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## On innovation, pipelines and carbon tax

You can't help but learn a few things sitting in a room with former Foreign Affairs Minister John Baird, President of the Asia Pacific Foundation Stewart Beck and about a hundred investment, international trade and economic development professionals.

I recently attended a Foreign Direct Investment (FDI) forum in Calgary, Alberta, and had the opportunity to meet and listen to perspectives on topics from carbon emissions to pipelines to nation-building to borders. Although these people operate several levels higher than me, it was clear that they're among the ones who create the environment that we operate in at the local level.

Here are three takeaways and how they may impact the future in Medicine Hat, Alberta and other similar jurisdictions.

## On Canada's science and innovation network

This could be tied into a sub-point that fund availability is a key attractor for foreign investment (no kidding, right?). But my argument against tax incentives for large corporations is that it essentially amounts to a race to the bottom.

The most obvious, recent example in North America is Nevada's \$1.3 billion tax break for Tesla to build a battery factory. Closer to my home, Moose Jaw, Saskatchewan recently approved a five-year tax break for a \$100 million protein processing plant. Sure those moves create jobs but is the cost really worth it?

There's another approach to funds attracting investment, and it involves innovation grants. That's where Canada and Alberta really shine. Programs like the National Research Council, Industrial Research Assistance Program, Sustainable Development

Technology Council, Alberta Innovates Technology Futures, Growing Forward 2 and others incent innovation which allows Canada to remain competitive in our primary industries by developing and commercializing new technology.

Used effectively, these programs can attract (and indeed already have attracted) investment to Medicine Hat and other jurisdictions around the country. It's a clever system that earned praise among the FDI crowd.

## On pipelines and nation-building

There's no surprise that there was support for pipelines, but the perspective from which it was delivered was passionate, with grand scope. Stewart Beck argued that there was a time in Canada when regions worked together to build Canada as a nation. Today, he argued, provinces are asking 'what's in it for me' when it comes to pipelines running through their land where previously it would have been a cooperative national effort to build the country.

That point was further reinforced when the President of Global LNG Consulting noted that Canada is one of the best places (if not the very best place) for LNG investment in the world. Our one major drawback, he argued, is the lack of pipelines.

Admittedly, I don't know enough about the politics involved to get into too lively a debate, but I do know that Canada is a resource nation and having the ability to get those resources to market is critical.

## On carbon tax

There seems to be little fear of the federal carbon tax among this group. Sure, it wasn't a huge business crowd, but they were pro-trade and pro-business. When it came up (less than I expected), it was fairly widely understood that reducing carbon emissions was important, and being progressive could in fact become a competitive advantage.

That point is echoed by Canadian economist Jeff Rubin, who has suggested that carbon efficiency could eventually become more important than wage competitiveness (skip to about 3:45 of the video). Rubin argues that if carbon is taxed at say \$100 per tonne, North America could see a return of manufacturing jobs from overseas.

Considering Medicine Hat came into its own as Western Canada's manufacturing hub at the turn of the twentieth century, this could turn out to be welcome news, