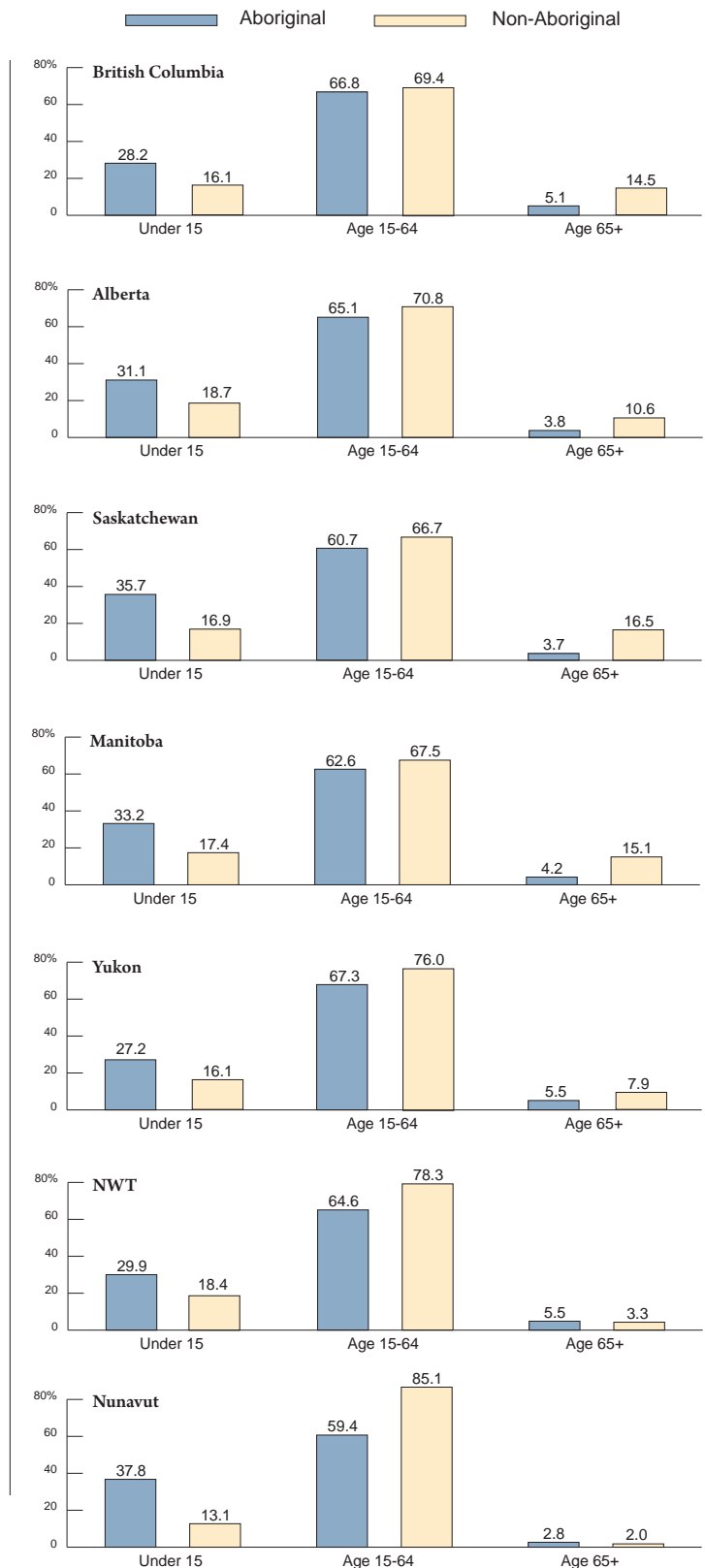
Source: Derived from Statistics Canada 2006 Census and Canada West Foundation calculations. Note: Statistics Canada's definition of rural, urban, and reserve are based on a system of reserves that no longer exists in YK and NWT. We have combined Statistics Canada's rural + rural non-reserve figure for YK to better represent the reality on the ground in this territory. For NWT, urban includes the city of Yellowknife while rural includes all other communities in the NWT as per NWT Bureau of Statistics calculations.

operating in NWT, producers have committed to supply rough diamonds to promote and support value added diamond activity in the territory. Various types of agreements have been reached with each of the three producers for provision of 10% of the rough diamonds produced. Aboriginal employment and procurement have also been significant, and have resulted in solid businesses that are expanding their markets beyond that of the diamond mines.

It is not about cutting costs and a race to the bottom; it is about who has the brightest minds and who can put them to the best use. It is not enough to build more factories for secondary manufacturing: “Adding value to our resources is not likely to come from labour intensive, assembly line production facilities. It is most likely to come from the intellectual resources of the West: our minds. We may not build the chairs, but we will design them. We may not make the pasta, but we will research and engineer higher protein-yielding grains” (Hirsch 2006).

We see here the critical importance of the witches’ brew of venture capital, R&D, commercialization, education, innovation and creativity discussed in the previous section. The idea is to think big and not settle for outdated definitions of economic diversification, but embrace the upper end of the value chain rooted in the knowledge economy. We will still hew wood and draw water (and hopefully shape the wood and make the water into beer), but we can also sell our professional and creative services at a high price in the global marketplace.

Figure 23: Aboriginal Population by Age, 2006 (% of total)



Source: Derived from Statistics Canada 2006 Census.

3.8 Intergovernmental Cooperation

“Additional opportunities will come forward by creating linkages in the West. Much of what we have to do in the years ahead involves cooperation among the provinces.”
 —The Hon. Gary Filmon (April 2001, Western Builders Roundtable)

The eighth area of policy action for western Canada cuts across all seven of the areas outlined above and is linked to the economic concept of economies of scale. Despite its massive economic output, western Canada is small in terms of its population base and can therefore benefit from a greater degree of cooperation among its seven jurisdictions to harness economies of scale in areas such as post-secondary education. More importantly, greater cooperation across a broad range of policy fronts will reduce unnecessary duplication of efforts, improve efficiency (e.g., in labour mobility), present the global economy with a less confusing market for investment, and increase the political influence of the region in Confederation. Borders are valid, but not when they unnecessarily constrain economic prosperity.

If this is the case, why not adopt a national perspective and encourage Canada-wide cooperation? The answer lies in the fact that Canada is simply too large and diverse to come together and coordinate effectively on all issues. Regions are often, although not always, more manageable units for both analysis and action. With that said, it should be stressed that regional cooperation does not make sense in all cases. Provincial and territorial variation should not only be expected but encouraged, for one of the advantages of federalism is that it allows for policy experimentation and healthy competition among jurisdictions.

There have been positive developments on this front (e.g., the BC-Alberta Trade, Investment and Labour Mobility Agreement and the changes to the labour mobility chapter of the Agreement on Internal Trade). However, there are opportunities to do much more and to consider the creation of permanent regional institutions that go beyond intergovernmental agreements.

Figure 24: Aboriginal Educational Attainment, 2006 (Total population 15+ compared to Aboriginal population 15+)

		No certificate, diploma or degree (%)	University certificate, diploma or degree at bachelor's level or above (%)
MB	Total	29%	15%
	Aboriginal	50%	6%
SK	Total	30%	13%
	Aboriginal	49%	6%
AB	Total	23%	17%
	Aboriginal	44%	5%
BC	Total	20%	19%
	Aboriginal	39%	5%
NT	Total	33%	16%
	Aboriginal	55%	3%
YK	Total	23%	18%
	Aboriginal	41%	5%
NU	Total	57%	9%
	Aboriginal	69%	2%
CAN	Total	24%	18%
	Aboriginal	44%	6%

Source: Statistics Canada 2006 Census. Note: Population 15 and over.

4. GROWING THE ECONOMY AND BOOSTING COMPETITIVENESS

“There is a profound difference between getting it and getting it done.”
—Eric Best, futurist

Given the eight areas of potential policy action outlined above, and given the distinctive characteristics of western Canada and its constituent provinces and territories, how can we best go about designing a specific competitiveness strategy? The point of departure must be the recognition **that western Canadian governments have taken or are in the midst of taking action in each of the**

eight areas. Governments invest heavily in education and transportation infrastructure, there are programs to increase immigration and Aboriginal employment, regional cooperation is an active policy file, and so on. (An inventory of current provincial and territorial action to increase competitiveness can be found in the Appendix.)

Again, we are not starting from scratch. Despite this, there is more to do. The question is *what exactly* and, by implication, what gets pushed down the agenda rather than up to the top? Sifting through the extensive body of work on competitiveness reveals myriad recommendations that range from the extremely general (e.g., invest more

Figure 25: Aboriginal Labour Force Activity, 2006

		Participation Rate	Employment Rate	Unemployment Rate
MB	Total Population	67.3%	63.6%	5.5%
	Aboriginal Identity Population	59.2%	50.1%	15.4%
	On Reserve Aboriginal Identity Pop.	44.0%	31.5%	28.5%
SK	Total Population	68.4%	64.6%	5.6%
	Aboriginal Identity Population	56.4%	46.1%	18.2%
	On Reserve Aboriginal Identity Pop.	43.5%	30.9%	28.9%
AB	Total Population	74.0%	70.9%	4.3%
	Aboriginal Identity Population	68.5%	61.0%	11.0%
	On Reserve Aboriginal Identity Pop.	52.2%	38.8%	25.7%
BC	Total Population	65.6%	61.6%	6.0%
	Aboriginal Identity Population	65.0%	55.3%	14.9%
	On Reserve Aboriginal Identity Pop.	57.1%	42.8%	25.0%
NT	Total Population	78.1%	70.7%	9.4%
	Aboriginal Identity Population	70.8%	55.3%	21.9%
YK	Total Population	76.5%	68.6%	10.4%
	Aboriginal Identity Population	65.3%	52.2%	20.1%
NU	Total Population	65.3%	55.2%	15.6%
	Aboriginal Identity Population	59.1%	47.2%	20.1%
CAN	Total Population	66.8%	62.4%	6.6%
	Aboriginal Identity Population	63.1%	53.8%	14.8%
	On Reserve Aboriginal Identity Pop.	52.3%	39.3%	24.8%

Source: Statistics Canada 2006 Census. Note: Population 15 and over.

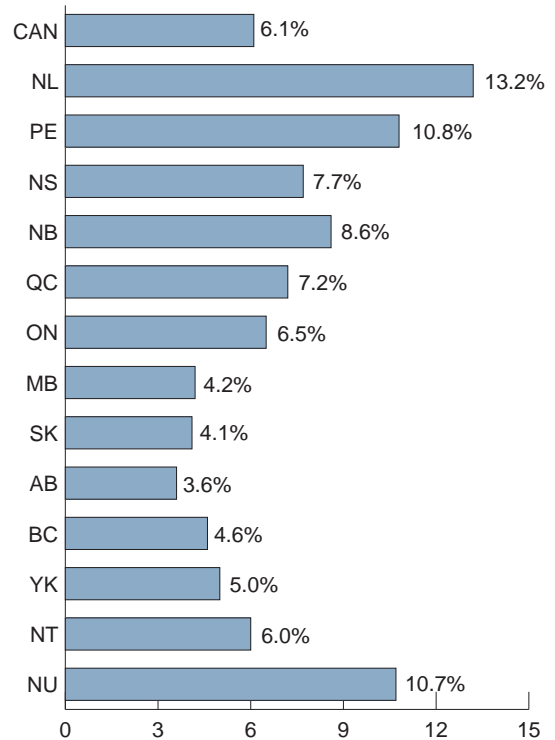
in post-secondary education) to the extremely specific (e.g., “remove the obligation under the [Investment Canada Act] to notify Industry Canada with regard to an acquisition that falls below the threshold for review” (Competition Policy Review Panel 2008)). They also range across more policy territory than the eight priority areas identified in this report to include, for example, regulatory reform, Canada-US relations, small and medium-sized enterprises, international free trade agreements and a single national securities exchange—many of which are federal areas of jurisdiction.

Building on this heritage of ideas, this section proposes 37 public policy recommendations for improving policy performance within the eight priority areas identified in this report. Together, these ideas form the basis of a western Canadian strategy for boosting economic success both within the country and in the global economy.

To simplify this very complex subject, the public policy determinants of economic competitiveness can be grouped into three general categories:

- ❑ First are the demographic determinants of success, including the size, age, education and skills of the labour force. Here policy actions by governments will not have an *immediate* economic effect, but in the long-term will strengthen the **competitive foundation** of the regional economy.
- ❑ Second are policies that shape the general business and investment climate, such as tax policy and infrastructure development. Policies here are not targeted toward specific sectors of the economy; they are designed to build a **platform for competitive success** while being neutral as to which firms or industries build upon that platform.
- ❑ Third are policies designed specifically to promote **economic diversification**; they assume that markets alone will not provide a sufficient degree of diversification, and that some form of market intervention is required.

Figure 26: Unemployment Rate, 2008 (%)



Source: Statistics Canada, Labour Force Survey.

4.1 Strengthening Western Canada's Competitive Foundation

“Attracting and retaining talent has never been more important for Canada.”

—Canada25, *A New Magnetic North: How Canada Can Attract and Retain Young Talent*

There are two basic ways governments can strengthen the human capital foundations of the regional economy: they can increase the size of the population base, and they can increase levels of education and training among those already here. In the face of declining birth rates, which are difficult and unwise to influence through public policy, the size of the population can only be increased through net gains in interprovincial migration and immigration, although the size of the labour pool can also be increased if seniors stay in the workforce longer.

The combined effect of a low birth rate and a rapidly aging population means that the West will not have sufficient human capital going forward without policies designed to increase immigration, engage Aboriginal peoples more successfully in the regional economy, attract and retain an increasingly mobile domestic labour force, and provide a post-secondary education system with sufficient regional coordination and integration.

What, then, are the building blocks around which a *regional* strategy might be built, one that might add value to what provincial and territorial governments are already doing on their own? What are the issues that might be addressed through such a strategy?

Figure 27: Employment by Industry, 2006 (% of Total)

	MB	SK	AB	BC	YK	NT	NU	WEST	ROC
Goods Producing Sector	22.1%	25.4%	24.3%	17.4%	9.5%	17.2%	8.5%	21.2%	21.0%
Agriculture, forestry, fishing and hunting	6.3%	12.8%	4.3%	2.9%	0.8%	0.5%	0.4%	4.8%	2.1%
Mining and oil and gas extraction	0.6%	2.4%	5.9%	0.8%	2.6%	8.7%	1.1%	2.8%	0.5%
Utilities	1.1%	1.0%	1.0%	0.5%	0.5%	1.2%	2.0%	0.8%	0.8%
Construction	2.8%	3.1%	5.2%	3.8%	3.4%	5.3%	3.9%	4.2%	3.1%
Manufacturing	11.2%	6.1%	7.9%	9.4%	2.3%	1.6%	1.2%	8.7%	14.6%
Services Producing Sector	77.9%	74.6%	75.7%	82.6%	90.5%	82.7%	91.5%	78.8%	79.0%
Wholesale trade	4.0%	3.8%	4.8%	4.4%	1.9%	1.9%	0.9%	4.4%	4.6%
Retail trade	11.5%	11.8%	11.9%	12.6%	11.1%	9.6%	11.0%	12.1%	12.3%
Transportation and warehousing	4.8%	3.6%	4.2%	4.4%	4.0%	7.9%	6.3%	4.3%	4.0%
Information and cultural industries	2.2%	2.5%	2.0%	2.6%	3.5%	2.8%	2.2%	2.3%	2.6%
Finance and insurance	4.3%	4.1%	3.5%	4.4%	2.0%	1.7%	0.8%	4.0%	4.8%
Real estate and rental and leasing	1.4%	1.3%	2.1%	2.5%	1.3%	1.8%	2.8%	2.1%	1.8%
Professional, scientific and technical services	4.4%	3.7%	7.8%	7.9%	4.5%	4.3%	2.3%	7.0%	6.9%
Management of companies and enterprises	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
Administrative and support, waste management and remediation services	3.0%	2.3%	3.0%	3.4%	2.1%	2.5%	2.4%	3.1%	3.6%
Educational services	8.3%	8.4%	6.8%	7.5%	7.7%	7.7%	13.7%	7.5%	7.2%
Health care and social assistance	13.2%	12.4%	10.1%	10.7%	10.2%	9.5%	10.0%	10.9%	11.1%
Arts, entertainment and recreation	1.8%	1.8%	1.9%	2.4%	2.8%	1.6%	2.5%	2.1%	2.0%
Accommodation and food services	6.8%	6.9%	7.3%	8.9%	9.9%	6.5%	4.4%	7.8%	6.6%
Other services (except public administration)	4.8%	5.1%	5.3%	5.2%	4.6%	3.6%	3.5%	5.1%	4.9%
Public administration	7.2%	6.7%	5.0%	5.5%	24.7%	21.4%	28.6%	5.9%	6.4%

Source: Statistics Canada, 2006 Census and Canada West Foundation calculations. WEST = Western provinces and territories; ROC = Rest of Canada.

PUBLIC POLICY RECOMMENDATIONS:

1. Significantly strengthen and coordinate provincial and territorial programs to improve educational outcomes and labour force participation of Aboriginal peoples with the goal of achieving parity with the non-Aboriginal population by 2020. These programs must recognize the different circumstances of Aboriginals living on rural reserves, in non-reserve rural areas and in urban centres, and they must recognize the complex relationship between social and economic factors including early childhood development and poverty. Despite the constitutional division of powers, provincial and territorial policy in this area cannot wait for federal action or funding; concerted action is an essential component of a successful competition strategy *in all parts of the West*. Hence, it should be a priority for all seven provincial and territorial jurisdictions to increase sharing of resources and expertise to create a *coordinated* regional approach.
2. Increase educational outcomes for people living in rural areas by removing real and perceived barriers to post-secondary education participation by, for example, providing more entry points for rural students through distance learning and greater financial assistance where necessary.
3. Examine options for moving toward a pan-Western university system. The University of California provides one of many possible models. The goal should be to take advantage of economies of scale, develop world-leading centres of excellence, and facilitate greater labour mobility while still allowing for a significant degree of provincial and institutional autonomy. Where regional approaches are not pursued, greater integration of universities within provinces should also be examined.
4. The relationship between the North's post-secondary institutions and those operating in the four western provinces should be strengthened.
5. Improve programs and financial incentives to attract foreign students to study in western Canada, and

In a paper outlining why Alberta should move to a more integrated university system, former University of British Columbia President Martha Piper argues:

"According to *The Economist*, over the next several decades, the world will see the emergence of between 25 and 50 elite research universities which in turn will become the foundation for regional innovation. ... The future challenge for Alberta universities is to become distinguished globally. Not one of them is consistently ranked in the top 50 world universities, and it is unreasonable to assume that all four will independently achieve such recognition. This situation argues for the development of a more unified, coordinated, and collaborative system of university education... (Piper 2007).

make it easier for those students to gain Canadian work experience and to remain in western Canada when their studies are complete.

6. Significantly increase funding for attracting the best minds (at both the faculty and student level) with the goal of creating the best university system in the world.
7. Allow post-secondary institutions to set their own tuition rates, reduce direct grants to institutions, and provide grant funding directly to students. Institutions should not be funded simply because they exist but because students want to go there. Directing more funding to students will unleash the benefits of market forces, improve student choice and increase institutional efficiency and specialization. At the same time, increased student grant funding should be used to make post-secondary education more affordable for students. Any increases in tuition should be balanced by local concerns regarding the importance of ensuring affordable and accessible post-secondary education.
8. Significantly increase funding for (and tracking the outcomes of) a wide range of post-secondary training, skills development and life-long learning (i.e., in addition to the attention paid to universities).
9. Create tighter linkages between the full range of post-secondary institutions and private sector employers.
10. Strengthen programs for the attraction and retention of immigrants, immigrant settlement, language training, timely and appropriate recognition of foreign credentials, and obtaining Canadian job experience. Without ignoring the primary importance of immigration to large urban centres, particular attention should be paid to the attraction of immigrants to, and retention within, smaller communities and rural environments.
11. Build on the success of the Provincial Nominee Program to attract immigrants with specific skills. Manitoba's success with this program is instructive.

Figure 28: Real GDP per Capita, 1999 and 2007 (chained 2002 dollars)

	1999	2007
Manitoba	29,978	34,907
Saskatchewan	33,450	39,846
Alberta	46,264	53,403
British Columbia	31,587	38,184
Yukon	38,038	44,564
Northwest Territories	54,358	95,050
Nunavut	29,195	35,679
Newfoundland and Labrador	24,981	38,890
Prince Edward Island	25,697	30,040
Nova Scotia	26,218	30,771
New Brunswick	25,990	31,755
Quebec	30,412	34,594
Ontario	37,350	41,923

Source: Derived from Statistics Canada CANSIM Table 384-0002.

12. Create a single regional strategy and speak with a single regional voice when approaching the federal government on issues related to immigration (including greatly simplifying the temporary foreign worker process and speeding up the visa process), Aboriginal peoples, post-secondary education and tax policy.
13. Recognize that large urban centres are the primary magnets for both immigration and interprovincial migration, and thus develop comprehensive urban policies in conjunction with municipalities and cognizant of a variety of factors including urban design, amenities, arts and culture, the environment, and transit.
14. Recognize and support the role played by a broadly-defined arts and culture sector in cultivating an educated and creative workforce, attracting and retaining skilled labour, and establishing a strong civic culture upon which economic activity can rest. Funding for arts and culture is consistently ranked

at or near the bottom of public priorities (see Gartner and Berdahl 2008). This contradicts the emphasis that is placed on it by thinkers who stress its role in cultivating the creativity and innovation demanded by the knowledge economy. Governments will therefore have to buck public opinion if they are to increase support for arts and culture.

15. Transform the approach to K-12 education in the region by retraining teachers and redrafting curricula to better tap the creative abilities of western Canadian students. Encourage and fund the development of programs within western Canadian business schools designed to engender creativity among employees of western Canadian businesses.

As the scope of these recommendations implies, there is no silver bullet to growing the population or enhancing human capital. No single policy action is sufficient.

Figure 29: GDP by Industry, 2007 (% of total, 2002 chained dollars)

	MB	SK	AB	BC	YK	NT	NU	WEST	ROC
All industries	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Agriculture, forestry, fishing and hunting	4.6%	10.0%	2.7%	3.0%	0.2%	0.4%	0.3%	3.6%	1.4%
Mining and oil and gas extraction	1.7%	14.6%	19.5%	3.0%	3.8%	37.7%	2.2%	11.4%	1.3%
Utilities	4.1%	2.6%	2.1%	2.2%	2.1%	1.5%	1.8%	2.4%	2.7%
Construction	4.9%	5.7%	8.5%	6.0%	10.9%	13.5%	18.5%	7.1%	5.4%
Manufacturing	13.0%	7.6%	9.4%	10.4%	1.1%	0.2%	0.2%	9.8%	18.0%
Goods producing industries sub-total	28.3%	40.4%	42.1%	24.6%	18.1%	53.4%	23.1%	34.2%	28.9%
Wholesale trade	5.9%	6.4%	5.6%	5.3%	3.0%	2.4%	1.2%	5.5%	5.9%
Retail trade	6.9%	5.8%	5.2%	6.7%	5.4%	2.9%	4.7%	5.9%	5.9%
Transportation and warehousing	7.0%	6.1%	5.5%	6.4%	2.9%	6.7%	1.9%	6.0%	3.9%
Information and cultural industries	3.1%	2.5%	2.7%	3.7%	3.5%	1.9%	3.5%	3.1%	3.9%
Finance and insurance, real estate and renting and leasing and management of companies and enterprises	18.4%	15.2%	15.8%	23.0%	18.1%	9.9%	16.1%	18.6%	20.4%
Professional, scientific and technical services	2.6%	1.9%	5.2%	4.6%	2.6%	1.6%	1.0%	4.4%	4.9%
Administrative and support, waste management and remediation services	1.8%	1.1%	2.1%	2.2%	1.1%	1.2%	1.2%	2.0%	2.8%
Educational services	5.2%	5.1%	3.9%	5.1%	6.0%	3.5%	10.5%	4.6%	5.0%
Health care and social assistance	8.1%	6.2%	4.6%	6.4%	8.5%	4.5%	8.2%	5.7%	6.6%
Arts, entertainment and recreation	1.0%	0.8%	0.6%	1.2%	0.7%	0.2%	0.1%	0.9%	1.0%
Accommodation and food services	2.1%	2.0%	2.2%	3.0%	3.8%	1.6%	1.9%	2.5%	2.1%
Other services (except public administration)	2.9%	2.5%	2.5%	3.0%	4.4%	1.6%	1.6%	2.7%	2.5%
Public administration	6.9%	5.1%	3.7%	5.0%	21.9%	9.8%	25.9%	4.8%	5.9%
Services industries sub-total	71.7%	60.8%	59.7%	75.7%	81.9%	48.0%	77.8%	66.8%	70.9%

4.2 Creating a Platform for Competitive Success

“Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the treasury of the state.”

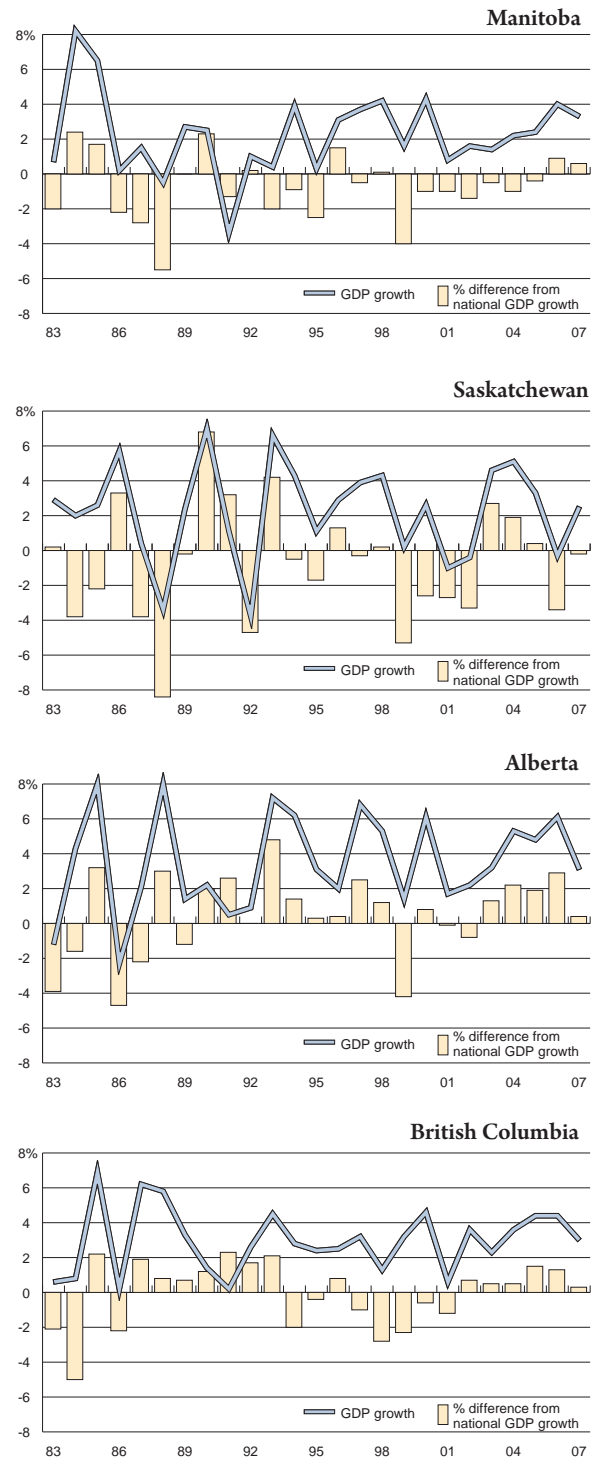
—Adam Smith, *The Wealth of Nations*, Book V, Chapter II, Part II

This piece of the puzzle includes policies designed to create an environment in which businesses can operate efficiently. The policies pay little regard to the specific sectors and businesses that might populate that environment; this is left to market forces and western Canada’s extremely capable private sector. The policy planks out of which this platform is constructed include a competitive tax regime, public infrastructure, reduced red tape, and effective management of natural capital. The policy options associated with this platform are both broad and generic in nature; they are the sorts of policies that governments anywhere might employ in the pursuit of competitive success, and yet, if they are not tailored to the unique qualities of the West, they will fail.

Building *connectivity* to global markets and investment is a big part of this strategy. Western Canada is an inadequate market for the energy, metals, grains, forest products, potash, diamonds, meat, machinery, films, and the many other goods and services produced within the region. Just as the early agricultural economy was heavily dependent on European and then Asian markets, so too are today’s much more diversified resource industries dependent on global markets and, in many cases, global investment. As a consequence, connectivity to markets in the rest of Canada, the rest of North America and around the globe is an essential prerequisite for sustainable economic prosperity.

Until recently, the primary arteries of connectivity were in the form of hard transportation infrastructure such as roads, railways, pipelines, transmission lines, and ports (both sea and air). More recent additions to this portfolio include satellites, cell towers, and broadband internet

Figure 30: Real GDP Growth, 1983-2007
(%, chained 2002 dollars)



Source: Derived from Statistics Canada CANSIM Table 384-0002.

access at home. Although many of these were put into place by the private sector, public sector involvement was always an important part of the picture, including such things as the regulatory issues that constrain the financing and operation of ports.

As we look forward, there is no question that this hard infrastructure will remain critically important for resource and manufacturing industries selling to distant foreign markets and competing with lower cost producers. Transportation infrastructure also enables economic development. However, there are also significant and growing sectors of the regional economy where the tyranny of physical distance no longer applies. This is the case when exports are either digital or so small (e.g., diamonds) that the transportation costs are negligible. In other cases, what is traded is knowledge such as technical and financial expertise where bulk transportation costs (other than moving people around for face-to-face meetings) are also negligible.

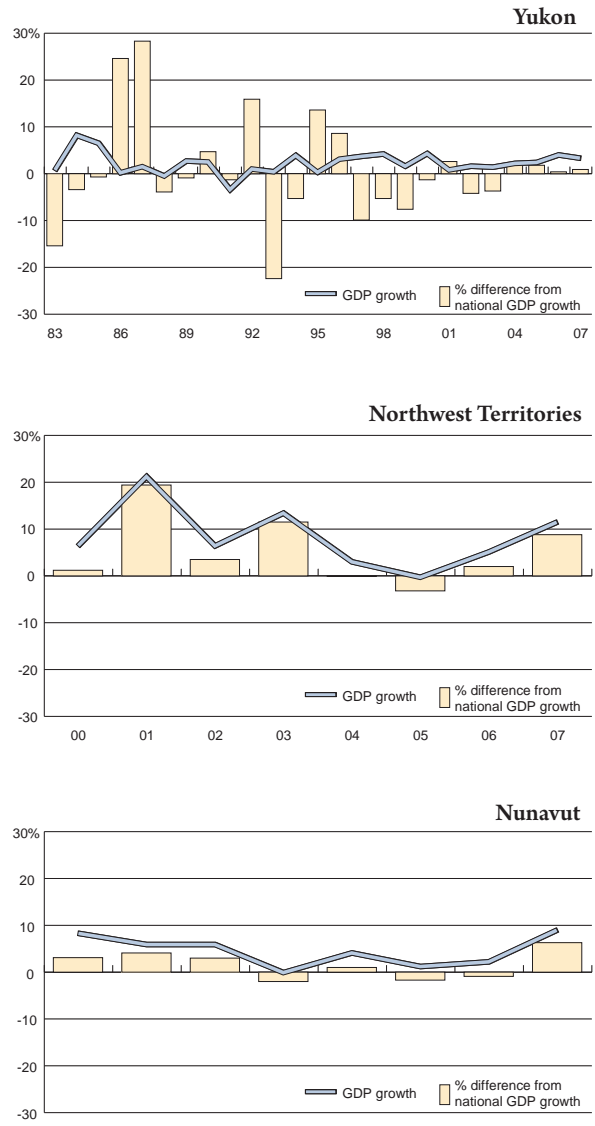
Exportable service industries such as software design, engineering consulting, advertising, and financial services present tremendous opportunities for growth, but are also the most mobile sector of the economy; they have a large international market in which to expand, but they also face fierce international competition. Not everywhere has oil or uranium, but just about anywhere can be home to a consulting agency. A second issue, then, is how public policy can provide the *soft* infrastructure support for success—intelligence and knowledge about foreign markets, language skills, cultural sensitivity, and personal connections that come through travel, trade and immigration.

What, then, can be done through policy initiatives to build a platform for competitive success on top of the human capital foundation, and to strengthen both hard and soft connections with global markets and investment?

PUBLIC POLICY RECOMMENDATIONS:

- 16. *Continually review* provincial and territorial tax regimes with the goal of keeping them as simple as possible: simplicity lowers compliance costs

Figure 31: Real GDP Growth, Territories, 1983-2007 (Yukon), 2000-2007 (NT & NU), (% chained 2002 dollars)



Source: Derived from Statistics Canada CANSIM Table 384-0002.

for business, collection costs for government, and increases transparency and visibility.

17. Pursue *broad-based* tax reductions as opposed to targeted tax relief, thereby better positioning the entire economy and enhancing simplicity. Targeted tax incentives and credits divert investment from its most productive use toward favoured ends to the detriment of wider market production that is the source of economic growth. For example, all provinces have a special rate for small corporate firms, which works against them growing into larger and more productive firms. Existing tax breaks and deductions for forestry, mining, manufacturing, and so on “steal” investment from other sectors and bid the costs of wages up for those sectors. This increases costs and makes them less competitive.
18. Reduce corporate tax rates. Reducing corporate income tax rates will increase investment, growth and the standard of living, but would not, at least in the long-run, have a negative impact on government revenue (see McKenzie 2009).
19. Shift taxation away from taxing income and investment and toward more consumption taxes.
20. Harmonize provincial sales taxes with the federal GST. This would remove the significant impediment to investment that results from the taxation of business inputs under the existing systems. The incentives provided to Ontario by the federal government should apply in the West as well.
21. Expand ongoing efforts to identify and remove unnecessary red tape that impedes business performance. Coordination among the provinces and territories and federal government is key. It is important to stress that weeding out red tape is a never-ending process and is not something that is ever complete as new regulations and circumstances are always coming into play. The point is not to undermine appropriate and effective legislation, but to minimize its unintended and negative effects.

Figure 32: Real International Exports and Imports, 2004-2007 (millions of chained 2002 dollars)

International EXPORTS	2004	2005	2006	2007
Manitoba	11,846	12,437	12,757	13,133
Saskatchewan	14,744	15,520	15,557	16,297
Alberta	62,873	63,732	67,049	68,302
British Columbia	44,077	45,989	45,905	46,090
Yukon	188	179	162	187
Northwest Territories	1,745	1,735	1,752	2,265
Nunavut	58	35	65	73
International IMPORTS	2004	2005	2006	2007
Manitoba	12,445	12,966	13,804	15,519
Saskatchewan	10,903	12,313	13,467	15,095
Alberta	51,473	60,310	67,572	72,092
British Columbia	44,848	48,861	54,996	58,084
Yukon	348	430	444	506
Northwest Territories	983	1,026	1,088	1,188
Nunavut	237	279	290	442

Source: Derived from Statistics Canada CANSIM Table 384-0002.

22. Work with universities and the business sector to provide more tools for accessing foreign markets and investment (e.g., cultural and language training, education about foreign markets) for small and medium-sized enterprises and individual entrepreneurs who often lack the internal capacity and skills to crack markets outside North America. For example, the Asia-Pacific Business Centre was established to provide trade and investment information, path-finding assistance, market intelligence and business matching services to companies in British Columbia.
23. Provide low-interest loans and other incentives for western Canadians to travel to other countries for cultural and business exchanges, and provide opportunities for foreign visitors to do the same in the West. While there is significant room for abuse of a program of this type (e.g., using it to subsidize vacation travel), the more we can encourage exchanges with other countries that go beyond tourism, the better.
24. Innovate with new financing, funding, and delivery options for public infrastructure, including earmarking some forms of tax revenue for infrastructure investment (e.g., fuel taxes, as is done in the United States). Around the globe, jurisdictions are experimenting with new ways to finance, fund, and deliver infrastructure (e.g., innovative senior government grants, P-3 arrangements). World financial markets are becoming increasingly sophisticated in tailoring financing solutions for large infrastructure investments, but these have been slow to arrive in Canada.
25. Build on the work of the Western Transportation Ministers Council and implement a regional transportation infrastructure strategy. This should include particular emphasis on the Pacific Gateway as a regional transportation asset and on the development of "inland ports" (see sidebar).

Examples of Inland Ports in the West

CentrePort Canada, Manitoba's inland port, is a 20,000 acre site anchored by Winnipeg's international airport. It serves as a transportation, trade, manufacturing, distribution, warehousing and logistics centre with access to northern trade routes, the Mid-Continent Trade and Transportation Corridor, and Asian markets through Canada's Asia-Pacific Gateway.

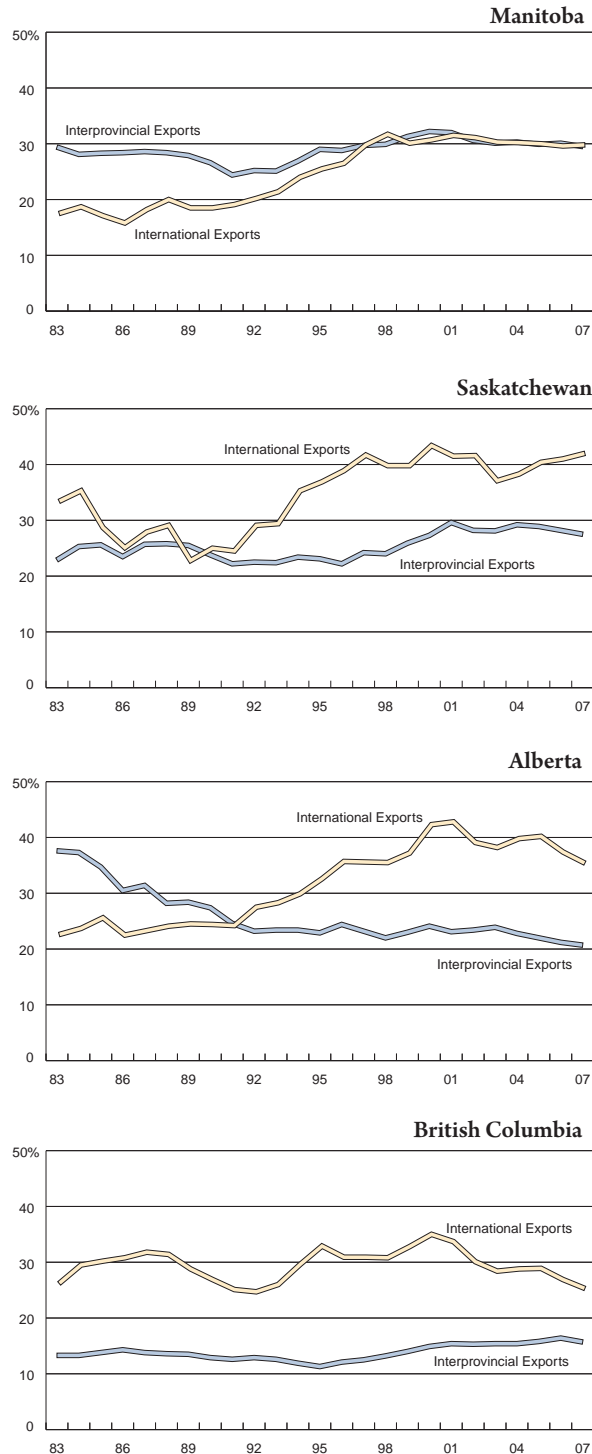
Saskatchewan's Global Transport Hub (GTH) development is centred on building intermodal transportation infrastructure that will increase rail capacity, improve supply chain access and efficiency, maximize economic development opportunities and support Saskatchewan's growing economy.

Port Alberta, anchored by Edmonton's international airport, brings together air, rail and road infrastructure at a single point, with future connections to the Port of Prince Rupert and the Port of Vancouver.

- 26. Increase investment in public transit and require urban centres to maximize the use of transit-oriented development. Efficient public transit is a major factor affecting the overall efficiency of cities, and dovetails with efforts to make cities greener and more affordable for residents.
- 27. Increase investment in the development of alternative energy production technology and capacity and generation.
- 28. Develop and implement a comprehensive regional ecological goods and services inventory and introduce pilot projects for paying land owners to provide those services with the goal of increasing the region's stock of natural capital. There is much that the West can learn here from experiments with market-based incentives for environmental outcomes from Australia.
- 29. Increase high-speed internet connectivity in rural and remote regions of western Canada.
- 30. Increase support for the adoption of new technology by the private (both non-profit and for-profit) and public sectors. The adoption of technology is a complex process. Two areas of potential policy impact are tax breaks/credits and increased foreign direct investment.
- 31. Pursue more joint marketing of the region with regard to tourism, investment, education, and immigration.

All of these recommendations are designed to build a better competitive platform for western Canadian businesses; they are not designed to promote economic diversification by focusing on particular sectors of the economy.

Figure 33: International Exports and Interprovincial Exports as % of GDP, 1983-2007 (current prices)



Source: Derived from Statistics Canada CANSIM Table 384-0002.

4.3 Building Up: Increasing Economic Diversification

“Historically, the economies of rural communities have been very resource dependent, relying on forestry, mining and fishing for employment. The cyclical nature of resource extraction and processing in the mining and forestry sector based on swings in commodity prices and export trade, and a decline of the resource in the case of fishing, have created major challenges to the economic sustainability of communities. Communities continue to adjust, and weather these downturns based on their tremendous resiliency. They are working hard and making great progress toward diversifying their economies as they expand into sectors like tourism, transportation and high technology.”

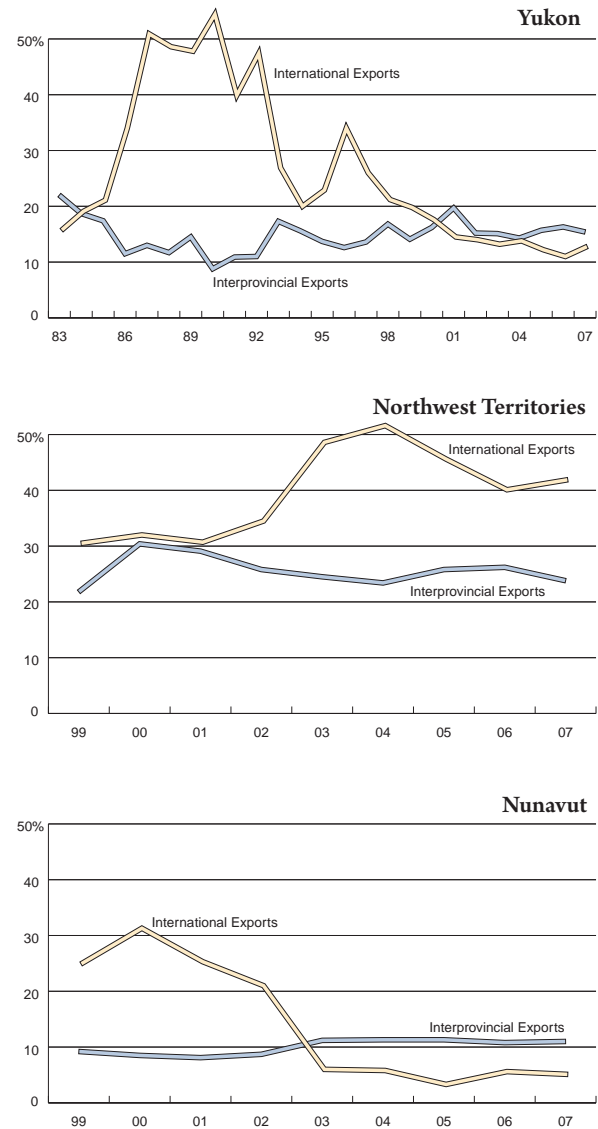
—RuralBC website

Although the primary responsibility of governments is to provide the foundation and basic platform upon which individuals and businesses can build, at times western Canadians have also endorsed a larger economic role for public policy. They have recognized a need to build strategically on regional strengths and to offset—where possible—regional weaknesses. The examples of past interventions in the pursuit of economic development and growth are almost too numerous to mention: they include rural telephone and electricity systems, rural financial institutions (Alberta Treasury Branch), hydro systems such as BC Hydro and Manitoba Hydro, and the TransCanada Pipeline.

Strategic intervention in the economy has been driven by a number of goals:

- The first is to encourage greater economic diversification, thereby making provincial and territorial economies less vulnerable to booms and busts in commodity prices. This is the Holy Grail of provincial economic policies.

Figure 34: International Exports and Interprovincial Exports as % of GDP, Territories, 1983-2007 (Yukon), 1999-2007 (NT & NU) (current prices)



Source: Derived from Statistics Canada CANSIM Table 384-0002.

- ❑ The second is to create processing jobs that are otherwise exported along with raw commodities.
- ❑ The third is to expand the region’s “product line,” much as a corporation might seek to develop related products rather than new ones for which it would have no experience. The idea is to build upon and expand current strengths and competencies (e.g., biotech growing out of the primary agriculture and agri-food sectors).
- ❑ The fourth and perhaps most challenging goal involves promoting entirely new forms of business activity. Governments embark on the risky task of looking to where the new economy is going, and then following through with policies to create the right environment to attract the activities of that new economy.
- ❑ The fifth goal is to diversify the region’s export markets. This does not (or at least should not) mean reducing exports to our largest trading partner to the south, but *increasing* trade with countries other than the US. The US is our best customer and this should not be forgotten even as we seek new customers.

These goals highlight the importance of innovation as it is the key to successful economic diversification. Indeed, policies related to innovation, R&D, and science and technology tend to have pride of place in many contemporary discussions of productivity, international competitiveness and economic diversification. However, and as discussed above, perfecting the witches’ brew of innovation is no easy task.

What, then, can be done to promote innovation and economic diversification that goes beyond the human capital foundation and the positive business environment platform? It is very important to keep in mind here that providing the foundation and platform are the primary economic roles of government, not the direct promotion of economic diversification. A highly educated, mobile

“Economic diversification is generally taken as the process in which a growing range of economic outputs is produced. It can also refer to the diversification of markets for exports or the diversification of income sources away from domestic economic activities (i.e., income from overseas investment).”

—United Nations Framework
Convention on Climate Change

and creative workforce, an efficient tax regime, superb management of natural capital assets and a large stock of modern infrastructure will do more to promote innovation than government programs that try to artificially create it by supporting particular industries or ventures. Faith in the private sector and free markets is critical in this regard.

PUBLIC POLICY RECOMMENDATIONS:

- 32. Do not succumb to the temptation to pick winners, but instead, greatly increase the availability of venture capital in the region by providing the private sector with a pan-Western fund managed by an arms-length private sector firm dedicated to inexpensive financing for start-ups and commercialization ventures. Governments must be willing to accept significant losses due to the inherently risky nature of start-ups and new product development.
- 33. Increase incentives for private sector R&D spending regardless of the sector (i.e., general incentives as opposed to industry-specific ones).
- 34. Put greater emphasis on commercialization of public sector R&D by encouraging greater integration between universities and the business sector around product development and marketing.
- 35. Increase pressure on the federal government to expand global free trade, preserve and enforce the North American Free Trade Agreement, and establish bilateral free trade agreements with as many countries as possible.
- 36. Increase pressure on the federal government to make it much easier for foreign investment to flow into and out of the region and the country.
- 37. Reduce duplication of efforts and unhealthy competition by developing a coordinated regional approach to economic diversification that includes an agreement not to undercut other jurisdictions

The centerpiece of Canadian R&D policy has been generous tax assistance for domestic R&D activity. At the same time, Canada consistently ranks 12th among OECD countries when it comes to the amount of R&D occurring. Less than 1% of Canadian firms do R&D, and 100 firms account for almost 60% of total R&D in the private sector. Because innovation is so critical to increased productivity, this situation has prompted numerous calls for change.

Figure 35: Spending on R&D as a % of GDP, 2006

Country	%
Sweden	3.82
Finland	3.45
Japan (2005)	3.33 (2005)
Korea	2.98 (2005)
Switzerland	2.9 (2004)
Iceland	2.78 (2005)
United States	2.62
Germany	2.51
Austria	2.45
Denmark	2.43
France	2.12
Canada	1.97
Belgium	1.85
United Kingdom	1.78 (2005)
Australia	1.78 (2004)

Source: OECD Factbook 2008.

to attract and keep investment (e.g., agree on a common approach to attracting film and TV production that does not involve the bidding-up of subsidies and incentives).

When these three elements are taken together—strengthening western Canada’s competitive foundation, building a platform for competitive success, and increasing economic diversification—we have the outlines of a regional competitiveness strategy that can be grafted on to the work that is already under way by provincial and territorial governments.

Although we have pointed to a number of areas where intergovernmental cooperation among the four provinces and three territories would be appropriate, it is now time to turn to a more thorough examination of how these recommendations might best be pursued by western Canadian governments *working together*.

Figure 36: Top Ten Destinations for Merchandise Exports, 2008 (current dollars)

Manitoba	\$ Millions	% of Total
United States (U.S.)	8,863	68.8%
Japan	639	5.0%
China	619	4.8%
Mexico	316	2.5%
Hong Kong	259	2.0%
United Arab Emirates	122	1.0%
Iran	119	0.9%
Russia	117	0.9%
United Kingdom (U.K.)	102	0.8%
Indonesia	99	0.8%
OTHERS	1,628	12.6%
TOTAL (ALL)	12,884	100.0%
Saskatchewan	\$ Millions	% of Total
United States (U.S.)	19,426	63.4%
India	1,114	3.6%
China	1,102	3.6%
United Kingdom (U.K.)	1,006	3.3%
Japan	964	3.1%
Indonesia	633	2.1%
Algeria	554	1.8%
Mexico	510	1.7%
Belgium	432	1.4%
Brazil	406	1.3%
OTHERS	4,489	14.7%
TOTAL (ALL)	30,636	100.0%
Alberta	\$ Millions	% of Total
United States (U.S.)	96,808	87.4%
China	3,071	2.8%
Japan	2,042	1.8%
Mexico	1,124	1.0%
Korea, South	524	0.5%
Brazil	486	0.4%
Australia	451	0.4%
Netherlands	358	0.3%
Indonesia	309	0.3%
United Kingdom (U.K.)	259	0.2%
OTHERS	5,348	4.8%
TOTAL (ALL)	110,782	100.0%
British Columbia	\$ Millions	% of Total
United States (U.S.)	17,740	52.6%
Japan	5,051	15.0%
China	2,076	6.2%
Korea, South	1,985	5.9%
Taiwan (Taipei)	612	1.8%
Germany	540	1.6%
Italy (incl. Vatican City State)	491	1.5%
Netherlands	488	1.4%
Brazil	441	1.3%
United Kingdom (U.K.)	432	1.3%
OTHERS	3,899	11.6%
TOTAL (ALL)	33,754	100.0%

Source: Industry Canada, Trade Data Online.

5. ACTING TOGETHER: REGIONAL STRATEGIES FOR COOPERATION

“By working together even more closely, governments will be better able to streamline operations, reduce costs and encourage economic development.”

—*Working Together: An Inventory of Intergovernmental Cooperation in Western Canada, 1980-1993.*

Despite a strong tradition of intergovernmental initiatives in the region (including the annual Western Premiers' Conference), there is ample room for more intergovernmental cooperation. The provincial and territorial building blocks can be orchestrated into larger regional structures without compromising the jurisdictional integrity of the individual blocks, just as when a child builds with blocks, the blocks remain unchanged while a larger structure emerges.

Where, then, are the suitable opportunities for intergovernmental collaboration, and for the potential construction of a truly *regional* competitiveness strategy?

- ❑ The West's transportation system provides a classic example where regional approaches make a great deal of sense. Moving people and products around the West and to national, continental and global destinations inevitably means crossing provincial boundaries. The West's transportation system is and has to be regional. Transportation policy works best when it has a larger population and tax base under it, and when unintentional and unnecessary jurisdictional barriers are kept to a minimum.
- ❑ The creation of a single regional labour market makes sense for a region whose population is less than Ontario's, and one-quarter of California's. The Trade, Investment and Labour Mobility Agreement between BC and Alberta and the recent changes

Figure 37: Top Ten Destinations for Merchandise Exports, Territories, 2008 (current dollars)

Yukon	\$ Millions	% of Total
United States (U.S.)	128.17	97.08%
Colombia	1.14	0.87%
China	0.99	0.75%
Papua New Guinea	0.54	0.41%
Kenya	0.29	0.22%
Australia	0.18	0.14%
Algeria	0.15	0.12%
Japan	0.15	0.11%
Belgium	0.06	0.04%
Brazil	0.05	0.03%
OTHERS	0.30	0.23%
TOTAL (ALL)	132.02	100.00%
Northwest Territories	\$ Millions	% of Total
Belgium	1,130.98	48.91%
United Kingdom (U.K.)	1,099.89	47.57%
China	27.09	1.17%
India	21.69	0.94%
United States (U.S.)	18.00	0.78%
Israel	8.68	0.38%
Armenia	4.15	0.18%
Australia	1.11	0.05%
Russia	0.07	0.00%
Egypt	0.07	0.00%
OTHERS	0.44	0.02%
TOTAL (ALL)	2,312.16	100.00%
Nunavut	\$ Millions	% of Total
Germany	11.41	48.53%
Luxembourg	5.53	23.52%
Japan	0.91	3.86%
Switzerland	0.87	3.69%
United States (U.S.)	0.58	2.45%
United Kingdom (U.K.)	0.52	2.22%
Netherlands	0.42	1.78%
India	0.42	1.77%
Congo (former Zaire)	0.33	1.41%
China	0.24	1.01%
OTHERS	2.29	9.76%
TOTAL (ALL)	23.51	100.00%

Source: Industry Canada, Trade Data Online.

to Chapter 7 (Labour Mobility) of the Agreement on Internal Trade provide a starting points for a truly pan-western approach to labour policy.

- ❑ Western Canada’s population base is too small to support the very best in post-secondary institutions in every part of the region. There is room for regional centres of excellence, just as federal funding for post-secondary education has created Canadian centres of excellence, and there is a strong case to be made for creating a much more integrated regional university system.
- ❑ Create partnerships between the provinces and the territories so that post-secondary students from the North will naturally select western institutions and programs and have their applications fast-tracked.
- ❑ The creation of a regional *northern strategy*, spanning not only the three territories but also the provincial norths, would recognize the close economic relationship between the territories and the four western provinces. It would also be a valuable complement to the Government of Canada’s *Northern Strategy* which looks, appropriately, to the North but not to the extensive economic ties that the territories have to the South. What is needed is a southern vision for the North, and a northern vision for the South.
- ❑ There are opportunities for more joint marketing of the West for trade, investment, immigration and tourism.
- ❑ As they did in 1973 at the first (and so far only) Western Economic Opportunities Conference with the federal government, the western jurisdictions should seek to speak with one voice to the federal government. This greatly increases the region’s negotiating power, avoids unintended intraregional conflicts and prevents the federal government from taking a divide and conquer approach to its dealings with the region.

Figure 38: Merchandise Exports to the United States, 1992-2008 (% of total)

	2005	2006	2007	2008
Manitoba	74.7%	74.5%	67.4%	68.8%
Saskatchewan	69.5%	66.2%	61.1%	63.4%
Alberta	88.7%	87.9%	85.9%	87.4%
British Columbia	64.5%	61.2%	59.7%	52.6%
Yukon	45.5%	18.0%	90.2%	97.1%
Northwest Territories	0.8%	0.1%	0.3%	0.8%
Nunavut	21.0%	10.4%	13.4%	2.5%
WEST	78.4%	76.9%	74.3%	75.0%

Source: Industry Canada, Trade Data Online.

- In general, the four provinces and three territories should look for every opportunity to work together such that this becomes the norm rather than the exception. To the degree that this saves money, reduces red tape, improves investment, increases labour mobility and reduces the costs of doing business, it will give the region a competitive edge vis-à-vis its many competitors. While we hesitate to suggest the creation of more bureaucracy, a permanent regional institution, anchored by the annual Western Premiers' Conference and with a clear mandate to coordinate, facilitate and identify potential areas of intergovernmental cooperation may be an appropriate spur to action on a regional economic strategy and its implementation.

While there is value in different approaches, there is also value in channeling the variety that exists in the region into a more cohesive whole. The more the four provinces and three territories can work together as a team (as opposed to a single entity), the more efficiency they will be able to achieve and the more weight they will have in the domestic and international arenas.

A permanent regional institution, anchored by the annual Western Premiers' Conference and with a clear mandate to coordinate, facilitate and identify potential areas of intergovernmental cooperation may be an appropriate spur to action on a regional economic strategy and its implementation.

6. ACTING IN CONCERT WITH THE GOVERNMENT OF CANADA

“If the nation as a whole is not competitive, it is difficult for an business or industry within that nation to remain competitive.”

—Richard J. Elkus Jr., *Winner Take All: How Competitiveness Shapes the Fate of Nations*

There is a great deal that western provincial and territorial governments can do alone, or ideally together, to strengthen the competitive position of the West in the global economy. However, the West’s position on the global stage, and for that matter on the continental stage, will also be determined to a significant degree by *Canada’s* competitive position. If Canada is not competitive, then it will be more difficult, although not impossible, for regions within Canada to be competitive. Therefore what the Government of Canada does is of direct and immediate importance to the competitive position of western Canada.

In addition, and for better or worse, the Constitution gives the federal government jurisdiction (either exclusive or concurrent) over a host of critically important economic policy files from international trade and the federal tax system to environmental policy and immigration.

As such, there are many areas where working in concert with the Government of Canada is essential. For example:

- ❑ As western Canadians contemplate their economic future, concerns about science and technology, and about R&D, will loom large. However, much of the policy terrain in this respect is currently set by the Government of Canada.
- ❑ To state the obvious, fully unlocking the potential of Aboriginal Canadians and communities is a responsibility shared by the federal, provincial and

territorial governments and with First Nations. In an ideal world, the provinces and territories and First Nations would have responsibility for this policy file and the financial resources to do it justice, but this is not the case.

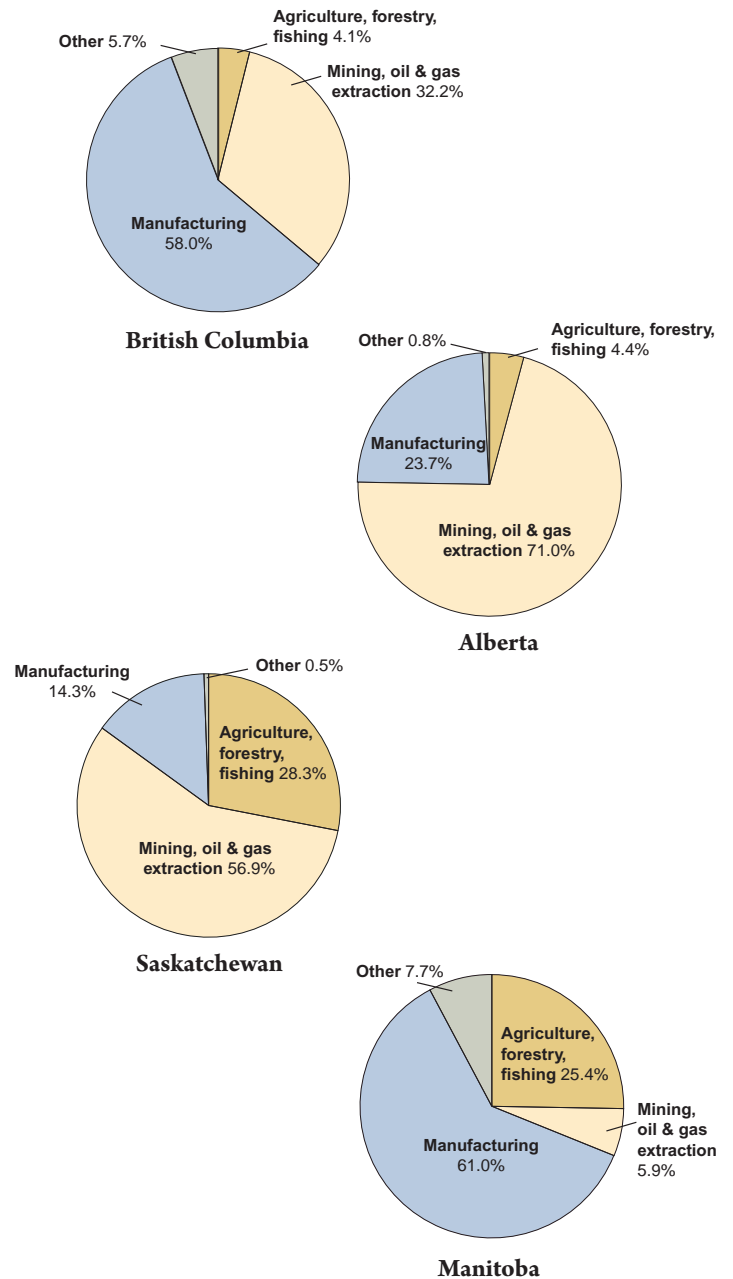
- ❑ Success with respect to the attraction, retention and full labour force engagement of skilled immigrants and temporary workers will only come through active and positive collaboration with the federal government.
- ❑ The importance of an open border with the US cannot be overemphasized. There is a need to reduce transactional impediments at the border, and to improve border infrastructure. Although the Government of Canada will do most of the heavy lifting here, there is a clear regional interest in success.
- ❑ Many of the tax levers (including Employment Insurance) that might be pulled to increase competitiveness are in the hands of the federal government.
- ❑ Marketing of the West is tightly tied to the marketing of Canada. A survey of international business leaders showed that Canada is not on the top of their minds as a place to invest because they simply are not aware of the competitive business environment the country offers to investors, or they view Canada simply as an extension of the US (thus, if given the choice, they would naturally invest in the US). Putting western Canada on the map goes hand-in-hand with putting Canada on the map.
- ❑ Federal environmental policies will have a direct and immediate impact on the West.
- ❑ The Asia-Pacific Gateway initiative shows the value of federal-provincial cooperation with respect to transportation infrastructure, as does the Mid-Continent Trade and Transportation Corridor. (The

Yukon is the only jurisdiction that has replaced overlapping federal and territorial environment assessments with a single environmental assessment regime. The Yukon Environmental and Socio-Economic Assessment Act (YESAA) is federal legislation that allows for a one-stop environmental assessment process with fixed timelines.

Mid-Continent Corridor consists of a series of interconnected transportation systems that run through the centre of North America from the Arctic Port of Churchill, Manitoba through the American Mid-West and on to Mexico.)

There is, of course, nothing new about the need for policy coordination and cooperation with the federal government; the need and practice are ubiquitous. The point to stress is the importance of this to the long-term competitive position of the West. In policy areas where the promotion of competitiveness can only happen in concert with the federal government, coordination among the western provincial and territorial governments could be of great benefit. The objective is not to “gang up” on the federal government or to compile a list of regional grievances, but rather to develop common regional objectives and strategies. In so doing, the strengthened regional voice that would come through intergovernmental collaboration would be an important asset.

Figure 39: International Merchandise Exports by Major Industrial Sector, 2008 (% of total)



Source: Derived from Statistics Canada CANSIM Table 384-0002.

7. CONCLUSION

“Because of globalization, countries now compete to develop. ... They compete for export markets and foreign investments. They compete in education, productivity and defense. Success in this competitive environment breeds growth and wealth”

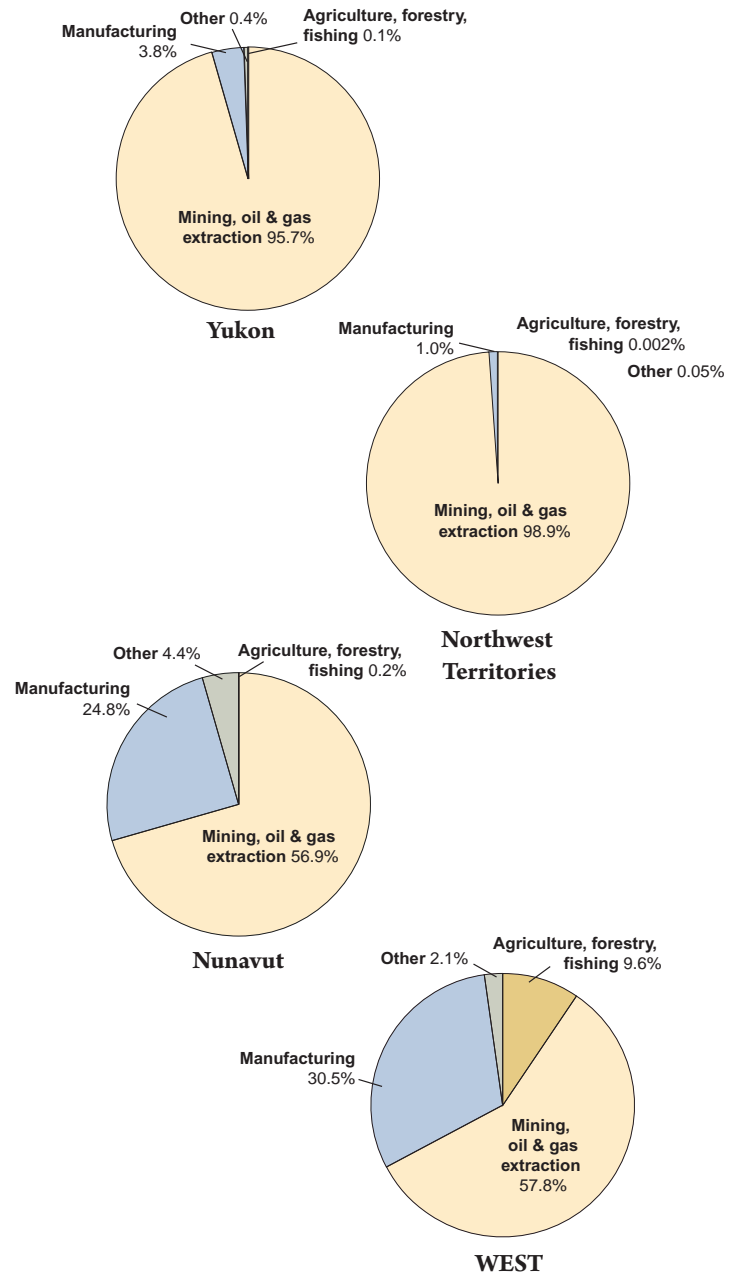
—Richard Vietor, *How Countries Compete: Strategy, Structure and Government in the Global Economy*

Playing for Keeps outlines a formidable set of policy recommendations for boosting western Canada's competitive position in the global economy. The recommendations span the eight key drivers of western Canadian competitiveness: tax policy; transportation infrastructure; human capital; cities; the green economy; innovation; moving up the value chain; and regional cooperation. We argue that policy action should be taken to reinforce the region's strong human capital foundation and to ensure that a broad platform is in place that enables the private sector to maximize its effectiveness. We also argue that governments should take action to promote greater economic diversification, but in ways that work with, rather than against, market forces.

Western Canadians face a dynamic global economy where success will go to the countries and regions that have a long-term, yet flexible, game plan in place. Although it is difficult to see through and beyond the current recession, we know that the Canadian and global economies will recover, we know that the post-recession global economy will be no less competitive than it is today, we know that trade with the US will continue to dominate western Canada's export profile, and we know that the fundamentals of economic success and areas of public policy focus identified in this report will remain as valid as before.

Governments in western Canada have an obligation to set the stage for competitive success, to ensure their

Figure 40: International Merchandise Exports by Major Industrial Sector, Territories & WEST, 2008 (% of total)



Source: Derived from Statistics Canada CANSIM Table 384-0002. WEST = Western provinces and territories.

residents and businesses have the tools and policy environment they need. Success, of course, will not come through governments; it will come through private sector enterprise, risk-taking and skill. However, public policy does matter—it can cut challenges down to a manageable size, and it can open doors. Well-designed policy is not a sufficient condition for economic success, but in a highly competitive global economy, it is a necessary condition.

There is a very real opportunity for leadership. Governments can help set the style and tone for the region. They can convey key messages about the importance of competitive success, about the steps that must be taken, and about the benefits that success can bring. Perhaps of greatest importance, they can explain that it is not competition for competition's sake, it is not all about winning, but rather about ensuring sustainable prosperity for western Canadians spread across this vast region. Gaining a competitive edge and achieving economic success are not the ends; they are the means to achieve the quality of life we desire for ourselves, and for generations to come.

Playing for Keeps suggests that policy leadership should be exercised *regionally* as well as within provincial and territorial communities. There is an advantage to thinking regionally, and at times acting regionally in ways that can complement and supplement provincial and territorial governments acting on their own. Western Canada is more than an abstraction; it is a very real community, nested within a diverse national community. As an economic region, western Canada is more than the sum of its very impressive parts.

As the title of this report suggests, the “game” of international economic competitiveness is not for the faint of heart as the stakes are high and the competition is relentless. Fortunately, western Canadians are more than up to the task. ■

BIBLIOGRAPHY

- Ali, Roxanne and Yves Poisson. 2007. *Economic Transformation North of 60°: Outcomes Report*. Public Policy Forum.
- Atkinson, Robert D. and Scott M. Andes. 2009. *The Atlantic Century: Benchmarking EU and U.S. Innovation and Competitiveness*. The Information Technology and Innovation Foundation.
- Banting, Keith. 2006. *The Social Condition in British Columbia*. Sixth Annual BC Progress Benchmarking Report. BC Progress Board.
- Bayoumi, Tamim, Vladimir Klyuev, and Martin Mühleisen (editors). 2007. *Northern Star: Canada's Path to Economic Prosperity*. Occasional paper 258. International Monetary Fund.
- BC Competition Council. 2006. *Enhancing the Competitiveness of British Columbia*. Government of British Columbia.
- BC Progress Board. 2006. *Boosting Incomes, Confronting Demographic Change: BC's "Productivity Imperative"*. Fifth Annual BC Progress Benchmarking Report. BC Progress Board.
- BC Progress Board. 2006. *Building on Our Progress – Striving for Excellence. Volume One – External Performance Review: Inter-Provincial and International*. Sixth Annual BC Progress Benchmarking Report. BC Progress Board.
- BC Progress Board. 2006. *Building on Our Progress – Striving for Excellence. Volume Two – Internal Performance Review: Regional*. Sixth Annual BC Progress Benchmarking Report. BC Progress Board.
- BC Progress Board. 2006. *Interim Benchmarking Report 2006. Interim Results: Interprovincial Performance*. BC Progress Board.
- Beinhocker, Eric D. 2006. *The Origin of Wealth*.
- Berdahl, Loleen. 2008. *Moving Forward: Western Canadian Attitudes About Mobility and Human Capital*. Canada West Foundation.
- Boname, Phil, Julia Zhu, and Cody Matheson. 2009. *Efficient Cities: The Interrelationship Between Effective Rapid Transit Systems and the Optimal Utilization of Land Use Entitlements*. Going For Gold Project. Canada West Foundation.
- Brender, Natalie, Marni Cappe and Anne Golden. 2007. *Mission Possible: Successful Canadian Cities*. The Canada Project. Conference Board of Canada.
- Brenner, Reuven and Gabrielle A. Brenner. 2007. "How to Attract, Groom and Retain Talent in Canada." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Canada25. 2001. *A New Magnetic North: How Canada Can Attract and Retain Young Talent*. Canada25.
- Canadian Council of Chief Executives. 2006. *From Bronze To Gold: A Blueprint for Canadian Leadership in a Transforming World*.
- Canadian Council on Learning. 2007. *Post-secondary Education in Canada: Strategies for Success*. Report on Learning in Canada. Canadian Council on Learning.
- Carlson, Lance. 2007. "Alberta by Design: The Creativity and Innovation Equation." in *Alberta's Energy Legacy: Ideas for the Future*. Robert Roach (ed.). Canada West Foundation.
- Chisholm Consulting. 2009. *Boosting Educational Attainment in Western Canada*. Going For Gold Project. Canada West Foundation.
- City of Calgary (Land Use Planning & Policy). 2007. *Calgary and Region Economic Outlook 2007-2012*. The City of Calgary.

- Collins, Jim. 2001. *Good to Great: Why Some Companies Make the Leap ... and Others Don't*.
- Competition Policy Review Panel. 2007. *Sharpening Canada's Competitive Edge*. Industry Canada. Government of Canada.
- Competition Policy Review Panel. 2008. *Compete to Win: Final Report*. Industry Canada. Government of Canada.
- Conference Board of Canada. 2002. *Canada 2010: Challenges and Choices at Home and Abroad*.
- Conference Board of Canada. 2003. *Defining the Canadian Advantage*.
- Conference Board of Canada. 2003. *Insights on Western Canada: A Socio-economic Report*.
- Conference Board of Canada. 2003. *Insights on Western Canada: A Socio-economic Report: Key Findings*.
- Conference Board of Canada. 2004. *Exploring Canada's Innovation Character: Benchmarking Against Global Best*.
- Conference Board of Canada. 2004. *How Can Canada Prosper in Tomorrow's World?*
- Conference Board of Canada. 2005. *Performance and Potential 2005-06 – The World and Canada: Trends Reshaping Our Future*.
- Conference Board of Canada. 2007. *Mission Possible Executive Summary: Sustainable Prosperity for Canada*.
- Conference Board of Canada. 2008. *The Canada Project Progress Report 2007: The Roads Not Travelled*.
- Côté, André and Poisson Yves. 2007. *Improving Canada's Business Environment and Competitiveness: Outcomes Report*. Public Policy Forum.
- Courchene, Thomas J. 2007. "Global Futures for Canada's Global Cities." *IRPP Policy Matters*, 8(2). The Institute of Research on Public Policy.
- CSLS (Centre for the Study of Living Standards). 2006. *International Productivity Monitor*, 13(Fall 2006). Centre for the Study of Living Standards.
- Cunningham, Storm. 2008. *reWealth! Stake Your Claim in the \$2 Trillion reDevelopment Trend That's Renewing the World*.
- D'Aquino, Thomas Paul and David Stewart-Patterson. 2001. *Northern Edge: How Canadians Can Triumph in the Global Economy*.
- den Butter, F.A.G., J.L. Mohlmann, and P. Wit. 2008. "Trade and product innovations as sources for productivity increases: an empirical analysis." *Journal of Productivity Analysis*, 30, 210-211.
- Durufflé, Gilles. 2009. *Why Venture Capital is Essential to the Canadian Economy: The Impact of Venture Capital on the Canadian Economy*. Canada's Venture Capital and Private Equity Association (CVCA).
- Elkus Jr., Richard J. 2008. *Winner Take All: How Competitiveness Shapes the Fate of Nations*.
- Elton, David and Stuart Duncan. 1989. "Western Diversification: Myth or Reality?" *Western Perspectives*. Canada West Foundation.
- Emery, J.C. Herbert and Ronald D. Kneebone. 2003. *Should Alberta and Saskatchewan Unite?: Examining Proposals for Closer Co-Operation – From Maintaining the Status Quo to Political Union*. C.D. Howe Institute.
- Environment Canada (Greenhouse Gas Division). 2008. *Canada's Greenhouse Gas Emissions: Understanding the Trends, 1990-2006*. National Inventory Report: Greenhouse Gas Sources and Sinks in Canada, 1990-2006. Government of Canada.

- Environment Canada (Greenhouse Gas Division). 2009. *National Inventory Report: Greenhouse Gas Sources and Sinks in Canada, 1990-2007*. The Canadian Government's Submission to the United Nations Framework Convention on Climate Change. Government of Canada.
- EUROPA. "Lisbon Strategy." http://europa.eu/scadplus/glossary/lisbon_strategy_en.htm (accessed on February 15, 2009).
- Florida, Richard. 2002. *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life*.
- Florida, Richard. 2008. *Who's Your City?: How the Creative Economy is Making Where to Live The Most Important Decision of Your Life*.
- Fox, Lisa and Robert Roach. 2003. "Good Neighbours: An Inventory of Interprovincial Cooperation in Western Canada, 1990-2002." Building the New West Project. Canada West Foundation.
- Friedman, Thomas L. 2006. *The World is Flat: A Brief History of the Twenty-First Century, Updated and Expanded*.
- Friesen, Gerald. 1999. *The West: Regional Ambitions, National Debates, Global Age*.
- Gartner, Brett. 2008. *State of the West 2008*. Canada West Foundation.
- Gartner, Brett and Loleen Berdahl. 2008. *Competitive Mindset: Are Western Canadians Ready to "Go for Gold"?* Canada West Foundation.
- Gibbins, Roger, Loleen Berdahl, and Robert Roach. 2001. *Building the New West: A Framework for Regional Economic Prosperity*. Building the New West Project. Canada West Foundation.
- Gibbins, Roger, Jacques Marcil, and Robert Roach. 2008. *Taking Action on the Economy: Advice From Western Canada*. Canada West Foundation.
- Global Insight. 2008. *U.S. Metro Economies: GMP – The Engines of America's Growth*.
- Government of Alberta. 2009. "Western Provinces to Work on New Economic Partnership, Innovation, Pension and Crime Reduction." <http://alberta.ca/home/NewsFrame.cfm?ReleaseID=/acn/200903/2547901CB43C1-B820-169A-9B93BBAB009C3DB4.html> (accessed on March 23, 2009).
- Hawken, Paul, Amory Lovins, and L. Hunter Lovins. 1999. *Natural Capitalism: Creating the Next Industrial Revolution*.
- Hawkins, Richard, Cooper Langford, Adam Holbrook, Jeremy Hall, and Peter Josty. 2006. *The Banff Consensus: Integrating the Creative Capabilities of Western Canada into the Global Innovation System*. Summary of the Proceedings of the First Banff Innovation Summit. THECIS.
- Head, Keith and John Ries. 2007. "Head Office Location: Implications for Canada." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Hejazi, Walid. 2007. "Inward Foreign Direct Investment and the Canadian Economy." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Hirsch, Todd. 2006. *Coming Up NEXT: The Transformation of Western Canada's Economy*. Canada West Foundation.
- Hirsch, Todd. 2006. *Shaping Our Future: Creative Ideas for Transforming Western Canada's Economy*. The NEXT West Project. Canada West Foundation.

- Hirsch, Todd. 2008. *More Than Just Lucky Shamrocks: The Re-Invention of Ireland and Lessons for Western Canada*. Going For Gold Project. Canada West Foundation.
- Hodgson, Glen and Anne Park Shannon. 2007. *Mission Possible: Stellar Canadian Performance in the Global Economy*. The Canada Project. Conference Board of Canada.
- Industry Canada. 2004. *Canadian Venture Capital Activity: An Analysis of Trends and Gaps, 1996-2002*. Government of Canada.
- Industry Canada. 2008. *Venture Capital Monitor, Q4 2008*. SME Financing Data Initiative. Government of Canada.
- Institute for Competitiveness & Prosperity. 2007. "Assessing the Economic Impact of Head Offices in City Regions." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Institute for Competitiveness & Prosperity. 2008. *Setting Our Sights on Canada's 2020 Prosperity Agenda*. Report on Canada. Institute for Competitiveness & Prosperity.
- Ireland, Derek. 2007. "Implications of the BRIC Economies for Canadian Trade and Investment." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Jauhiainen, J.S. 2008. "Regional and Innovation Policies in Finland - Towards Convergence and/or Mismatch?" *Regional Studies*, 42(7).
- Kao, John. 2007. *Innovation Nation: How America Is Losing Its Innovation Edge, Why It Matters, and What We Can Do to Get It Back*.
- Ketels, C.H.M. 2006. "Michael Porter's Competitiveness Framework - Recent Learnings and New Research Priorities", *Journal of Industry, Competition and Trade*, 6(2), 115-136.
- Knox, Robert and Amela Karabegovi . 2009. *Myths and Realities of TILMA*. Studies in Trade Policy. The Fraser Institute.
- KPMG. 2008. *Competitive Alternatives 2008: Special Report: Focus on Tax*. Competitive Alternatives, KPMG's Guide to International Business Location.
- Kwiek, M. 2008. "Tertiary Education and Regional Economic Competitiveness and Innovation from a Central European Perspective." Presentation at OECD Thematic Review Seminar. Centre for Public Policy. <http://www.cpp.amu.edu.pl/kwiek/publications.htm> (accessed on February 15, 2009)
- Lerner, Josh. 2001. *Venture Capital, Technological Innovation, and Growth*.
- Lucas, R. 1988. "On the Mechanics of Economic Development." *Journal of Monetary Economics*, 22, 3-42.
- Mandel-Campbell, Andrea. 2007. *Why Mexicans Don't Drink Molson*.
- Martin, Roger. 2007. *The Opposable Mind*.
- Martin, Roger and James Milway. 2007. "Assessing the Potential Impact of a National Champions Policy on Canada's Competitiveness." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Martin, Roger L. and Michael E. Porter. 2001. "Canadian Competitiveness: A Decade after the Crossroads." <http://www.mgmt.utoronto.ca/research/competitive1.htm> (accessed on January 22, 2002).
- Mason, Greg. 2009. *Prairie Agriculture at the Crossroads: Time for a New Policy*. Going For Gold Project. Canada West Foundation.
- McKenzie, Kenneth J. 2009. *Business Taxation in Western Canada: Settling for a Personal Best?* Going For Gold Project. Canada West Foundation.

- Milligan, Kevin. 2009. *Time for a Tune Up: Personal Income Taxation in Western Canada*. Going For Gold Project. Canada West Foundation.
- Mirus, Rolf and Chris Ryan. 2008. *Western Canada's Exports: Causes and Implications of Changing Competitiveness in Key Markets*. Going For Gold Project. Canada West Foundation.
- Moore, Karl and William C.T. Polushin. 2007. "Addressing the Problems Confronting SMEs." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Munn-Venn, Trefor and Paul Mitchell. 2005. *Don't Overlook the "MEs": Medium-sized Firms Show the Way to Global Success*. Conference Board of Canada.
- OECD (Organisation for Economic Co-operation and Development). 2008. *OECD Factbook 2008: Economic, Environmental and Social Statistics*. Organisation for Economic Co-operation and Development.
- OECD (Organisation for Economic Co-operation and Development). 2009. "The Global Competition for Talent." *Policy Brief, February 2009*. Organisation for Economic Co-operation and Development.
- Orsenigo, Luigi and Francesco Laforgia. 2007. "Developing Competitive Firms and Industries in Global Markets: An Examination of the Experience of Successful Economies." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Parsons, Graham. 1993. *A Western Economic Cooperation Agenda: Strengthening The Economic Union Within Western Canada*. Canada West Foundation.
- Pink, Daniel. 2006. *A Whole New Mind. Why Right-Brainers Will Rule the Future*.
- Piper, Martha. 2007. "The Butterfly Effect: Transforming Alberta's Post-Secondary Education System." *Alberta's Energy Legacy: Ideas for the Future*. Canada West Foundation.
- Porter, Michael E. 2003. "The Economic Performance of Regions." *Regional Studies*, 37(6&7), 549-578.
- Porter, Michael E. 1998. "Clusters and the New Economics of Competition." *Harvard Business Review*.
- Porter, Michael E. and Klaus Schwab. 2008. *The Global Competitiveness Report 2008-2009*. World Economic Forum.
- Porter, Michael E., Xavier Sala-i-Martin, and Klaus Schwab. 2007. *The Global Competitiveness Report 2007-2008*. World Economic Forum.
- Probe Research Inc. 2007. *5th Annual Manitoba Business Leaders Index*.
- Rauch, Jonathan. 2001. "The New Old Economy: Oil, Computers, and the Reinvention of the Earth." *The Atlantic Monthly*. January issue.
- Reinert, Erik S. 2007. *How Rich Countries Got Rich ... and Why Poor Countries Stay Poor*.
- Rhéaume, Gilles and John Roberts. 2007. *Mission Possible: A Canadian Resources Strategy for the Boom and Beyond*. The Canada Project. Conference Board of Canada.
- Rifkin, Jeremy. 1995. *The End of Work: The Decline of the Global Labor Force and the Dawn of the Post-Market Era*.
- Roach, Robert. 2002. *Beyond Our Borders: Western Canadian Exports in the Global Market*. Building the New West Project. Canada West Foundation.
- Roach, Robert. 2003. "Common Ground: The Case for Interprovincial Cooperation in Western Canada." Canada West Foundation.
- Roach, Robert. 2003. *State of the West 2003: Western Canadian Demographic and Economic Trends*. Canada West Foundation.

- Roach, Robert. 2003. *Ottawa and the West: Reflections on the Western Economic Opportunities Conference of 1973*. Canada West Foundation.
- Robert Roach. 2003. *An (In)Auspicious Gathering*. Canada West Foundation.
- Roach, Robert. 2005. *Under Construction: Western Canada and the Global Economy*. Canada West Foundation.
- Robinson, Ken. 2001. *Out of Our Minds: Learning to Be Creative*.
- Romer, P.M. 1986. "Increasing Returns and Long Run Growth." *Journal of Political Economy*, 94, 1002-37.
- Rosenberg, N. 2004. *Innovation and Economic Growth*. Organisation for Economic Co-operation and Development. www.oecd.org/dataoecd/55/49/34267902.pdf (accessed on February 15, 2009)
- Rowlands, Dane. 2007. "Formal and Informal Barriers to Canadian FDI." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Rugman, Alan and Jing Li. 2007. "Are There Global or Regional Supply Chains? Implications for Head Office Location in Canada." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Samarasekera, Indira. 2007. "Investing in Talent: The Gift that Sustains Transformation." Philanthropic Foundations Conference 2007.
- Sharpe, Andrew and Meghna Banerjee. 2007. "Assessing Canada's Ability to Compete for Foreign Direct Investment." Research Paper Summary. Competition Policy Review Panel. Government of Canada.
- Soete, L. 2007. "From Industrial to Innovation Policy." *Journal of Industry, Competition and Trade*, 7, 273-284.
- Tharoor, Shashi. 2007. *The Elephant, the Tiger, and the Cell Phone: Reflections on India The Emerging 21st-Century Power*.
- Treasury Board of Canada Secretariat. 2007. *Canada's Performance 2006-07: The Government of Canada's Contribution. Report of the President of the Treasury Board of Canada*. Government of Canada.

APPENDIX:

Inventory of Current Policy Action on Competitiveness by Western Canadian Governments

by Owen Jung

APPENDIX: Inventory of Current Policy Action on Competitiveness by Western Canadian Governments

While we have taken steps to ensure that the following inventory of current policies related to economic competitiveness is as accurate and comprehensive as possible (including having the information vetted by each of the seven jurisdictions), the complex and constantly evolving nature of public policy across multiple jurisdictions and multiple departments should be kept in mind when consulting this list. It should also be noted that there are some instances where programs have been developed and implemented at the provincial/territorial level with the assistance of federal funding. This inventory was prepared by Canada West Foundation Intern Owen Jung.

BRITISH COLUMBIA

Cooperation:

- On July 9, 2004, the BC-Yukon Intergovernmental Relations Accord was signed. Areas of joint concern and mutual interest included regional economic development, trade and commerce, and tourism. The accord was renewed on January 15, 2009.
- An MOU on rural development was signed with Alberta at the joint cabinet meeting in October 2008.
- The Alberta-BC Protocol of Cooperation was signed in 2003. As a result, Alberta and BC held five years of joint cabinet meetings resulting in a considerable number of joint initiatives and MOUs. At the October 2008 joint cabinet meeting, the two provinces renewed the five year partnership agreement.

Agriculture:

- The Growing Forward Framework Agreement calls for coordinated federal-provincial-territorial action over five years starting in 2008 to help the agricultural sector become more competitive and innovative. Using a cost-shared 60:40 funding basis between the Government of Canada and the provinces and territories, \$1.3 billion will be invested in new Growing Forward programs. Of this total, BC's share is \$78.7 million. Areas being targeted include:
 - Development of BC Innovation Commercialization Centre for food and bioproducts.
 - A technology commercialization contest to accelerate technology development and adoption.
 - Agri-food business development.
 - Youth and community development.
 - Market information and export capacity development to enhance domestic and international opportunities.
 - Enhancing food safety, biosecurity, traceability and environmental stewardship to maintain and strengthen market access.

Trade:

- On January 16, 2009, the Government of Canada and the provinces and territories agreed to amendments to Chapter 7 (Labour Mobility) and Chapter 17 (Dispute Resolution Mechanism) of the Agreement on Internal Trade (AIT).
Features include:
 - The revised Labour Mobility Chapter of the AIT will enable any worker certified for an occupation by a regulatory authority of one Party to be recognized as qualified to practice that occupation by all other Parties. Exceptions must be clearly identified and justified (e.g., public security and safety).
 - The revised Dispute Resolution Chapter for the AIT will create an effective mechanism for addressing non-compliance with the rulings of AIT Panels.
- The BC-Alberta Trade, Investment, and Labour Mobility Agreement (TILMA) was signed in April 2006. Full implementation of TILMA was to take place by April 1, 2009. TILMA will remove barriers to business opportunities, investment and labour mobility. TILMA vastly expands upon the AIT, deepening and widening the obligations between Alberta and BC.
- The Asia-Pacific Initiative provides an umbrella for a comprehensive and effective strategy to link BC with the rapidly developing economies of the Asia-Pacific region.
- There are BC trade offices in China (Shanghai, Beijing, and Guangzhou), Japan (Tokyo), Korea (Seoul), and India (Bengaluru). This is in addition to the trade representatives in Europe and one for the West Coast of the US.
- An Asia-Pacific Business Centre was established to provide trade and investment information, path-finding assistance, market intelligence and business matching services to BC companies.
- A range of initiatives has been launched to build BC's connections with Asia and expand trade and investment relations, including the BC Alumni Ambassadors Network, BC Asia Twinning, and BC's multilingual international website.
- BC and the Korea International Trade Association recently signed a Memorandum of Agreement to promote economic cooperation regarding trade and investment.
- Formed in March 2009, the new Western Economic Partnership between Alberta, BC, and Saskatchewan includes a commitment to establish a comprehensive trade agreement to develop an open, efficient and stable domestic market by fall 2009.

Taxes:

- Effective July 1, 2008, a revenue neutral carbon tax was applied on carbon emitting fuels. The carbon tax starts at a rate based on \$10 per tonne of associated carbon, or carbon equivalent, emissions. This will rise by \$5 a year for the next four years, reaching \$30 per tonne by 2012. All revenue generated by the carbon tax is used to reduce other taxes. None of the carbon tax revenue is to be used for expenditure programs. Lower-income British Columbians will receive an annual Climate Action Credit of \$100 per adult and \$30 per child, increasing by 5% in 2009 and possibly more in future years.

- Using revenue from the carbon tax, the BC government reduced personal income tax by 5% in 2008. Individuals at all income levels up to \$111,000 pay the lowest provincial personal income taxes in Canada.
- Using revenue from the carbon tax, the small business tax rate was reduced in 2008 to 2.5%, the second lowest rate in Canada (the dividend tax credit rate applicable to ordinary dividends will be trimmed to 3.4% in January 2010).
- The general corporate income tax rate was reduced to 11% in 2008, making it the second lowest rate in Canada). An addition cut to 10% is planned over the next three years.
- In 2001, BC eliminated the corporation capital tax on non-financial corporations. This tax will be phased-out for financial institutions by 2010.
- The small business tax threshold has been doubled to \$400,000.
- In 2001, provincial sales tax was eliminated on production machinery and equipment.
- KPMG found that of 35 major world cities, Vancouver ranked 4th best for general tax competitiveness (24.8% lower than the US average).

Economic Development:

- Tax credit policies: film production tax credits, mining exploration tax credits, new media tax credits. Budget 2009 removed the expiry dates for film tax credits.
- The International Financial Business Tax Refund program has two types of refunds available: a refund of provincial corporate income tax paid by eligible companies on earnings from international financial services performed within BC, and a refund of provincial personal income tax paid by specialists from outside Canada working in BC's international financial sector.
- Using revenue from the carbon tax, the industrial property tax credit will be increased to 60% starting in 2011 (the credit was introduced in 2009 to reduce provincial school property tax on major industrial and light industrial properties).
- The International Financial Centre is a non-profit society that encourages businesses to take advantage of tax incentives created through the International Financial Activity program. The types of patents eligible for preferential tax treatment were expanded to include power generation from sources such as wind, solar and tidal.
- The Small Business Venture Capital tax credit budget was raised to \$30 million, with \$7.5 million allocated to clean technology businesses.

- The International Maritime Centre is a non-profit organization representing shipping and shipping-related industries. It promotes, fosters, and encourages the development of BC as a location for the ownership, central control and management of international shipping firms.
- The BC International Commercial Arbitration Centre offers businesses alternatives to litigation. Alternative dispute resolution includes confidential mediation and arbitration.
- Investment capital programs include:
 - Venture capital (provides BC investors with a 30% refundable tax credit).
 - Employee share ownership (promotes investment by employees in their company by providing them with a 20% provincial income tax credit).
 - Labour sponsored funds (assist in the creation of investment funds which are able to invest in small- and medium-sized enterprises that need equity financing to achieve success).
- The BC Renaissance Capital Fund Ltd. (a Crown corporation) has made capital commitments totaling \$90 million since December 2007. The fund has six venture capital fund managers with experience with one or more of the following sectors: information technology, digital media, life sciences and clean technology.
- Under the Northern Development Initiative, a \$185 million trust was established in October 2004 to give northern communities the funding, control and ability to identify and pursue new opportunities for stimulating sustainable economic growth and job creation in central and northern regions of BC. Current programs include:
 - Capital investment and training rebate: provides eligible businesses with up to \$10,000 per new job based on direct capital investment and training expenditure.
 - Competitiveness consulting rebate: provides small/medium-sized manufacturers, resource processing companies, and their first line suppliers with a rebate of 50% of the cost of business competitiveness consulting.
 - Economic diversification infrastructure: provides funding to municipalities, regional districts, First Nations and non-profit groups.
 - Feasibility studies/marketing: provides municipalities, regional districts, First Nations and non-profit groups such as industry associations with a grant up to \$20,000.
 - Industry attraction rebate: provides up to \$20,000 in matched funding to communities to hire appropriate resources to create jobs through industry attraction.
 - Economic development capacity building: provides \$30,000 annually to municipalities and regional districts. An additional \$5,000 is available to each eligible local government, specifically for a collaborative project with another local government, regional economic development alliance, or another group.
 - Grant writing support: provides all municipalities and regional districts with a \$7,500 grant to hire a writer/researcher to prepare grant applications to any and all funding agencies or government programs.
 - Community halls and recreation facilities: provides municipalities, regional districts, First Nations and non-profit groups with a one-time \$30,000 grant to improve or expand existing facilities.

- Community foundation funding: provides all municipalities or regional district electoral areas with up to \$50,000 in matched funding to assist with establishment of a dedicated endowment within a registered community foundation over a two-year period.
- The \$50 million North Island-Coast Development Initiative and the \$50 million Southern Interior Development Initiative were established in February 2006 to give communities the funding and ability to create new opportunities for sustainable economic growth and more jobs.
- The Nechako-Kitamaat Development Fund Society sponsors sustainable economic and social projects in the area most affected by the Kemano project and the creation of the Nechako Reservoir (BC Government and Alcan Inc. each contributed \$7.5 million to the fund in 1999).
- Regional Economic Alliances is a two-year pilot program to establish voluntary, non-profit organization alliances with local governments and the private sector in three regions (South Peace, East Kootenay, and Vancouver Island – Coast) in an effort to develop a more complete economic development “tool box.”
- Columbia Basin Trust was created in 1995 to promote social, economic and environmental well-being in the Canadian portion of the Columbia River Basin.
- The Western Economic Partnership Agreement (WEPA) is a joint federal/provincial program equally funded by both partners, with each contributing \$25 million over five years (2008/09 - 2013/14). Projects funded through WEPA will help BC organizations to research and develop clean energy and environmental technologies, accelerate investment attraction to BC and support the success of new products and processes.
- “Invest British Columbia” is an online investment information portal, established through the partnership of provincial, federal and local economic development organizations.
- BC launched a one-stop portal of information on programs for rural communities and residents.
- The 3-year, \$129 million federal Community Development Trust provides tuition, training and job opportunities for forest workers.

Regulations:

- Since 2001, BC has reduced the regulatory burden by 43%. In 2008, the province established a new goal of a zero net increase in regulatory requirements to 2012 and is currently exceeding this goal. BC has expanded the regulatory reform strategy beyond reducing the regulatory requirement count to streamlining and modernizing the regulatory environment. The strategy now includes a focus on identifying and eliminating regulatory barriers to the adoption and development of clean technologies, sponsoring business process redesign projects across government and supporting the innovation agenda.
- BizPaL is an online tool for business clients to quickly and easily identify the permits and licenses they need from all levels of government to conduct business activities in a specific location.

- BC created a single mobile business license, which reduces red tape by allowing businesses to operate across municipalities with one license.
- BC established “FrontCounter BC,” a single-window service for clients of provincial natural resource ministries and agencies.
- Under TILMA, process and requirements for businesses to operate both in BC and Alberta are greatly reduced.

Infrastructure:

- The \$14 billion Provincial Transit Plan (BC is responsible for \$4.75 billion; the rest is from partners such as the federal government) is intended to build infrastructure and double ridership across BC by 2020.
- The Pacific Gateway is a world-class transportation network that connects Canada and the North American market to Asia and the world. The network is undergoing a \$15 billion expansion of port, rail, road and airport facilities.
- BC is investing \$3 billion in the Gateway Program Road and Bridge Projects to improve movement of people, goods and transit throughout the Lower Mainland.
- Budget 2009 committed \$14 billion over three years for infrastructure projects (\$2.3 billion for transportation projects).
- Tolls on the Coquihalla Highway have been permanently removed.

Procurement:

- Under TILMA, government procurement will be open to suppliers in both BC and Alberta, and lowers the thresholds for procurements by the MASH (municipalities, academic institutions, schools and hospitals) sector.

Education and Training:

- The Industry Training Authority (ITA), a Crown agency, oversees and expands BC’s industry training and apprenticeship system. ITA works with industry and employers, trainees and apprentices, labour unions and training providers to meet industry’s current and future training needs. E.g., in April 2008, \$1.4 million was awarded by the ITA to the Career Education Society and Skills Canada BC to increase the participation of under-represented labour groups, including youth and Aboriginal people, in industry training programs.
- In 2007, BC committed \$65 million to the Aboriginal Post-Secondary Education Strategy. The Aboriginal Youth Internship within the public sector was also launched in 2007.

- In 2007, BC launched a new tax credit program to encourage employers to take on apprentices and for apprentices to complete their program—resulting in \$60 million over three years.
- Since 2001, BC has created six new universities, and over 32,000 new full-time spaces for students have been added to BC's universities, colleges and provincial institutes.
- From 2007-08 to 2010-11, 2,500 graduate student spaces are being added at BC's four research-intensive universities.
- The report *Campus 2020: Thinking Ahead* contains 52 recommendations on the future of post-secondary education. The government has followed through on some recommendations, including making tuition free for all basic adult education.
- Since 2001, over \$151 million has been invested in new literacy programs.
- The Off-Campus Work Permit Program enables international students to work in a Canadian setting. The program was first implemented in 2006, and extended to certain private institutions in 2008.

Workforce Availability:

- The Provincial Nominee Program (PNP) offers accelerated immigration for qualified skilled workers and experienced entrepreneurs. The two program components are:
 - Strategic occupations (to recruit or retain qualified foreign workers to help meet current and future skill needs that contribute to the province's economic development objectives).
 - Business immigrants (considers applications from experienced entrepreneurs who plan to invest in and actively manage a business in BC).

Since 2001, almost 6,500 workers have been recruited through the PNP. Medical professionals (614 nurses and 189 doctors) and university professors (369) accounted for more than 1/6 of PNP workers.

- The Return to Work Employability Program provides participants with individual and group-based training to improve their skills and readiness to work, as well as support for post-training job searches.
- The Skills Connect for Immigrants Program, launched in July 2006, has assisted more than 4,000 skilled immigrants connect with jobs that utilize their pre-arrival skills, knowledge and experience. This program is jointly funded by the provincial and federal governments.
- The Employment Access Strategy for Immigrants (EASI) is a systems approach that involves a broad range of stakeholders, including the provincial government. EASI provides services to job-seeking immigrants, including information and referral services, assessment and counseling services, language training services, skills and academic upgrading services, and workplace practice services.

- The International Qualifications Program provides financial contributions for projects that aim to remove barriers that prevent skilled immigrants from fully utilizing their skills, knowledge and experience within the BC economy.
- BC provided over \$114,000 in 2008 for the Wired Woman Mentorship Program, which offers a variety of innovative women's mentoring programs for women entering or re-entering the workforce. Developed by the Wired Woman Society, it supports women in the science and technology fields who seek career guidance.
- The BC Settlement and Adaptation Program provides settlement supports and adult English language training to immigrants and refugees.

Research and Development:

- The BC Scientific Research and Experimental Development Tax Credit Program provides a 10% tax credit to qualifying corporations for BC qualified expenditures.
- BC has committed \$25 million for the Centre for Drug Research and Development.
- BC has committed \$25 million to establish the Geoscience Centre and \$11.7 million to Geoscience BC to improve access to data related to the province's mineral and oil and gas reserves.
- BC has committed \$56.25 million to create the Leading Edge Endowment Fund to attract and retain leading researchers in BC
- BC has committed \$245 million to fund the Michael Smith Foundation for Health Research.
- BC has committed \$175 million for forestry-related research through the Forest Investment Account's Forest Science Program and the Ministry of Forests and Range.
- BC has committed nearly \$350 million for research infrastructure through the British Columbia Knowledge Development Fund.

Tourism:

- The report *Tourism Action Plan* outlined the government's commitment to the industry from 2007 to 2017 and beyond. The report identifies actions in four key areas: marketing and promotion; development and investment; access and infrastructure; and tourism workforce.
- BC has made a commitment of \$5 million over four years to help build a sustainable Aboriginal tourism industry in BC.

- BC recently doubled funding for Tourism BC to \$50 million from \$25 million to promote marketing in BC and around the world.
- BC recently added \$50 million over three years to help double tourism by 2015 (including \$21 million to promote foreign direct investment).
- BC directed \$25 million to the Union of BC Municipalities to support community-driven tourism marketing initiatives.
- BC provided \$2 million to each of the province's six regional tourism agencies to promote their area in key markets.
- BC recently transferred \$50 million in hotel tax revenues over 5 years to strategic resort-oriented municipalities to invest in their tourism infrastructure.

Energy:

- The *BC Energy Plan* outlines a course to make the province energy self-sufficient by 2016. Under the plan, all new electricity produced must have zero net GHG emissions, and all existing thermal power generation will be required to have zero net GHG emissions by 2016.
- At least 90% of total electricity generation will continue to be attributable to clean or renewable sources.
- The Innovative Clean Energy Fund aims to develop innovative, clean energy projects in rural communities. The fund receives \$25 million annually from a levy on all final sales of electricity, natural gas, fuel oil and grid-delivered propane (levy effective since September 1, 2007). Budget 2009 committed \$75 million to extend program for another three years.
- Budget 2008 committed more than \$1 billion toward climate action initiatives, including the BC Bioenergy Strategy. The *BC Bioenergy Strategy: Growing Our Natural Energy Advantage* outlines plans for \$25 million in funding for a provincial Bioenergy Network (including rural BC), up to \$10 million over three years in funding to advance provincial biodiesel production, mandatory capture of methane at BC's largest landfills, etc.
- Budget 2009 committed \$7.5 million over four years to complete BC's portion of the Hydrogen Highway (a continuous network of fueling stations from BC to southern California).
- BC and Alberta energy ministries signed a Memorandum of Understanding in May 2004 called the Alberta-British Columbia Protocol for Energy Cooperation and Regulatory Harmonization to streamline, harmonize and adopt regulatory best practices for oil and gas industry regulations between the provinces.

Climate Change:

- BC released a *Climate Action Plan* that outlines current and planned initiatives. The province has set a emissions reduction target of 33% by 2020 (a goal of 80% below 2007 levels by 2050 has been considered).
- BC is working with partners in the Western Climate Initiative (a group of 10 states and provinces) to develop a regional cap and trade system.
- The Climate Action Revenue Incentive offsets the carbon tax for local governments and school districts that pledge to become carbon neutral by 2012.
- Budget 2008 committed \$10 million to support innovation to reduce GHG in the pulp and paper industry and \$19 million to enhance carbon potential of BC's forests.
- Budget 2008 committed \$95 million to establish the new Pacific Institute for Climate Solutions, and \$50 million to Genome BC for climate change-related research.
- The 2008 Throne Speech announced "Trees for Tomorrow," a five-year, \$13 million program to engage citizens in actions to counteract climate change.

ALBERTA

Cooperation:

- On October 6, 1998, NWT and Alberta signed a Memorandum of Understanding for Cooperation and Development to promote cooperation on matters of mutual concern and interest including enhancing trade opportunities and advancing economic development. The agreement has since been renewed twice.
- The Alberta-BC Protocol of Cooperation was signed in 2003. As a result, Alberta and BC held five years of joint cabinet meetings resulting in a considerable number of joint initiatives and MOUs. At the October 2008 joint cabinet meeting, the two provinces renewed the five year partnership agreement.

Agriculture:

- The Growing Forward Framework Agreement calls for coordinated federal-provincial-territorial action over five years starting in 2008. Using a cost-shared 60/40 funding basis between the Government of Canada and the provinces and territories, \$1.3 billion will be invested in new Growing Forward programs to help the agricultural sector become more competitive and innovative.
- Starting in 2009-10, the new Alberta Livestock and Meat Agency will focus on policy and programs that will develop new markets, increase innovation and improve supply chain management in the livestock sector. The agency will have a program expense budget of \$55 million.
- In 2009-10, the Agriculture Financial Services Corporation will introduce in a new Cattle Price Insurance Program, a voluntary insurance program that will help protect cattle operations from market price fluctuations. Funded from producer premiums, the program is the first of its kind in Canada.

Trade/Regulatory Reform:

- On January 16, 2009, the Government of Canada and the provinces/territories agreed to amendments to Chapter 7 (Labour Mobility) and Chapter 17 (Dispute Resolution Mechanism) of the Agreement on Internal Trade (AIT). "The revised Labour Mobility Chapter of the AIT will enable any worker certified for an occupation by a regulatory authority of one Party to be recognized as qualified to practice that occupation by all other Parties." Exceptions have to be clearly identified and justified (e.g., public security and safety).
- The BC-Alberta Trade, Investment, and Labour Mobility Agreement (TILMA) was signed in April 2006. Full implementation of TILMA was to take place by April 1, 2009. TILMA aims to reconcile standards and regulations that will remove barriers to business opportunities, investment and labour mobility. TILMA expands upon the AIT, deepening and widening the obligations between Alberta and BC.
- Formed in March 2009, the new Western Economic Partnership between Alberta, BC, and Saskatchewan includes a commitment to establish a comprehensive trade agreement to develop an open, efficient and stable domestic market by fall 2009. TILMA is being considered as a model for an expanded trade agreement with Saskatchewan.

- On May 9, 2006, NWT and Alberta agreed to a Trade and Economic Development Strategy for Cooperation and Action under the NWT-Alberta MOU to enhance trade opportunities and advance the economic development of communities and regions in NWT and Alberta.

Taxes:

- Personal income taxes: one flat tax (lowest top marginal tax rate), highest basic and spousal exemptions in Canada.
- No provincial sales tax.
- No general capital or payroll taxes.
- Lowest general corporate tax rate (10%) in Canada.
- Increased the small business income threshold to \$460,000 in April 2008. It will be further increased to \$500,000 in April 2009. Small business income tax is 3% (only Manitoba's is lower).
- Health care insurance premiums were eliminated on January 1, 2009.
- Benefits under the Alberta Family Employment Tax Credit increased by 10% in July 2008. The cut-off point was also increased by \$5,000 to \$32,633.
- In 2009, education property tax rates will fall from \$4.04 to \$3.39 per \$1,000 of equalized assessment for residential and farmland property, while for non-residential property the tax rate will drop from \$5.94 to \$4.98 per \$1,000 of equalized assessment. No education property tax is applied on properties assessed as machinery and equipment.
- Reflecting the federal 2009 Budget, the 50% straight-line accelerated Capital Cost Allowance (CCA) for manufacturing equipment was extended to 2011. Computer hardware and systems software acquired in 2009 and 2010 will qualify for 100% capital cost allowance rate.

Infrastructure:

- The *2009-12 Capital Plan* will support \$23.2 billion in capital spending over three years. This includes almost \$1.2 billion toward post-secondary capital projects, \$5.6 billion for municipalities, and \$5.8 billion for provincial highways. The infrastructure support for municipalities includes nearly \$0.52 billion for the Green Transit Incentives Program (GreenTRIP) initiatives and \$2.7 billion for capital grants under the Municipal Sustainability Initiative (MSI). MSI grants are issued to recipients based on a formula that considers a base funding component, population, education property tax requisitions and kilometers of local road.
- The above Capital Plan also includes \$1.1 billion for carbon capture and storage, and projects funded through the Climate Change and Emissions Management Fund and Canada ecoTrust for Clean Air and Climate Change.

- From 2009 through 2014, Alberta will be receiving \$1.8 billion from the Government of Canada for infrastructure projects under the Building Canada plan.

Procurement:

- Under TILMA, government procurement will be open to suppliers in both BC and Alberta.

Economic Development:

- A new 10% fully refundable provincial credit for scientific research and experimental development expenditures (up to \$4 million) took effect on January 1, 2009.
- Alberta established the \$100 million Alberta Enterprise Corporation to boost access to capital for early-stage, knowledge-based companies.
- The Bringing Technology to Market Plan is a \$178 million, three-year plan in which entrepreneurs will have access to a new suite of innovation services, including more efforts to help spur new product development and match young talent with experienced technology development advisors.
- The *Alberta Research and Innovation Act*, to be introduced in the near future, will aim to strengthen and align the entire research and innovation system to help Alberta researchers and entrepreneurs, especially new entrepreneurs, better realize their potential as creators of world-class discoveries and products.
- Budget 2009 allocated \$104 million in 2009-10 for innovation, research, and technology commercialization to support initiatives in areas of strategic importance to Alberta such as agriculture, forestry, energy and the environment, health and life sciences.
- Alberta Economic Development Authority (AEDA) works in partnership with the provincial government to provide recommendations and long-term strategic advice on key economic issues. Members of AEDA include business, academic and municipal leaders from across the province.

Human Capital:

- Under the Alberta Immigrant Nominee Program, in conjunction with Citizenship and Immigration Canada, the processing of an application for permanent residence is expedited. This program replaced the Alberta Provincial Nominee Program (PNP) in June 2008. There are 4,000 nominees expected in 2009-10, increasing to 5,000 in 2010-11.
- Budget 2009 allocated over \$78 million for immigration programs in 2009-10, including funding for Settlement and Integration Services, and the Alberta Immigrant Nominee Program.
- Budget 2009 allocated \$164 million for employment and training programs in 2009-10, including \$60 million for training programs, \$53 million for career development services, and over \$9 million for the Summer Temporary Employment Program.

- The *Foreign Qualifications Recognition Plan for Alberta* outlines a strategy that includes: establishing a Foreign Qualification Innovation Fund to promote innovative and flexible approaches to foreign qualifications assessment; enhancing information and resources for employers, immigrants and potential newcomers; developing International Education Guides to provide comprehensive information on educational systems and credentials in other countries and comparisons to standards in Alberta; and developing occupational profiles detailing the licensing, certification or assessment process.
- Alberta constructed an official one-stop website for employment-seeking immigrants and prospective employers. The website provides information on available immigration programs, job postings, and general details about the province.
- Alberta developed an online portal called CERTinfo to provide information on licensing and registration requirements.
- Alberta produced a guide called “Welcome to Alberta” for prospective immigrants.
- The International Qualifications Assessment Service (IQAS) assists immigrants obtain recognition for their foreign training. The service assesses international educational documents and compares them to educational credentials in a Canadian province.
- The Bredin Institute, a non-profit organization co-funded by Alberta, provides specialized advice and counseling and links skilled immigrants to other services that they require. (Bow Valley College also provides similar services.)
- As part of the *Building and Educating Tomorrow’s Workforce: Alberta’s 10-Year Strategy*, several workforce strategies were developed collaboratively with Alberta and stakeholders from various industries.
- The Registered Apprenticeship Program allows high school students to become apprentices and earn credits toward an apprenticeship program and a high school diploma at the same time.
- Implemented in July 2006, the Off Campus Work Permit Program for International Students makes it easier for non-Canadian students to apply for work permits, enabling them to work off campus while they complete their studies.
- The Aboriginal/First Nations Training to Employment Program supports the development of partnerships designed to create training and work experience projects that lead to employment for Aboriginal/First Nations members.
- Management and Entrepreneurial training is provided to assist Aboriginal communities with building capacity in managing band-owned businesses, as well as to assist community members to successfully launch new ventures through professional coaching and consulting. The provincial government works with Aboriginal communities and industry to develop and facilitate procurement training opportunities

for Aboriginal entrepreneurs and communities to take advantage of contracting opportunities. Aboriginal communities are also provided with support for labour force planning, development of labour force strategies, and identification of employment-training needs.

- Alberta partnered with the Government of Canada to support the creation and operations of the Employment Connections Team (ECT). The ECT will provide follow-up and additional resources to assist First Nations to find and keep meaningful employment. The ECT team members will provide support to, and complement the work of existing First Nations economic development officers, human resources, social development and income support programs and services.
- The Self-Employment Program provides services to unemployed Albertans who are in need of self-employment training.

Tourism:

- Established on April 1, 2009, the Travel Alberta Corporation is a provincial agency that leads tourism marketing for Alberta. In 2009-10, the budget for tourism-related initiatives was increased by nearly \$5 million to \$71 million.
- Budget 2009 allocated \$6.6 million to coordinate Alberta's activities leading up to and during the 2010 Olympic and Paralympic Games, with a focus on promoting Alberta's sport, tourism, and cultural activities.
- A new central registration and reservation system for provincial park campgrounds is under development and will be available for selected campgrounds by summer 2009.
- Budget 2008 allocated \$50 million toward the new Capital Region River Valley Park.

Energy:

- Released in December 2008, the Provincial Energy Strategy includes actions to:
 - Encourage the development of renewable energy.
 - Increase value-added activities in the energy industry, and aggressively market Alberta's energy globally.
 - Look at conservation measures and conduct a review of emissions targets and carbon charges for large industrial facilities.
 - Improve innovation through increased investment in research, development, demonstration and deployment of energy technology.
 - Enhance the capability of the electricity system.
- The Bio-Refining Commercialization and Market Development program supports biofuel initiatives. \$55 million has been budgeted in both 2009-10 and 2010-11 for this program.
- This strategy also recommends a Renewable Fuels Standard, a new standard of 5% ethanol in gasoline and 2% renewable content in diesel by 2010

Environment:

- Released in January 2008, the new Climate Change Strategy will receive \$30 million in annual funding to take action around three themes:
 - Implementing carbon capture and storage.
 - Conserving and using energy efficiently.
 - Greening energy production.

- Based on the latest Climate Change Strategy, there is a commitment to reduce GHG emissions by 20 megatonnes by 2010, and by 50 megatonnes by 2020. By 2050, GHG emissions are expected to be 14% below 2005 levels as a result of climate change initiatives.

- The *Carbon Capture and Storage Implementation Act* will establish a \$2 billion investment in carbon capture and storage.

- The Alberta Carbon Capture and Storage Development Council is a partnership between governments, industry and scientific researchers. The Council will develop a clear work plan for implementing carbon capture and storage in Alberta, complete with timing and expectations.

- As of July 1, 2007, companies that emit more than 100,000 tonnes of GHG/year must reduce their emissions intensity by 12%. Companies have the option to pay \$15 per tonne to the Climate Change and Emissions Management Fund, which will then be used to support strategic projects or transformative technology aimed at reducing GHG emissions in Alberta. In 2009-10, \$95 million in payments from industry to the fund are expected.

- Over three years, \$300 million in capital and \$63 million in operating support will be provided to continue the implementation of the Water for Life strategy. The renewed Water for Life strategy (released November 2008) is based on three outcomes: safe, secure drinking water supply; healthy aquatic ecosystems; and reliable, quality water supplies for a sustainable economy. Each of those outcomes will be achieved through knowledge and research, partnerships and water conservation.

- A total of \$42 million will be provided over three years to implement the new Land-use Framework. The framework will address competing uses of land and develop a sustainable approach that balances environmental, social and economic concerns. The framework calls for the development of 7 new land-use regions, creation of a Land-use Secretariat and Regional Advisory Councils, etc.

- Budget 2008 allocated \$404 million to develop and implement a long-term strategic plan for the development of the oil sands. The February 2009 report *Responsible Actions: A Plan for Alberta's Oil Sands* outlines long-term strategies and immediate actions. The plan discusses carbon capture and storage, land reclamation, cumulative effects management, and environmental conservation. The strategy is closely aligned with provincial and regional initiatives such as the Provincial Energy Strategy and the Land-use Framework. Budget 2009 allocated \$380 million over two years for infrastructure within the urban services area of Fort McMurray.

SASKATCHEWAN

Agriculture:

- The Growing Forward Framework Agreement calls for coordinated federal-provincial-territorial action over five years starting in 2008 to help the agricultural sector become more competitive and innovative. Using a cost-shared 60/40 funding basis between the Government of Canada and the provinces and territories, \$1.3 billion will be invested in new Growing Forward programs.
- The 2009 Budget committed to an additional \$108.1 million to farm income stabilization programs under the joint federal-provincial Growing Forward Initiative (total funding: \$199.6 million). Funding for Crop Insurance programming delivery and governments' share of premiums also increased by 28.2 million.
- Saskatchewan committed \$15.2 million for agricultural research, including funding for the Agriculture Development Fund, the Strategic Research Program at the University of Saskatchewan, and the Prairie Agricultural Machinery Institute.
- The Saskatchewan Agri-Value Initiative (SAVI) integrates three components: information services, business assessment and business growth, and development funding. The maximum funding is \$50,000 per company or organization over a four year period for categories including: prototype and product development, marketing opportunities, systems improvements and skills and training funding.

Trade:

- On January 16, 2009, the Government of Canada and the provinces/territories agreed to amendments to Chapter 7 (Labour Mobility) and Chapter 17 (Dispute Resolution Mechanism) of the Agreement on Internal Trade (AIT). "The revised Labour Mobility Chapter of the AIT will enable any worker certified for an occupation by a regulatory authority of one Party to be recognized as qualified to practice that occupation by all other Parties." Exceptions have to be clearly identified and justified (e.g., public security and safety).
- Formed in March 2009, the new Western Economic Partnership between Alberta, BC, and Saskatchewan includes a commitment to establish a comprehensive trade agreement to develop an open, efficient and stable domestic market by fall 2009.

Taxes:

- In October 2008, the Basic Personal Exemption and the Spousal Exemption were increased by \$4,000 each, while the Child Tax Credit amount was increased by \$2,000 per child.
- The Corporation Capital Tax (CCT) for small financial institutions threshold was recently increased to \$1.5 billion.
- The general CCT for all corporations other than provincial Crown corporations and financial institutions was eliminated and planned reductions to the CCT Resource Surcharge were implemented.

- The education property tax rebate was recently increased to 12% for homeowners, and to 47% for farmers.
- The personal income tax system has been indexed to the inflation rate since 2004.
- The general corporation income tax rate was reduced to 12%.
- The income threshold for the current 4.5% small business corporation income tax was increased to \$500,000.
- The Saskatchewan Manufacturing and Processing Investment Tax Credit has been made fully refundable.
- The 2008 Budget reinstated the 10% Mineral Exploration Tax Credit for Saskatchewan taxpayers who invest in eligible flow-through shares of Saskatchewan mineral exploration companies.

Economic Development:

- Enterprise Saskatchewan (ES) has been established as the central economic development agency of the Government of Saskatchewan. ES is a public-private partnership, governed by a 12-member Board of stakeholders and leaders. Sector Teams have been established for 18 industry sectors to identify actions that can be taken to build on each sector's strengths and overcome barriers to growth. Strategic Issues Councils provide recommendations that address cross-cutting issues affecting economic development, and provide advice to enhance the competitive position of Saskatchewan's economy.
- The Small Business Loans Association (SBLA) Program (via Enterprise Saskatchewan) encourages diversification of the Saskatchewan economy and supports community economic development by making funding available, through community-run organizations, to entrepreneurs who may not qualify for loans from traditional lenders (up to \$15,000).
- The "Youth Opportunities Unleashed" program assists young adults between 18 and 34 years of age to consider opening a business in their community. The program has three components:
 - Financing (SBLA program – up to \$15,000).
 - Entrepreneurial training.
 - Mentorship (Business Mentorship Institute of Saskatchewan).
- Thirteen Enterprise Regions, composed of diverse regional economic stakeholders, have been formed to assist each region in enhancing business and industry competitiveness. Budget 2009 committed \$5.3 million for the Enterprise Regions Program and \$300,000 to implement Northern Enterprise Regions, which will focus on northern economic development.
- The Invest in Saskatchewan Program encourages Saskatchewan employees and individuals to invest in funds or pools of capital called Labour-sponsored Venture Capital Corporations. These corporations invest

in Saskatchewan-based small- and medium-sized businesses. Investing individuals will be eligible for both a provincial tax credit equal to 20% of the cost of their investment and a 15% federal tax credit on the first \$5,000 invested in each year. There are two types of funds: Employee Funds and the broad-based Pool Funds. The annual cap on provincially-registered funds was raised to \$50 million in 2009.

- The Western Economic Partnership Agreement is a four-year, \$50 million federal/provincial agreement signed in January 2009. Projects funded by this program will address the following strategic themes: business productivity and competitiveness; technology commercialization; community and regional development and diversification; and trade and investment.
- The Northern Development Fund (NDF) promotes economic development in northern Saskatchewan. The fund has four components:
 - Commercial Loans (to assist business development and diversification).
 - Primary Production Loans (to support individuals engaged in traditional northern production activities).
 - NDF Grants (Youth Entrepreneurship Program; Marketing, Promotion, Research and Development Grant Program; and Business Skill and Organizational Development Grant Program).
 - Regional Development Corporations, which are non-profit organizations that undertake economic development on a regional, more localized level.
- The 2008 Budget allocated \$2 million for the NDF loan programs, and \$500,000 to continue the NDF grant programs.
- First Nations and Métis Economic Development Program (FNMEDP) makes grants available to Aboriginal business entrepreneurs to cover a portion of initial start-up capital and operating expenditures. This is a five-year program totaling \$5 million, ending March 31, 2010. Grants are limited to key sectors:
 - Value-added agriculture.
 - Energy.
 - Mining.
 - Forestry and forestry developments.
 - Manufacturing.
 - Aboriginal-themed tourism.
- The First Nations and Métis Fund makes investments of between \$1 million and \$3 million in new or expanding businesses that are majority-owned or controlled by First Nations or Métis people. To be eligible, the businesses must be in key sectors (the same sectors identified in FNMEDP).
- The Clarence Campeau Development Fund provides funding support for Métis businesses, community economic development initiatives and assistance for the development of the management skills of new and existing Métis business owners and entrepreneurs. Assistance may be in the form of equity participation, interest-free loans, and repayable or non-repayable contributions. Six programs are administered by the fund, with varying levels of financial support available under each.

- SaskBiz.ca is a new interactive website that uses the latest Geographic Information System technology to create statistical profiles of Saskatchewan communities and regions. This site helps both Saskatchewan-based companies and out-of-province investors decide where to locate or expand their businesses.
- Entrepreneurial Foundation of Saskatchewan Inc. is a non-profit organization founded by Crown Investments Corporation and SaskCentral to provide advisory services, training and mentorship to entrepreneurs seeking access to investment capital during the initial commercial start-up and expansion stages of their small businesses.
- Saskatchewan recently provided a total of \$50.9 million for the First Nations Trust, Community Development Corporations (CDCs) and the Métis Cultural Development Fund. The trust and the CDCs provide funds from gaming profits for various purposes, including economic development, educational development, and community infrastructure development and maintenance.
- The Canada-Saskatchewan Business Service Centre, a joint federal-provincial initiative, coordinates business information on behalf of 36 federal and 31 provincial government departments. The centre's "business infosource" is an online info portal for entrepreneurs looking for help on the following:
 - Starting a business.
 - Developing a business plan.
 - Marketing strategies.
 - Trade and export requirements.
 - Financing a business.
 - Locating suppliers.
 - Tax and regulatory matters.
 - Government Information.
- The Saskatchewan Film Employment Tax Credit is intended to assist Saskatchewan's film industry. The credit is equal to 45% of qualified Saskatchewan labour costs, and a 5% bonus is available if Saskatchewan residents are employed in at least six of ten prescribed positions. An additional 5% tax credit will also apply for qualifying productions completed in locations more than 40 km from Regina or Saskatoon.
- Saskatchewan municipalities are able to offer discretionary five-year property tax abatements. For example, the City of Saskatoon offers property tax abatements on incremental property tax increases for new commercial construction or renovations within an eight district "Enterprise Zone." Total funding for the program is \$500,000 and the maximum abatement period is five years.

Regulations:

- Canada-Saskatchewan Business Service Centre (see above).
- BizPaL is an online service that simplifies business permit, license and other regulatory compliance processes for entrepreneurs, governments, and third party business service providers. This service is the result of collaboration between the Government of Canada and participating provincial/territorial, regional, and municipal governments.

Infrastructure:

- \$2.5 billion was committed over two years toward infrastructure as part of the “Ready For Growth” infrastructure program (including funding for highways, post-secondary capital projects, and municipal capital projects).
- The 2008 Budget committed \$300 million over four years for five-year interest-free loans to municipalities to assist them with the costs of lot development for housing, commercial and industrial construction.
- In 2009-10, Saskatchewan will commence a two-year plan to base municipal operating grants on the value of one point of the Provincial Sales Tax.
- Budget 2009 committed \$200 million over two years for a new Children’s Hospital in Saskatoon

Procurement:

- Aboriginal Business Directory website promotes greater participation of Aboriginal firms within the Crown procurement process. This website aims to create a business-to-business marketplace where the Crown sector and Aboriginal suppliers meet in order to develop positive business relationships.

Education and Training:

- Budget 2008 allocated \$2.1 million for community-based literacy funding to maintain the Literacy Innovations Fund and grants for the network of 30 organizations that deliver adult and family literacy services.
- Budget 2008 allocated \$1.1 million to the Aboriginal Employment Development Program to build partnerships and lines of communication between employers, training institutions and Aboriginal people.
- JobStart/Future Skills program provides a range of skills training opportunities under two programs:
 - Workbased Training for the Unemployed (provides financial assistance to employers to deliver recognized on-the-job training for unemployed residents).
 - Institutional Quick Response Training (Quick Skills) (provides funds to public training institutions to train the unemployed to meet industry requirements for skilled workers).
- The Provincial Training Allowance (PTA) provides income support to low-income students enrolled in approved basic education, Workforce Development initiatives or in Quick Skills Training. Budget 2009 provides \$2.8 million in new funding for the PTA to mirror increases for shelter costs and energy rates in income support programming.
- Budget 2009 committed \$3.5 million to maintain the planned mid-year increase of approximately 1,100 apprenticeship training seats.
- An apprenticeship training program was established to help train additional skilled trades people for the construction industry.

- Budget 2009 committed \$5.4 million of new funding for renovations to Cumberland Regional College and to develop a centre for literacy, Workplace Essential Skills and Adult Basic Education.
- Budget 2009 committed \$3.6 million for enhanced school Internet connectivity and distance education delivery by school divisions.
- Budget 2009 committed \$23.5 million to enable universities to limit tuition increases to an average of 3% (total funding of \$364.4 million for universities).
- Budget 2009 increased funding to SIAST, regional colleges, and the Apprenticeship and Trade Certification Commission by \$11.5 million (total funding to these institutions is \$178.5 million).
- In 2008-09, Saskatchewan committed \$1.1 million for the Regina and Saskatoon Trades and Skills Centres, which will benefit many unemployed and underemployed youth and young adults. The Centres represent a partnership between the Province, the Cities of Regina and Saskatoon, school boards, training institutions, First Nations and Métis institutions, business associations and community associations.
- A broad range of education and training programs for First Nations and Métis learners are offered at First Nations University, SIIT, Dumont Technical Institute, as well as the two Universities, SIAST and the Regional Colleges. Overall, in 2008-09, Saskatchewan's post-secondary system educated and trained more than 12,700 First Nations and Métis learners.

Workforce Availability:

- The Saskatchewan Immigrant Nominee Program targets applicants based on criteria established by the province. The criteria for this program are different from those of the federal immigration program. There are seven categories for nomination: Skilled Workers, Family Members, Entrepreneurs, Farmers, Health Professions, Students and Long Haul Truck Drivers. Budget 2009 set a target of 3,400 nominations for 2009-10, or potentially 9,600 new immigrants, through the nominee program.
- Saskatchewan committed \$2 million in 2008-09 for settlement and training supports for new immigrants (via the joint federal-provincial Labour Market Agreement), and \$0.2 million to quicken processing time for potential immigrants to Saskatchewan.
- Budget 2009 expands and implements year-two of the Graduate Retention Program (GRP) by reimbursing up to \$18.5 million in tuition costs to graduates who stay or come to the province. The GRP provides a refundable income tax credit to rebate up to \$20,000 of tuition fees paid by eligible graduates.
- Saskatchewan committed \$0.2 million in 2008-09 to fund an online "Going to Saskatchewan" portal and projects related to foreign credential recognition.

- The Targeted Initiative for Older Workers is a two-year joint federal-provincial initiative to help older workers reintegrate into the workforce. This initiative provides services such as individual career counseling, resume and portfolio development, interview practice, and group workshops.
- Budget 2009 committed \$5.9 million for an Aboriginal Workforce Development Fund to increase workforce participation by First Nations and Métis individuals.
- Budget 2009 committed \$23 million to attract and retain nurses and other hard-to-recruit health professionals.
- A total of \$86.0 million (including \$60.0 million partnership with the Saskatchewan Union of Nurses) allocated for nurse recruitment and retention to reach the goal of hiring 800 new nurses by 2011.
- Budget 2009 invested \$7.9 million to continue training seat expansions announced last year for registered nurses, psychiatric nurses, medical diagnostic professionals and physicians.
- Budget 2008 committed \$10.5 million to add 120 nursing training seats at post-secondary institutions.
- A total of \$3.2 million was allocated in 2008-09 to expand medical student seats to 100 and physician residency seats to 120 by 2010-11.
- A total of \$56.1 million allocated for physician recruitment, retention and additional medical seats for internationally trained medical graduates.

Research and Development:

- The Saskatchewan Centre of Excellence for Transportation and Infrastructure was launched on May 9, 2008 with an initial contribution of \$1 million from provincial government toward applied transportation research and specialized training programs. The Centre will be a transportation research and training hub unique in western Canada.
- Budget 2008 committed \$3.8 million of continued funding for the Strategic Investment Fund, which contributes to building technological and research capacity.
- In 2008-09, Saskatchewan committed \$100 million for the construction of the Academic Health Sciences Centre at the University of Saskatchewan.
- Budget 2009 committed \$9.8 million for construction of the International Vaccine Centre (level III bio-containment facility) on top of the \$5.9 million previously committed through the Innovation and Science Fund.
- The Research and Development Tax Credit is equal to 15% of qualifying research and development expenditures incurred in Saskatchewan. Budget 2009 converted this credit from non-refundable to fully refundable.

- Budget 2009 committed another \$2.9 million for the Saskatchewan Research Council to increase its capacity to partner with other organizations on research and development activities.
- The provincial government is a funding partner of SpringBoard West Innovations Inc., which helps innovators through the start-up phase of commercializing their ideas, and assists organizations to access new innovations.
- Innovation Saskatchewan, a new innovation and research authority within Enterprise Saskatchewan, acts as a special operating agency to focus, co-ordinate and support research activities in the province. Improved links between the research, development and commercialization stages of ideas and technology from Saskatchewan's innovation sector will be one of the key directives of the new agency.

Tourism:

- Budget 2008 doubled tourism funding to \$16 million for marketing, capital investments, improved highway signage and enhanced partnerships.
- Budget 2009 provides an additional \$338,000 support tourism activities, including improved highway signage, event hosting, capital investment in museum and heritage facilities, and a 2.5% increase in funding to Tourism Saskatchewan to help promote and market the province.
- Budget 2009 committed to a \$5.2 million increase in provincial parks' funding.
- The Saskatchewan Government will provide support for a Saskatchewan Pavilion at the 2010 Olympic and Paralympics Winter Games in Vancouver to profile the province's business and tourism opportunities, as well as participation in the Cultural Olympiad.

Energy:

- Core funding (\$4.5 million over three years) to the Petroleum Technology Research Centre (PTRC), a non-profit R&D centre specializing in oil recovery and carbon capture was renewed.
- The Saskatchewan Biofuels Investment Opportunity (SaskBIO) Program is a four-year, \$80 million program to provide an opportunity for farmers and communities to participate in value-added biofuel production in Saskatchewan through investment ownership in biofuels facilities. The program provides repayable contributions of up to \$10 million per project for the construction or expansion of transportation biofuels production facilities in Saskatchewan.
- Total grant funding of \$12.1 million provided to the Saskatchewan Research Council for a bioenergy team and an oil sands industry team, as well as the supporting capacity for each.
- Budget 2008 committed \$21.0 million to continue the Ethanol Fuel Tax Rebate.

Climate Change:

- The province has GHG emission reduction targets of 32% below current level by 2020, 80% below current levels and by 2050.
- Budget 2008 committed \$4 million over the next four years in operational support to the PTRC and the International Test Centre for CO2 Capture.
- SaskPower is providing \$758 million toward a seven-year, \$1.4 billion carbon capture project at Boundary Dam.
- There are numerous climate change initiatives for homeowners, businesses, and others, under the “Go Green” program. Initiatives include:
 - Net Metering program: The Saskatchewan Research Council will pay a one-time fee of 25% of eligible start-up costs up to a maximum of \$100,000 for projects with generating capacities of 100kW or less that comply with the local utility’s net metering policies and enter into net metering contracts with their local electric utilities.
 - Prairie Adaptation Research Centre: funding for the centre to build understanding and capacity to address climate change in key sectors of the province including water resources, ecosystems, forestry, agriculture and energy, in addition to improved adaptation practices for those sectors.
 - Sustainable Communities Grant*: Funding for non-government organizations, communities and Aboriginal organizations to promote sustainable development projects in the areas of climate change, water conservation and source water protection, green agricultural practices, ecosystem conservation, sustainable development awareness and eco-tourism.
 - Green Technology Commercialization Grant*: Funding to help small and medium sized businesses overcome barriers to the commercialization of their green technologies.

** The Ministry of Environment has temporarily suspended application intake for the Sustainable Communities Grant and the Green Technology Commercialization Programs while a program review is undertaken. The program review is expected to be completed by 2009.*

MANITOBA

Agriculture:

- The Growing Forward Framework Agreement calls for coordinated federal-provincial-territorial action over five years starting in 2008 to help the agricultural sector become more competitive and innovative. Using a cost-shared 60/40 funding basis between the Government of Canada and the provinces and territories, \$1.3 billion will be invested in new Growing Forward programs. In Manitoba, this translates into \$70.5 million in federal funding, matched or shared by \$47.0 million in provincial funding.
- The Manitoba Agri-Innovation Suite helps develop products from concept to market for new innovative products for the agri-food industry. The suite provides financial assistance up to a maximum of 50% of project costs, under component limits.
- The Agri-Food Research and Development Initiative supports innovative research and development projects in Manitoba's agriculture and agri-food industry. The Government of Canada and the Manitoba government have provided \$30.7 million since the program began.
- The Food Safety Risk Management Suite helps producers and processors to meet their food safety requirements from clients and consumers. This program provides incentives for the implementation of on-farm and post-farm Hazard Analysis Critical Control Points, bio-security practices, and traceability programs to minimize the social and economic impact of disease/pathogen outbreaks.
- The Agricultural Sustainability Initiative provides funding to producer groups and provincial commodity organizations to carry out environmentally sustainable agriculture practices, demonstrations or technology transfer projects throughout the province. Manitoba has committed \$860,000 to this initiative. Costs may be recovered for labour, supplies, services, administration and communication, with a cap of \$50,000 per proponent.
- The Manitoba Value Chain Initiative was launched in 2007 in partnership with the Manitoba Rural Adaptation Council. The initiative will invest \$1.9 million in funding and staff support over four years to enhance market opportunities for producers, processors, and suppliers. Workshops help agri-food businesses respond to the marketplace by linking production, processing, and marketing activities to market demands. It provides financial support to a maximum of 50% of total project costs; the maximum available funding for any one value chain development project is \$100,000.
- The Value Chain Manitoba website increases awareness of value chains; offers various training opportunities and workshops; facilitates collaboration between value chain partners; assists businesses in value chain development activities; and collaborates with the Canadian Value Chain Network to encourage and create value chains across borders.
- The Operating Credit Guarantee Program targets agricultural producers and enterprises, providing participating financial institutions with a 25% guarantee on operating lines of credit.

- Manitoba invested in the Food Development Centre, the Richardson Centre for Functional Foods and Nutraceuticals, and the Canadian Centre for Agri-Food Research in Health and Medicine.
- The Manitoba Shopping List website provides information on where Manitobans can buy Manitoba grown and processed food.
- The Manitoba Organic Transition Program reimburses farmers and processors for the fees charged by qualified organic certification agencies during the transition to organic certification.
- The *Organic Agricultural Products Act*, passed in 2007, defines the basis for organic food production and establishes specific mandatory standards for food products that carry the organic label, harmonizing Manitoba's requirements with federal organic standards and administrative procedures.
- The Irrigation Development Program funds projects that assess the impact of irrigation and support irrigation infrastructure development.

Mining:

- The Mineral Exploration Assistance Program and the Prospectors Assistance Program were renewed for three years beginning April 2008. The programs offer over \$2.5 million annually in direct financial incentives to encourage mineral exploration and prospecting in Manitoba.
- The Manitoba Mineral Exploration Tax Credit (MMETC), introduced in 2002, has been extended for three more years until March 31, 2012. The non-refundable tax credit will soon be doubled to 20%, and will increase again to 30%. The MMETC is claimable by individuals who invest in flow-through shares to finance mineral exploration in Manitoba. The MMETC helps stimulate investment in junior exploration companies operating in Manitoba.
- The mining tax rate is reduced to 17%, effective July 1, 2009. Tiered rates are also introduced: 15% for operator profits between \$55 and \$100 million, and 10% when operator profits are below \$50 million. Transitional tax rates apply for operator profits between \$50 and \$55 million or between \$100 and \$105 million.
- The Forestry and Mining Training and Workforce Retention Initiative is a new \$1 million special training initiative which will work with forestry and mining companies and their employees to implement customized training and workforce retention initiatives to help bridge periods of downtime, specifically to:
 - Help retain existing workforce through up-skilling or re-skilling opportunities that match current and future job demands.
 - Support apprentices to complete their apprenticeship programs.

Trade:

- The Trade Assistance Program assists small- and medium-sized enterprises to launch products/services in new markets outside the province by cost-sharing participation in a recognized trade show, or by assisting in the development of a website and marketing material.

- The Chinese Province of Henan and Manitoba signed the Henan/Manitoba Memorandum of Understanding (MOU) for Enhanced Co-operation and Economic Development in November 2008. The agreement will support the development of CentrePort Canada and includes provisions to increase strategic co-operation and sister airport relations between the Winnipeg Airports Authority and Zhengzhou Airport.
- The Manitoba/Russia Arctic Bridge: the Polar Marine Routes Initiative will further develop Manitoba as a transportation gateway. Russian goods will enter via Churchill, for dispersal to North America and vice versa.
- Agence Nationale et Internationale du Manitoba, a non-profit organization funded under WEPA, provides services to Manitoba businesses and other organizations to expand their presence in national and international francophone markets.
- Churchill Gateway Development Corporation was created in 2003 to market activities that diversify and increase shipping through the Port of Churchill.

Taxes:

- The general corporation income tax rate will be reduced to 12% in July 2009. The small business tax rate is currently 1%, the lowest in Canada; the tax will be eliminated altogether as of December 1, 2010. The small business income threshold was raised to \$400,000 in 2005.
- The corporation capital tax (CCT) rate (for corporations with paid-up capital over \$20 million) was reduced to 0.4% in 2007. The tax was eliminated for manufacturers effective July 2008. Declining in 2009 and 2010, and CCT will be eliminated altogether (except for Crown corporations) as of December 31, 2010.
- Effective January 1, 2008, the exemption threshold on the Health and Post-Secondary Education Levy was increased to \$1.25 million.
- The residential Education Support Levy was eliminated in 2006. The basic Education Property Tax Credit has been increased to \$650 in 2009.
- The Farmland School Tax Rebate has been increased to 75% in 2009. The rebate will be 80% in 2010.

Economic Development:

- The Department of Competitiveness, Training and Trade was created by government reorganization in September 2006 (combining Economic Development Programming, the Training and Continuing Education Division, the Trade and Federal-Provincial Relations Division).
- The Community Enterprise Development Tax Credit (CEDTC) was introduced in 2003 to encourage investment in community-based enterprise development projects. It is a non-refundable 30% personal income tax credit on a maximum \$30,000 investment in equity capital. The credit was extended until December 31, 2011. Budget 2009 doubles the value of shares a business can apply for under the credit, from \$500,000 to \$1 million, giving businesses increased access to capital.

- The Community Enterprise Investment Tax Credit (CEITC), introduced as a complement to the CEDTC in 2007, is a non-refundable income tax credit available to both individual and corporate investors who acquire equity capital in emerging enterprises that require larger amounts of capital than community ownership can provide. The credit is available on eligible securities acquired after 2007 and before 2011. Funding for the CEITC was doubled to \$33 million in 2009, providing \$17 million more in investment capital for small- and medium-sized businesses.
- The Manufacturing Investment Tax Credit, introduced in 1992, is the refundable portion of the 10% corporation tax credit that was introduced in 2006. In 2008, the refundable portion was increased to 70% of the tax credit, and the credit was extended until December 31, 2011.
- The Research and Development Tax Credit was increased to 20% in 2005. The tax credit was enhanced in the 2009 Budget to make the credit refundable for eligible expenditures incurred in Manitoba after 2009 respecting new technologies and biotechnologies under an eligible contract with a qualifying Manitoba research institute.
- The Film and Video Production Tax Credit is a refundable corporation tax credit, with a basic rate of 45%. There is also a 10% frequent filming bonus, a 5% rural bonus, and a 5% Manitoba producer bonus. The maximum film tax credit is now 65%, tied for the highest rate in Canada. In 2008, the percentage of eligible salaries paid to non-residents eligible for the credit was increased to 30% of eligible salaries paid to Manitobans and the “direct training” requirement was removed.
- The Film Loan Guarantee Program guarantees up to 20% of a loan used to finance projects filmed in Manitoba.
- The Interactive Digital Media Tax Credit provides a 40% refundable corporation tax credit for eligible companies that develop and produce eligible interactive digital media projects in Manitoba.
- The Book Publishing Tax Credit provides a refundable income tax credit equal to 40% of eligible Manitoba labour costs, and a 10% bonus for all books printed on forest-friendly paper.
- The Green Energy Equipment Tax Credit is a 10% refundable income tax credit for prescribed renewable energy resource equipment manufactured or purchased for use in Manitoba. In 2008, geothermal ground source heating systems were made eligible for the tax credit, and in 2009, the tax credit was extended to solar thermal energy systems.
- The new First Peoples Economic Growth Fund is an independent, not-for-profit corporation jointly developed by Manitoba and the Assembly of Manitoba Chiefs. In its first five years, the fund will be backed by \$20 million from Manitoba Lotteries Corporation profits. The fund offers help for First Nations entrepreneurs in six ways:
 - The Entrepreneur Interest-free Loan Program: Eligible business owners will be able to apply for amounts up to \$200,000.
 - The Community Economic Expansion Interest-free Loan Program: Eligible business owners will be able to apply for loans up to \$300,000; up to \$75,000 may be non-payable.
 - The Business Plan Assistance Program: Enterprises that need help with a business plan may be eligible for financial help up to \$20,000.

- The Business Skills Development Program: Training to develop management and marketing skills will be covered up to 75% of approved costs for eligible entrepreneurs.
 - The Joint Venture Investment Program: Financing for eligible medium-large First Nations-owned businesses will be available up to \$1 million.
 - The Aftercare Program: Funding of up to \$20,000 will be available for professional support for eligible businesses.
- The Manitoba Industrial Opportunities Program provides financial support to assist businesses in expanding their operations. The financing is in the form of repayable, secured loans and the repayment terms can be somewhat flexible. Favourable interest rates are available to businesses that undertake significant investment in fixed assets and/or create new jobs. The loans are usually in excess of \$500,000. The value of loans available through the program will triple in 2009/10.
- The Manitoba Business Development Fund provides financial support to assist with business development activities. The financing is in the form of cost-sharing assistance and is usually non-repayable. The cost-sharing assistance is usually in the range of up to \$100,000 and is usually for up to 75% of the cost of the business development activity. There are three sub-programs:
 - The Technology Commercialization Program encourages and assists companies with technology commercialization or the acquisition of new technology. There are two types of applications: New Business Assistance (supports new or existing businesses that have a high degree of technical content in a product, project or process to be commercialized), and Technology Transfer (supports the transfer of technology to Manitoba companies from research laboratories and from areas outside of Canada).
 - The Feasibility Studies Program is a cost-shared study program whereby Manitoba may cover up to a maximum of 75% of the cost of hiring an independent, arms-length consultant for the purpose of researching and compiling a feasibility study or business plan.
 - The Special Projects Program assists businesses and business-support organizations with initiatives that are of significance to Manitoba's economy.
- The Third-Party Investment Funds Program provides investment capital to venture capital limited partnerships (limited partnerships), which in turn invests this capital in small- and medium-sized businesses.
- The Labour-Sponsored Investment Funds Program provides financial support to assist labour-sponsored investment funds (LSIFs) in attracting private sector investment capital. The financing is in the form of tax credits. The tax credit benefits are provided to Manitobans who buy and hold qualifying securities of qualifying LSIFs,

- The Canada-Manitoba Economic Partnership Agreement (Western Economic Partnership Agreement) is a \$50 million program funded equally by the Government of Canada and Manitoba that focuses on the following areas: support for knowledge-based R&D, increasing value-added production in traditional industries, supporting trade and investment promotion, enhancing productivity and competitiveness, and promoting economic development through tourism opportunities.
- Manitoba, in partnership with the Government of Canada, has provided financial support for the development and implementation of the Advanced Manufacturing Initiative and the Manufacturing Sector Economic Development Plan (MSEDP), including:
 - A \$1.2 million, 15-month extension for the AMI being funded under the WEPA.
 - \$150,000 is being provided under the WEPA agreement to support the MSEDP and Manitoba Manufacturing Council.
- The Rural Economic Development Initiative (REDI) supports rural and northern community economic development activities. REDI is a fund derived entirely from revenues generated by video lottery terminals in rural and northern Manitoba. REDI supports a number of programs including:
 - Feasibility Studies: assists rural businesses, local government, local and regional economic development organizations, and commercial co-operatives to access reliable research and planning for potential new or expanding business projects.
 - Rural Entrepreneur Assistance: provides loan guarantees to financial institutions that are prepared to offer full-time, small and home-based businesses in rural Manitoba. Criteria have been broadened to make more businesses eligible for the program.
 - Community Works Loan Program: operates as a revolving loan pool. Municipal councils work with local organizations to establish a Community Development Corporation (CDC). The local CDC raises between \$10,000 and \$25,000 in order to qualify for matched funding by the Province, which is provided on a two-to-one basis. Tapping into this pool of funds, approved clients can receive up to \$10,000 at competitive interest rates to help them start or expand a business.
 - Hometown Manitoba: provides financial support for rural and northern community projects initiated by local communities, organizations, cooperatives and businesses that enhance public places and building exteriors.
 - Young Rural Aboriginal Entrepreneurship Initiative: supports the growth and development of young rural Aboriginal people in entrepreneurial and business initiatives located in rural Manitoba.

- The Business Start Program is a loan guarantee program with an educational component. Loans to new owner-managed businesses are provided through participating financial institutions and guaranteed by Manitoba. The five-year term loan (to a maximum of \$20,000) has an interest rate of prime plus 1% and a one-year deferral of principal repayment. Loan proceeds can provide funds for business registration or incorporation costs, equipment and inventory purchases, promotional costs and working capital needs. The maximum loan amount is being increased to \$30,000 in the 2009-10 fiscal year.
- The Skill Development for Young Entrepreneurs Program is designed to enhance the skills of young people who have started, or plan to start, their own full-time business. Approved applicants are eligible for a grant of up to \$1,000, or \$1,500 for northern residents, to assist with the costs of completing an accredited business-related training course. Assistance is available in the form of a reimbursement grant of 50% of the costs of business-related training programs/courses or seminars.
- The Young Entrepreneurs Business Grant Program encourages young people to start their own full-time business and pursue self-employment as a career choice. Approved applicants are eligible for a grant of up to \$4,000 to help defray business start-up costs and capital expenditures. The program provides grant funding to reimburse approved applicants for eligible business start-up costs and capital expenditures.
- The Aboriginal Youth Mean Business provides a web-based directory of supports and services for Aboriginal youth that will promote knowledge, training and networking opportunities for existing and future entrepreneurs.
- The Self-Employment Assistance Program assists eligible EI-insured individuals to create jobs for themselves by starting a business. The program is administered through local sponsors who evaluate the business idea, provide coaching in business plan development and implementation, and offer advice and support.
- The Sustainable Development Innovations Fund is a \$3.4 million fund to provide financial support for environmental technology innovation and demonstration, northern community development and environmental issues, sustainable community development, sustainable agricultural practices, ecosystem conservation, understanding our environment, and eco-tourism. The general funding limit is \$50,000.
- The Northern Development Strategy Fund provides seed funding toward a wide range of natural resource and sustainable development initiatives, including funding to study/establish community-based resource harvesting activities (tourism, fishery, forestry, non-timber forest products). Maximum funding level is \$25,000 per project per fiscal year.
- The BizCoach Manitoba Inc. Business Mentoring Program creates an opportunity for new entrepreneurs to seek guidance from experienced business owners; provides ongoing assistance to entrepreneurs on many facets of business, including finance, business start-up, business growth, sales and financial management, etc.
- Manitoba Marketing Network Inc. is a private/public partnership between the Department of Competitiveness, Training and Trade and members of Manitoba's business community which provides consultative assistance in marketing and product promotion to business clients, via its private sector advisory group.

- The Women's Entrepreneurial Initiative provides a liaison between women business owners and provincial and federal programs and services. Business information, seminars and counseling are also provided to individuals and community organizations.
- The Business Development for Entrepreneurs with Disabilities Initiative provides an advisory role in the development of training programs for business consultants in dealing with entrepreneurs with disabilities, designing appropriate delivery mechanisms for urban and rural programs and developing resource materials which are accessible by entrepreneurs with disabilities.

Regulations:

- Canada/Manitoba Business Service Centre (C/MBSC) is a partnership between the Government of Canada and Manitoba. C/MBSC delivers services on behalf of 38 federal government departments and organizations, 13 provincial government departments and five private sector partners. C/MBSC offers:
 - A comprehensive website.
 - A call-in service and a walk-in information service.
 - A business startup service.
 - An extensive business and trade reference library.
 - Information specialists.
 - A Guest Advisor Program (lawyers, accountants and banking professionals).
 - Export services include assisting new and existing exporters with international business plans, market intelligence, research and market access.
 - Entrepreneurial learning through seminars on business and trade development topics.
 - A network of 33 regional access sites throughout Manitoba.
 - The Aboriginal Business Service Network dedicated to helping new and existing Aboriginal entrepreneurs.
- BizPaL is an online service that simplifies the business permit, license and other compliance regulation process for entrepreneurs, governments, and third party business service providers.
- TAXcess is part of the Manitoba government's program to provide single-window service delivery to Manitoba businesses. TAXcess is an online service for filing, paying and viewing Manitoba business tax accounts.
- Online file and pay system for PST and other provincial taxes.
- The Border Busters program helps Manitoba companies gain export knowledge and identify market opportunities. Participants travel to the upper Midwest US to learn export procedures, research the market, and meet potential customers.

Infrastructure:

- Manitoba committed to a 4-year, \$4.7 billion infrastructure plan (health, education, transportation, water and waste-water treatment, and housing).

- A 10-year, \$4 billion program to modernize highways and bridges was announced two years ago.
- Construction is continuing on the \$665 million Red River Floodway Expansion, which will more than double the capacity of the existing floodway. The expanded waterway will protect Winnipeg from a one-in-700-year-level flood. The completion date for the project is 2010.
- Under the Building Manitoba Fund, municipalities receive a share of provincial income, corporation, and fuel taxes. Manitoba is the only province that shares tax revenue with municipalities in this way.
- CentrePort Canada (Manitoba's inland port): Manitoba continues to collaborate with federal and municipal partners to develop a 20,000-acre port area anchored at Winnipeg's International Airport. The port serves as a transportation, trade, manufacturing, distribution, warehousing and logistics centre. Some of business advantages touted by CentrePort include:
 - Unique access to northern trade routes providing entry to European markets; growing marine shipping opportunities through the Port of Churchill and the St. Lawrence Seaway via Thunder Bay.
 - Located on the International Mid-Continent Trade and Transportation Corridor, providing ready access to major markets in the U.S. and Mexico.
 - Provides direct access to Asian markets via Canada's Asia-Pacific Gateway.
- Manitoba, the federal government, and OmniTRAX have engaged in a \$68 million program to improve the facilities at the Port of Churchill, which will help port diversification initiatives, and to improve the Hudson Bay Railway line between The Pas and Churchill.

Education and Training:

- The amount for scholarships for Aboriginal medical students has been doubled.
- Co-op Education and Apprenticeship Tax Credits: The Advanced Level Apprenticeship Hiring Incentive is available to employers that hire apprentices (levels 3 to 5). The credit is equal to 5% of the apprentices' wages (net of other government assistance), up to a maximum of \$2,500 per apprentice. The Journeyman Hiring Incentive is available to employers who hire recent apprenticeship graduates. The credit is equal to 5% of each journeyman's salary/wages (net of other government assistance), up to \$2,500 for each of the first two 12-month periods of permanent, full-time employment.
- The Hydro Northern Training Initiative is a multi-year, multi-partner, \$60.3 million northern training and employment strategy to prepare northern Aboriginal Manitobans for employment and other opportunities related to hydro electric development in the North. The training initiative is Aboriginal-led in design, delivery and implementation of training. The initiative provides for a continuum of training opportunities including assessment, upgrading, academic, technical training, professional and management training toward projected workforce estimates for construction and other employment opportunities of Wuskwatim and proposed Keeyask generating stations.

- The recently established Workplace Essential Skills Training (WEST) Centre offers non-credentialed gap training in support of government pre-employment training and business needs, including the assessment and documentation of client skills, and workforce planning with government and business partners. It also offers training solutions for diversity needs, houses a resource library and provides expert supports for business and labour.
- As of April 1, 2009, the four-year \$4.5 million Northern Essential Skills Training Initiative (funded via the federal Community Development Trust) will assist unemployed and under-employed people to upgrade the skills they need to enter Apprenticeship training.
- Manitoba is working to develop a seamless adult education system that spans low level literacy to high school completion, including dual credits and post-diploma credits. There are approximately 75 organizations (Adult Literacy Programs (ALPs) and Adult Learning Centres (ALCs)) that offer adult literacy programming, adult high school credits, or both.
- Community-based education support, including funding for electronic infrastructure to support delivery of courses in virtual classrooms in an expanded network of 12 regional centres, including nine First Nations communities.
- The Manitoba Aboriginal Education and Employment Action Plan is a framework for a multi-year, cross-department approach to Aboriginal education and training.
- Technology training and education in Aboriginal communities has been expanded through a partnership between Manitoba and IBM that includes camps to teach students about careers in technology (IGNITE camps). It also includes an electronic-business application developer program and a partnership with University College of the North to deliver information technology classes to northern and Aboriginal communities.
- Career Focus provides assistance to high-school and post-secondary instructions to help them place students into career-related employment positions. This program is a valuable resource to co-op education programs and the Senior Years Apprenticeship Option program.

Workforce Availability:

- Under the Manitoba Provincial Nominee Program, successful applicants will receive a Manitoba Provincial Nomination Certificate, which will speed-up the Canada Immigration (Permanent Resident) Visa application process. Applicants can apply under several categories:
 - Priority Assessment Stream (Employer Direct, International Student, or Family Support).
 - General Stream.
 - Program for Business.
 - Strategic Recruitment Initiatives.
- The Business Settlement Office (BSO) provides services to help mitigate the effects of barriers that immigrant investors face, such as language and business culture differences. The goal of the BSO is to assist landed business immigrants to establish and operate their businesses successfully.

- The Manitoba Opportunities Fund (MOF) manages Manitoba's share of investor deposits from the Federal Immigrant Investor Program, and uses the income generated to support Manitoba's Growing Through Immigration Strategy and economic development for immigrants in the province. MOF provides funding for projects directly administered by other provincial departments.
- Budget 2008 provided an additional \$1.2 million for immigrant settlement and language training services to facilitate the integration of new immigrants into Manitoba communities.
- Through the Credentials Recognition Program, information and assistance is provided for immigrants in their assessment and recognition processes and entry into the workforce.
- The new Tuition Fee Income Tax Rebate returns 60% of eligible tuition fees up to a maximum of \$25,000.
- Through a partnership guided by recommendations from the Apprenticeship Futures Commission, Manitoba is committed to create 4,000 new apprenticeship training spaces over four years which represents a 132% increase in the number of apprentices receiving training in the province by the 2011-12 school year.
- "Rewarding Work" is a 4-year strategy to address poverty; programs will provide benefits to low-income working families and Employment and Income Assistance (EIA) participants. The strategy is meant to:
 - Improve employability by increasing education and training opportunities.
 - Help low-income working families with the costs of raising their children.
 - Support EIA participants to find work.
 - Provide ongoing support to encourage ongoing employment.
- A new program called *Rebound* will provide training and employment opportunities for Manitobans to support skill development and reduce the need for income assistance.
- A community Immigration Planning Portal has been established to help communities do immigration planning.
- The *Worker Recruitment and Protection Act* was introduced in April 2008 to strengthen the protection of foreign workers from unscrupulous recruiters.
- Youth Build is a community development program that helps youth develop skills in the building construction trades and work towards high school completion.
- Youth NOW provides Winnipeg area youth who are receiving income assistance and/or facing multiple barriers to employment an opportunity to participate in project-based training and employment initiatives that will assist them to prepare for and secure employment.
- Partners With Youth supports project based training that provides rural youth who are receiving income assistance and/or facing multiple barriers to employment an opportunity to participate in employment and training initiatives that will assist them to prepare for and secure employment.

Research and Innovation:

- The Manitoba Research and Innovation Fund was created to help increase the capacity of the province's universities, colleges, hospitals and other institutions to carry out important, world-class R&D. Since 2003, it has provided over \$73 million in research and innovation support for health and agriculture, technology and aerospace, cultural and new media industries, and alternative energy developments.
- Manitoba is a partner with the Government of Canada in the Networks of Centres of Excellence program. The province's complementary program, the Manitoba Centres of Excellence Fund, has the objectives of attracting and maintaining world-class R&D activity in Manitoba and to generate related spin-off benefits for local companies and non-profit institutions.
- The Science and Technology International Collaboration Fund has been established to assist Manitoba researchers in increasing their participation in international leading edge scientific research, to leverage access to international research funds, to raise the profile of Manitoba research, and to support the establishment of new international collaborative R&D initiatives with international partners.
- The new Manitoba Innovation Council will be made up of business, research and community leaders. The Council will provide independent advice, and work with government on the development and implementation of an integrated technology commercialization plan and a capital markets strategy.
- Federal and provincial government departments have been developing an Integrated Technology Commercialization Strategy to achieve greater networking and partnerships between business, academic, research and government communities. As well, the strategy will help build a critical mass of leading high-tech companies and attract more financial investment to early-stage growth companies, etc.

Tourism:

- Manitoba, along with the other provinces and territories and the Government of Canada, endorsed the Federal-Provincial-Territorial Framework for Collaborative Action on Tourism Development which identifies priority areas for action to increase Canada's global competitiveness as a tourism destination.
- Travel Manitoba's "Road to 2010" tourism promotion plan includes five components to increase local, regional, national and international tourism: Celebrate Manitoba; Homecoming 2010; Major Events Acquisition; Rebuilding US Tourism; and Expanding International Tourism Markets. The strategy includes significant new promotional campaigns to showcase Manitoba at the Vancouver Olympics.
- Participation in the Tourism Alliance of Western Canada (TAWC) with other provincial destination marketing agencies is enabling Travel Manitoba to leverage federal and provincial support into expanded tourism marketing partnerships with industry.

- Manitoba's Aboriginal Tourism Strategy supports initiatives to create/enhance Manitoba's Aboriginal tourism products, visitor services, community tourism planning and business development. Targeted initiatives include:
 - Support for East Side Aboriginal Sustainable Tourism Inc (EAST Inc) to animate Aboriginal tourism expansion in communities on the east side of Lake Winnipeg.
 - Support for the development of the Manito Ahbee Aboriginal Festival for all Nations and Aboriginal People's Choice Music Awards, recently recognized by the Canadian Tourism Commission and Aboriginal Tourism Canada as one of Canada's top Aboriginal tourism attractions.
 - Launch of the Aboriginal Provincial Tourism Training Program to create "bridging" opportunities for individuals striving to enter the tourism industry.
- Under Manitoba's Watchable Wildlife Program, new wildlife viewing sites are being developed throughout the province, including the development of a new International Birding Trail in partnership with the State of Minnesota.
- "Start Living" is a \$2 million national advertising campaign launched by the new Manitoba Promotion Council to inform Canadians about living, investing and visiting in Manitoba. Ads will run in national and regional newspapers and magazines across Canada, as well as 30-second television commercials.

Energy:

- Major development of hydro-electric resources underway (200-MW Wuskwatim Dam). Additional new generation and transmission projects are in the planning stages. Capital expenditures over the next 10 years are expected to be over \$14 billion.
- Gathering wind resource data to help prepare a Manitoba wind atlas. The information will help communities, First Nations and private companies as they consider potential wind energy projects in Manitoba.
- Wind Energy goal: 1,000 MW production. Manitoba Hydro recently accepted a wind farm proposal to develop a 300 MW wind farm (St. Joseph), resulting in a \$800 million investment.
- Introduced the ethanol blended fuel mandate that helped trigger the construction of Husky's \$200 million ethanol plant in Minnesota.
- Manitoba is currently preparing for a biodiesel mandate that could come into effect later in 2009 or early 2010. There are currently three biodiesel production plants in various stages of construction.

Climate Change:

- Most aggressive legislative target of all regions in North America: 6% below 1990 levels by 2012. Aiming to become coal-free and the lowest carbon economy on the continent.
- Aiming for a carbon neutral decade: no increase in emissions from 2000 to 2010. Attempting to become first jurisdiction in Canada to meet a legislated Kyoto target by 2012, and the first jurisdiction to meet commitments under the Western Climate Initiative.

- Effective July 1, 2011, a new tax of \$10 per tonne of carbon-dioxide-equivalent emissions will apply to coal. The tax rate will subsequently be raised to \$30 per tonne on a schedule to be announced in a future budget. Manitoba will also contribute up to 25% of private sector capital costs of investments to convert from coal, and will work with coal users to find appropriate substitutes.
- A new \$15.1 million training facility is to be built at Red River College, specifically focused on leading-edge research with a strong focus on new transportation technology (training and testing) related to a green economy.
- The University of Manitoba is one of the first universities in Canada to offer LEED accreditation courses for academic credit.
- Manitoba is developing a new made-in-Manitoba vehicle standard and creating a new Driving Green program (e.g., speeding up retirement of older vehicles).
- Manitoba is working with Manitoba Hydro to expand the province-wide Lower Income Energy Efficiency program (a new \$35 million fund has been established).
- New Green Building Policy: all new capital projects funded by Manitoba government must be certified at a minimum LEED silver standard.
- Manitoba is creating a new Manitoba Sustainable Agriculture Practices Program aimed at best practices to reduce on-farm GHG emissions.

YUKON

Cooperation:

- On Sept. 3, 2003, Northwest Territories, Nunavut, and Yukon signed the Northern Cooperation Accord to promote cooperation on matters of mutual concern and interest. The accord was renewed on July 8, 2006.
- On July 9, 2004, the BC-Yukon Intergovernmental Relations Accord was signed to address areas of joint concern and mutual interest, including regional economic development, trade and commerce, and tourism. The accord was renewed on January 15, 2009.
- On May 26, 2007, the three Northern Territories jointly released *A Northern Vision: A Stronger North and a Better Canada* to share their vision for the North's development. The document speaks to sovereignty through healthy and sustainable communities, adaptation to climate change, and the role of the territories in the circumpolar North.

Agriculture:

- Released in 2007, the *Multi-Year Development Plan for Yukon Agriculture and Agri-Food 2008-2012* presented strategies for industry-wide issues related to infrastructure, regulations, financing, marketing, and information gathering. The report also looks at supporting development in specific sectors, such as meat and vegetable production.
- The Growing Forward Framework Agreement calls for coordinated federal-provincial-territorial action over five years starting in 2008 to help the agricultural sector become more competitive and innovative. Using a cost-shared 60/40 funding basis between the Government of Canada and the provinces and territories, \$1.3 billion will be invested in new Growing Forward programs.

Trade:

- On January 16, 2009, the Government of Canada and the provinces/territories agreed to amendments to Chapter 7 (Labour Mobility) and Chapter 17 (Dispute Resolution Mechanism) of the Agreement on Internal Trade (AIT). The revised Labour Mobility Chapter of the AIT will enable any worker certified for an occupation by a regulatory authority of one Party to be recognized as qualified to practice that occupation by all other Parties. Exceptions have to be clearly identified and justified (e.g., public security and safety).

Taxes:

- There is no territorial sales tax.
- Among the lowest personal and corporate income tax rates in Canada.
- There are a number of Yukon-specific tax credit programs including the Low Income Family Tax Credit, Child Benefit Program, First Nations Income Tax Credit, and Political Contributions Tax Credit.

Infrastructure:

- Capital improvements to roads and bridges in 2009-10 totaling \$54 million, including \$27.8 million under the Shakwak Agreement (with the US Department of Transportation) for bridge and road work on the Alaska and Haines Highways.

- The Resource Access Roads Program provides resource-based companies with assistance in developing site access for preliminary exploration and start-up activities. Approximately \$500,000 is available annually for related road work.
- \$31 million has been directed to develop the Robert Campbell Highway over a three-year period. The economic driver for this highway is the mineral-rich deposits of the Tintina Trench.
- The continuing Shakwak Permafrost Test Section Site project has engineers and scientists studying the effects of cold climate on permafrost stability with the goal of developing adaptive methods to address permafrost degradation and stability in ice-rich areas of the Alaska Highway.
- About 34 km of the Dempster Highway was resurfaced in 2008 with a total of 249 km resurfaced since 2005. Plans to resurface another 21 km south of the Eagle Plains Lodge are in place for 2009.
- Expansion of the Whitehorse International Airport Terminal Building will increase the existing space by approximately 50%. This multi-year \$15.7 million project is scheduled for completion by the fall 2010.
- Yukon is also evaluating new paving technology aimed at reducing energy consumption and environmental impacts.

Economic Development:

- The Department of Economic Development's *Strategic Plan: 2006-2009* outlines four strategic outcomes:
 - Economic development leadership in the building of a prosperous economy (including facilitating the development of value-added processing and developing a business approach for economic infrastructure).
 - Yukon is known as a desirable place in which to do business, work and invest (e.g., promoting the film industry).
 - First Nations are key players in the Yukon economy.
 - The Department of Economic Development is valued, trusted and respected.
- The report, *Pathways to Prosperity: An Economic Growth Perspective 2005 to 2025*, announced that the Government was responsible for providing the following strategic enablers:
 - Business and industry promotion and facilitation (e.g., access to advisory services and financing to small and large enterprises).
 - Research and innovation (e.g., cold climate technologies development).
 - Capacity development and growth planning (e.g., education and training opportunities).
 - Policy and regulations (e.g., trade policies to enhance investment and exports).
 - Economic infrastructure (e.g., highways, port access, pipelines, etc.).
- The Community Development Fund (CDF) provides Yukon communities, industry and professional associations, non-profit and charitable organizations, and municipal and First Nations governments financing for projects and events. The 2008 Budget allocated \$3.3 million to the CDF.
- The Enterprise Trade Fund stimulates and supports the growth of Yukon business activity through market penetration and expansion and business development.

- The Regional Economic Development Fund promotes organizational capacity development and facilitates regional economic development.
- The Strategic Industries Development Fund helps identify and assist the development of industries and strategic projects in the Yukon with the potential for broad-based economic benefits.
- The Yukon Small Business Investment Tax Credit is a personal tax credit for eligible investors who invest in eligible business corporations making qualified investments.
- The Yukon Research and Development Tax Credit is a refundable corporate and personal income tax credit of 15% (or 20% if paid or payable to Yukon College) for eligible expenditures incurred by a corporation.
- The Manufacturing and Processing Profits Tax Credit allows corporations to be eligible for an effective corporate rate of 2.5% on manufacturing and processing income.
- Various funds and programs to support the Yukon Film Industry.

Human Capital:

- The Labour Market Framework for Yukon, approved in 2008, will see the development of five strategies to support Yukon's labour market: Comprehensive Skills and Trades Training Strategy, National Recruitment Strategy, Retention Strategy, Immigration Strategy and a Labour Market Information Strategy. The strategies will guide activities for the next ten years.
- Yukon, working with the Government of Canada, developed the Targeted Older Worker Initiative, which aims to attract older workers to the labour force.
- The Yukon Nominee Program targets potential immigrants based on industrial and economic priorities and labour market conditions. There are two programs the Yukon Nominee Program offers:
 - The Skilled Worker/Critical Impact Worker Program is designed to attract qualified individuals who can help alleviate the shortage of workers in the territory who cannot be found within the current territorial or national labour market.
 - The Business Program is designed to attract business expertise and investment capital to the territory. The Business Program has two components: an entrepreneur category and a self-employed category.
- Yukon Government amended the *Yukon College Act* to increase the college's autonomy and governance in a number of areas including degree granting status.
- The 2008 Budget allocated \$555,237 for the development of a two-year Licensed Practical Nurse Program at Yukon College.

- An Oil Burner Technician Training Program was recently introduced by Yukon Government and Yukon College. This program is the first, in recent years, to be offered in western Canada and Yukon College intends to attract other Western citizens to obtain their training in Yukon.
- The Yukon Mine Training Association was established, in partnership with the Yukon's mining and related resource industry and First Nations, to build labour market capacity in the Yukon by providing safety and skills training opportunities.
- Yukon Government provides approximately \$1.5 million per year in Community Training Funds. Community, Sector and project specific funds are available to train Yukon citizens for labour market participation.
- In fall 2009, Yukon College will offer an accredited Educational Assistant certificate program for current school staff who would like to attain formal educational credentials, and enhance their knowledge and professional credibility.
- Starting in September 2009, a Master of Education program focusing on leadership will be delivered at Yukon College. This program will prepare participants to take on leadership roles in a number of community or educational environments.
- The Leaders in Education/Innovation Fund provides financial support to innovative educators by investing in original projects, led by teachers and community-based teams, which can then be shared with other schools. This will encourage pilot projects to move from conceptual ideas, to best practices to common practice.
- The Department of Education has partnered with *Learning Disabilities Association of the Yukon* and *Yukon Teachers' Association* to train teachers in the use of the *Wilson™ Reading System*. The system is a highly successful, research-based, multi-sensory reading and writing program, delivered to students from Grade Two through to adults.
- Students and staff in Yukon schools are enjoying increased learning opportunities, as a result of continued Yukon government investment in video conferencing technology and computer networks. Over the past five years, over 4 million dollars was directed toward Technology Assisted Learning and the effects of this investment are apparent. Yukon students now enjoy the highest level of internet connectivity when compared to their peers across Canada.

Tourism:

- As a follow-up to its National Marketing Campaign, \$200,000 will be invested in 2009-10 in the "Destination Yukon" initiative, and \$600,000 will be invested in a marketing program related to the 2010 Winter Olympics. These initiatives will involve multi-media advertising, website use, and television advertising.

- In direct response to the economic downturn, new funding has been allocated (\$100,000 in 2008-09 and \$400,000 in 2009-10) to overseas marketing. An additional \$100,000 will be allocated in 2009-10 to the Yukon's Convention Bureau to market to the meeting, conventions and incentive travel sector. Overall, \$5 million is invested annually through a variety of programs and service to market tourism worldwide.

Energy:

- January 2009's "Energy Strategy for Yukon" outlines the following energy priorities:
 - Efficiency and conservation (e.g., increasing energy efficiency by 20% by 2020).
 - Renewable energy (e.g., increasing renewable energy supply by 20% by 2020).
 - Oil and gas (e.g., preparing for northern pipeline development).
 - Electricity (e.g., supporting R&D to optimize the use of hydroelectricity).
 - Energy choices (e.g., public consultation on coal bed methane, nuclear power, etc.).
- The 2008 Budget allocated \$10 million to support the construction of a hydro power line from Carmacks to Pelly Crossing.

Mining:

- Yukon improved the investment climate by completing amendments to the claims administration and royalty provisions of the *Quartz Mining Act*, and finalizing amendments to the *Miners Lien Act*.
- Yukon established a Project Facilitation Process to help mining companies with larger and more advanced projects secure permits, and resolve issues in the development stage. Eligible companies can request a dedicated project facilitator who assists with regulatory reviews and resolution of issues as they occur.
- The Yukon Mining Incentive Program provides financial and technical assistance to prospectors and junior mining companies for mineral prospecting and exploration activities. Total annual support for this program is \$1.8 million.

Environment:

- In February 2009, Yukon released the *Climate Change Action Plan*, which sets out 33 specific actions, including:
 - Enhancing support for climate change monitoring and education.
 - Establishing Yukon-wide targets for greenhouse gas emission reductions.
 - Making internal Yukon Government operations carbon neutral by 2020.
 - Establishing Yukon as a northern leader for climate change research, including the establishment of a Yukon Research Centre of Excellence at the Yukon College.
- The 2009 budget allocated \$600,000 to implement the Climate Change Secretariat, which will lead and coordinate the Yukon's actions in addressing climate change.
- The 2008 budget committed \$200,000 to commence a five-year project to research and develop climate change adaptations for Yukon communities.

NORTHWEST TERRITORIES

Cooperation:

- On Sept. 3, 2003, Northwest Territories (NWT), Nunavut, and Yukon signed the Northern Cooperation Accord to promote cooperation on matters of mutual concern and interest. The accord was renewed on July 8, 2006.
- On October 6, 1998, NWT and Alberta signed a Memorandum of Understanding for Cooperation and Development to promote cooperation on matters of mutual concern and interest including enhancing trade opportunities and advancing economic development. The agreement has since been renewed twice.
- Other agreements are in place with neighbouring jurisdictions on specific matters such as spill reporting, water management, and suppression of wildfires along border zones.
- On May 26, 2007, NWT, Nunavut and Yukon jointly released *A Northern Vision: A Stronger North and a Better Canada* to share their vision for the North's development. The document speaks to sovereignty through healthy and sustainable communities, adaptation to climate change, and the role of the territories in the circumpolar North.

Trade:

- On January 16, 2009, the Government of Canada and the provinces/territories agreed to amendments to Chapter 7 (Labour Mobility) and Chapter 17 (Dispute Resolution Mechanism) of the Agreement on Internal Trade (AIT). "The revised Labour Mobility Chapter of the AIT will enable any worker certified for an occupation by a regulatory authority of one Party to be recognized as qualified to practice that occupation by all other Parties." Exceptions have to be clearly identified and justified (e.g., public security and safety).
- NWT became a signatory to the Agreement on Internal Trade in July 1994.
- NWT actively participates in all international free trade negotiations.
- On May 9, 2006, NWT and Alberta agreed to a Trade and Economic Development Strategy for Cooperation and Action under the NWT-Alberta MOU to enhance trade opportunities and advance the economic development of communities and regions in NWT and Alberta.

Taxes:

- No territorial sales taxes.
- The personal income tax is lower than the weighted national average (the top combined federal/territorial rate is 43.05% vs. an average of 45.63% in Canada).
- The payroll tax is higher than the weighted national average (2.00% vs. 1.86%).
- The small/large corporate tax is lower than the weighted national average (4.0/11.5% vs. 5.2/12.6%).

Infrastructure:

- The 2008-09 Budget allocated \$180 million in public infrastructure.
- Highspeed broadband access, via satellite, is available across NWT. The Government of NWT and the Government of Canada have committed to funding the expansion of this initiative over the next five years.
- In October 2008, the Legislative Assembly passed the 2009-10 Capital Budget; \$246 million will be invested in the construction of roads, bridges, schools, and other needed public infrastructure.
- In February 2008, Yukon, Nunavut and NWT jointly released *Northern Connections: A Multi-Modal Transportation Blueprint for the North*. The report established a vision for the development of northern transportation infrastructure to address the northern infrastructure deficit, promote economic development, and build sustainable northern communities. The report outlined the current challenges for four transport modes (air, marine, rail, and roads) for each territory, and suggested a special northern component of the federal Strategic Transportation Infrastructure Fund that would reflect unique northern needs that would likely be missed using nation-wide investment criteria.

Procurement:

- A preferential procurement policy (called Business Incentive Policy, or BIP) began in 1976 and the current version has been in place since 1992. The BIP is currently under review.

Economic Development:

- The 2008-09 Budget allocated \$1 million to the new Support for Entrepreneurs and Economic Development (SEED) policy, and a further \$750,000 was allocated in Budget 2009-10.
- The Community Futures Program is a community-based initiative delivered by nonprofit organizations that offer services such as business loans and loan guarantees, counseling and assistance for entrepreneurs, and wage subsidies.
- The Business Development and Investment Corporation (BDIC) – an independent Crown Corporation – offers loans, standby letters of credit, investments and contributions. It also establishes and owns subsidiary companies. The BDIC also provides business information and guidance for prospective businesses and entrepreneurs through Canada Business NWT, which is operated in partnership with Industry Canada.
- The Government of NWT facilitates the secondary diamond industry through Agreements on Supply of Rough with each of the diamond mines and through its Certification and Monitoring Program.

Regulations:

- BizPaL is an online service run by Industry Canada that simplifies the business permit, licence and other compliance regulation process for entrepreneurs, governments, and third party business service providers. The Government of NWT has been working with Industry Canada and other public and private sector organizations to develop a BizPaL network in NWT. The BizPaL service was launched in February 2009 in the communities of Hay River and Fort Smith.

- The land, water and resource regulatory regime in NWT has come under scrutiny; industry and governments agree that improvements to the system are required. In May 2008, a report commissioned by Indian and Northern Affairs Canada entitled *Road to Improvement – The Review of the Regulatory Systems Across the North* was released. This report follows two other similar initiatives—the NWT Environmental Audit (2005), and the Joint Examination Process (2006). The implementation of the recommendations is primarily the responsibility of Indian and Northern Affairs Canada and the latest report is currently being reviewed by Indian and Northern Affairs Canada Minister Chuck Strahl.
- In March 2009, the Government of NWT released its approach to regulatory improvement, which included recommended positions addressing the *Road to Improvement* report and previous reports. The Government of NWT is seeking a collaborative approach with Indian and Northern Affairs Canada and continues to receive feedback from partners and stakeholders in the regulatory system. The Government of NWT has already initiated improvements in those areas currently within its jurisdiction.

Agriculture:

- NWT, along with the other provinces/territories and the Government of Canada signed the Growing Forward Framework Agreement for coordinated federal-provincial-territorial action over five years starting in 2008 to help the sector become more prosperous, competitive, and innovative. Using a cost-shared 60/40 funding basis between the Government of Canada and the provinces/territories, \$1.3 billion will be invested in new Growing Forward programs.

Forest Management:

- NWT is an expensive target market due to its small size and transportation costs from southern supply hubs. There is a large potential for the development of forest product supply in the North, such as sawn wood or woody biomass (e.g., fuelwood, pellets).
- NWT does not have a highly developed infrastructure such as an electrical generation grid, or pipeline systems for natural gas. This increases the opportunities for installation of green biomass systems.
- NWT is rapidly collecting and compiling baseline data around the state of the forest resources. Good information about the large forest landbase available in NWT increases regional competitiveness for its many values.

Human Capital:

- 2005's *Building on Our Success: Strategic Plan 2005-2015* listed five goals including improvements in the education of adults, and creating a skilled and productive work environment. Action items included expanding student services and developing programs at Aurora College to meet current and emerging labour market needs. *Labour Force Development Plan: 2002-2007...A Workable Approach*, is part of the broad *Strategic Plan 2005-2015* and provides a blueprint for helping northerners acquire the education and skills needed to participate meaningfully in their communities.

- On November 27, 2008, NWT and three diamond mines signed the Memorandum of Understanding for a Northern Mining Workforce Initiative. The initiative has two purposes: 1) Development of Northern Mining Skills (training programs to increase the education and mining skills of NWT residents), and 2) Northern Attraction and Retention (strategies to attract skilled workers and their families to move to NWT and work in the diamond industry).
- The Mine Training Society (MTS) is a unique partnership comprised of Aboriginal, Government of NWT and industry representatives. The role of MTS is to support Aboriginal people in finding meaningful and long-term employment in NWT's mining industry. MTS relies primarily on funding from the Aboriginal Skills and Employment Partnership and its mine members.
- Northern Women in Mining Oil and Gas Project: The Status of Women Council of NWT has partnered with industry, nonprofit organizations, and government to undertake research, spearhead a promotional campaign, and provide training and supports aimed at addressing the barriers to women's employment in the mining, oil and gas industries.
- The 2008-09 Budget allocated: \$2.8 million to lower the pupil-teacher ratio in trades training, \$100,000 to help increase enrolments in apprenticeship programs (especially for women and Aboriginal people), \$200,000 to the Aurora College Mobile Trades Training Unit, and \$1.2 million to support hiring apprentices in designated trades and occupations.
- The Government of NWT and the Proponents of the Mackenzie Gas Project (MGP) signed a Socio-economic Agreement (SEA). The SEA has a commitment for a cost-shared Mackenzie Gas Project Training Fund (pending project approval).
- The Government of NWT is working on additional initiatives to improve the competitiveness of the NWT labour force including:
 - Plans to develop a new Labour Force Development Framework to identify and build on strategies toward an inclusive and adaptable labour market that meets the demands of a strong, diversified economy in all NWT sectors over time.
 - The establishment of an Immigration Agreement with Citizenship and Immigration Canada to administer a Provincial/Territorial Nominee Program to address short- and long-term labour force needs in the North.
 - The establishment of a NWT Labour Market Agreement with Human Resources and Social Development Canada to administer training and program supports for non-EI eligible clients.

Tourism:

- *Tourism 2010: A Tourism Plan for the Northwest Territories* was approved in late 2004/2005. The plan allocated incremental investment of \$1 million annually for five years in the tourism sector, starting in the fiscal year 2006-07. The funding was intended to leverage an additional investment of \$2 million per year from private sector and public partners with a goal of elevating total spending in the tourism sector to \$145 million annually by the year 2010. Five key areas targeted are: Marketing, Product Development, Infrastructure, Human Resource Training, and Research and Planning.
- The 2008-09 Budget allocated \$1.6 million toward a Tourism Product Diversification and Marketing Fund to provide assistance for activities such as research to ascertain existing and emerging markets. The Fund will encourage ecotourism, adventure and cultural product development, etc. The fund will be in place for the next four fiscal years.

Energy:

- 2007's *Energy for the Future: An Energy Plan for the Northwest Territories* developed a Policy Framework guided by several principles, including the promotion of renewable energy for industrial developments, streamlining of regulatory processes, and keeping the NWT Power Corporation in public control.
- In the above report, greater use of hydroelectric resources was singled out as an essential component of a long-term energy strategy. As a result, a separate NWT Hydro Strategy was developed which identified more than 11,500 megawatts of hydroelectric potential in NWT.
- The 2009-10 Budget Speech proposed a total of \$60 million over four to six years in energy investments to change the way NWT produces and consumes energy. Of this, \$15 million is in 2009-10. This funding will enhance energy conservation, efficiency, and alternative energy programs and develop a number of strategic energy infrastructure projects such as: mini-hydro projects for two communities, the extension of transmission lines to off-grid diesel communities; the development of a Biomass Strategy; the installation of wind turbines; and the Taltson Hydro Expansion Project to provide existing NWT diamond mines with power and facilitate further mineral development in the Slave Geological Province.
- Expanding alternative energy capacity is seen as a way to help reduce the cost of living in the long-term and improve sustainability of communities throughout NWT.
- The Government of NWT is currently undertaking a review of Electricity Regulation, Rates and Subsidy Programs.

Environment:

- NWT is committed to working with federal and provincial governments to develop an "equitable approach" to Canada's international commitment to reduce national emissions to 6% below 1990 levels by 2012.
- As outlined in *NWT Greenhouse Gas Strategy 2007-2011: A Strategy to Control Greenhouse Gas Emissions in the NWT*, NWT has developed 39 initiatives, both new and ongoing, to reduce GHG emissions.
- The revised strategy also commits the Government of NWT to lead through example by adopting a target to reduce GHG emissions from its own operations to 10% below 2001 levels by 2011.

- The Government of NWT is currently developing a NWT Land Use Framework.
- The Government of NWT, in partnership with Indian and Northern Affairs Canada, is currently engaging NWT water management stakeholders to develop an NWT Water Resources Management Strategy.
- Wildlife management plans for listed species at risk (boreal caribou, wood bison) are being developed to provide guidance for habitat planning and land use. This will provide greater clarity for decision-making around land use.
- A Wildlife Management Information System is providing improved access to wildlife related data that can be used to improve decision-making with respect to habitat use.
- The Government of NWT participates in a number of land use planning processes, led by Indian and Northern Affairs Canada, through the various settled lands, resources and self-government agreements and those currently being negotiated. Approved regional land use plans provide greater certainty for decision-making around land use. Transboundary context is important in the case of the Sahtu, Upper Thelon and Dehcho plans currently in stages of development.
- The Government of NWT is a partner in the Protected Areas Strategy process to protect special natural and cultural areas and core representative areas within each of 42 eco-regions in NWT. Completion of a protected areas network will provide greater certainty for decision-making around land use.
- In February 2009, the Government of NWT endorsed the Canada-wide Strategy for the Management of Municipal Wastewater Effluent. Cooperation regarding northern Canada implementation issues, including the development of northern performance standards, is underway.
- In 1997, NWT, Alberta, BC, Saskatchewan and Yukon entered into the Mackenzie River Basin Trans-boundary Waters Master Agreement for cooperative management of trans-boundary waters.

Health and Social Services:

The revised labour mobility chapter of the AIT will have an effect on regulated health professionals moving in and out of the Territories. The Department of Health and Social Services regulates 12 health care professions; registered nurses are self-regulating. Health Profession legislation is being reviewed to ensure that NWT's legislation is AIT compliant.

NUNAVUT

Cooperation:

- On Sept. 3, 2003, Northwest Territories (NWT), Nunavut, and Yukon signed the Northern Cooperation Accord to promote cooperation on matters of mutual concern and interest. The accord was renewed on July 8, 2006.
- In 2007, Nunavut and France signed a Memorandum of Understanding to promote cooperation in tourism.
- On May 26, 2007, NWT, Nunavut and Yukon jointly released *A Northern Vision: A Stronger North and a Better Canada* to share their vision for the North's development. The document speaks to sovereignty through healthy and sustainable communities, adaptation to climate change, and the role of the territories in the circumpolar North.

Agriculture:

- The Growing Forward Framework Agreement calls for coordinated federal-provincial-territorial action over five years starting in 2008 to help the agricultural sector become more competitive and innovative. Using a cost-shared 60/40 funding basis between the Government of Canada and the provinces and territories, \$1.3 billion will be invested in new Growing Forward programs.

Trade:

- On January 16, 2009, the Government of Canada and the provinces and territories agreed to amendments to Chapter 7 (Labour Mobility) and Chapter 17 (Dispute Resolution Mechanism) of the Agreement on Internal Trade (AIT). "The revised Labour Mobility Chapter of the AIT will enable any worker certified for an occupation by a regulatory authority of one Party to be recognized as qualified to practice that occupation by all other Parties." Exceptions must be clearly identified and justified (e.g., public security and safety).

Taxes/Subsidies:

- Nunavut has no sales tax and no employer payroll tax.
- The corporate tax rate of 4% on the first \$200,000 is the second lowest in Canada.
- A targeted wage subsidy supports eligible employee wages.

Infrastructure:

- The 2008 Budget committed \$98.3 million for capital expenditures during the fiscal year, including \$23.1 million for community capital projects.
- About \$243 million will be spent over seven years (2007-14) on infrastructure projects under the Building Canada Fund (Nunavut will contribute about \$61 million of the total). The territory's municipalities will also receive \$60 million from the Gas Tax Fund over the same time period.

- In February 2008, the three Northern Territories jointly released *Northern Connections: A Multi-Modal Transportation Blueprint for the North*, which established a vision for the development of northern transportation infrastructure. The report outlined the current challenges of four transport modes (air, marine, rail, and roads) for each territory, and suggested a special northern component of the federal Strategic Transportation Infrastructure Fund that would reflect unique northern needs that would likely be missed using national investment criteria.
- In the federal budget of January 27, 2009, several important sums were announced for infrastructure projects. These amounts have to be spent within two years:
 - harbour \$17 million;
 - an undetermined amount of funding for arctic research centre, community recreation facilities and other infrastructure projects.

Economic Development:

- The *Nunavut Economic Development Strategy: Building a Foundation for the Future* outlines the prospects for economic growth from 2003 to 2013 in the major sectors of Nunavut's economy. The report also lists possible challenges to economic growth, identifies strategic priorities for growth, and an action plan for sustainable economic growth.
- The Strategic Investments Program has two funds:
 - Nunavut Equity Investment Fund: provides financial support to larger Nunavut business ventures.
 - Nunavut Economic Foundations Fund provides support to Nunavut organizations and municipalities to carry out activities that improve the ability of Nunavummiut to participate in Nunavut's economy.
- The Small Community Initiatives Program has two funds:
 - Small Community Initiatives Fund: to support municipalities for community economic development.
 - Small Community Development Fund: for community corporations to support economic development initiatives.

Human Capital:

- In the federal budget of January 27, 2009, several national programs pertaining to education and training were awarded additional funding, including
 - \$75 million over two years for the new Aboriginal Skills and Training Strategic Investment Fund, which will help Aboriginal Canadians to get specific training. At the time of writing, Nunavut and the federal government were close to signing an agreement that would provide \$1.6 million in funding from the fund.
 - \$100 million over three years to extend the Aboriginal Skills and Employment Partnership, which aims at providing Aboriginal Canadians with skills and employment training. To date, one Nunavut proposal has been funded: the Nunavut Fisheries Training Initiative.
- In 2007, \$475,000 was provided for training and programming opportunities for Nunavut filmmakers and media artists under the Nunavut Film, Television and New Media Development program.

- To increase Inuit participation in the mining industry, the 2008 Budget allocated \$3.3 million to construct and staff a trades school in Rankin Inlet, as well as \$2.1 million to expand the Nunavut Arctic College's Community Learning Centre in Pond Inlet.
- The Nunavut Community Skills Information System matches workers to jobs, analyzes individual training needs and creates targeted training programs. Nunavut will be working closely with industry, mining companies, communities and Regional Inuit Organizations.
- The Nunavut Nursing Recruitment and Retention Strategy offers financial incentives to nursing staff.
- A new Business Training Tax Credit is being developed to encourage and reward territory-based businesses that provide qualified training. A credit equal to a maximum of 30% of eligible expenditures has been promised.
- The Financial Assistance for Nunavut Students program (FANS) consists of basic grants and loans to Nunavut residents to address financial barriers to postsecondary education.

Tourism:

- MOU to market Nunavut in France.
- The report *The Time is Right: A Vision and Strategy for Tourism Development in Nunavut* proposed a strategy with five action areas:
 - Institutional strengthening (e.g., increase government investment in tourism).
 - Human resource development (e.g., a "tourism training fund").
 - Product development (e.g., review and revise licensing processes).
 - Market research and marketing (e.g., identifying market niches).
 - Development of a database and tools for decision-making.
- In 2007, Nunavut aimed to simplify license procedures for tourism operators. Also, more than \$2 million is provided annually by the government to support visitor services, product development, marketing and promotion and tourism training.
- Outfitters are eligible for financial assistance in their purchase of liability insurance.

Housing:

- In the federal budget of January 27, 2009, \$100 million was earmarked for public housing in Nunavut. This amount is to be spent in the next two years. The level of funding is yet to be determined for the renovation of social housing.
- Home ownership assistance programs:
 - Nunavut Downpayment Assistance Program (NDAP) provides a 10-year forgivable loan to be used for the purchase of an existing home (up to \$45,000) or for a new construction (up to \$75,000).

- Material Assistance Program (MAP) pays for the cost of material to construct a new home, including the shipping costs.

Energy:

- The report *Ikummatiit: The Government of Nunavut Energy Strategy* is intended to guide the development of energy policies and related government programs until the year 2020. Policy actions are categorized into four themes:
 - Energy conservation and efficiency.
 - Alternative energy (including development of hydro-electricity).
 - Better management practices.
 - Oil, gas, and uranium development.

Mining:

- *Parnautit: A Foundation for the Future: Mineral Exploration and Mining Strategy* outlines Nunavut's approach to sustainable development of the territory's mineral resources. The report lists 16 policy positions and 22 action items built on four pillars:
 - Jurisdictional framework.
 - Community benefits.
 - Infrastructure development.
 - Environmental stewardship.
- As part of the above report, an independent review of the permitting and regulatory structures has been promised. The review will recommend actions to streamline and simplify Nunavut's regulatory system.
- Existence of a Fuel Tax Rebate for mining development, extraction and reclamation.

Fishery:

- Two programs exist for the producers of seal skins:
 - The "Dressed Ringed Seal Skins for Numavummiut" program makes the skins available at a major national auction at a reduced cost.
 - The Fur Pricing Program aims at stabilizing the price for harvesters.

Arts and Crafts:

- The report *Sanaugait: A Strategy for Growth in Nunavut's Arts and Crafts Sector* identified 7 principal goals and 19 specific objectives, along with proposed actions and timelines for each goal. The Nunavut Arts Strategy Working Group will prepare a progress report in 2009 to ensure the mission will be complete by 2013.

Environment:

- See "Energy"

About the Canada West Foundation

Our Vision

A dynamic and prosperous West in a strong Canada.

Our Mission

A leading source of strategic insight, conducting and communicating non-partisan economic and public policy research of importance to the four western provinces and all Canadians.

Canada West Foundation is a registered Canadian charitable organization incorporated under federal charter (#11882 8698 RR 0001).

In 1970, the One Prairie Province Conference was held in Lethbridge, Alberta. Sponsored by the University of Lethbridge and the Lethbridge Herald, the conference received considerable attention from concerned citizens and community leaders. The consensus at the time was that research on the West (including BC and the Canadian North) should be expanded by a new organization. To fill this need, the Canada West Foundation was created under letters patent on December 31, 1970. Since that time, the Canada West Foundation has established itself as one of Canada's premier research institutes. Non-partisan, accessible research and active citizen engagement are hallmarks of the Foundation's past, present and future endeavours. These efforts are rooted in the belief that a strong West makes for a strong Canada.

More information can be found at www.cwf.ca.

Canada *West*
F O U N D A T I O N

Head Office:
#900, 1202 Centre Street SE
Calgary, AB T2G 5A5
Telephone: 403.264.9535

British Columbia Office:
#810, 1050 W. Pender Street
Vancouver, BC V6E 3S7
Telephone: 604.646.4625

Saskatchewan Office:
604 Braeside View
Saskatoon, SK S7V 1A6
Telephone: 306.373.8408

Manitoba Office:
#400, 161 Portage Avenue East
Winnipeg, MB R3B 0Y4
Telephone: 204.947.3958

www.cwf.ca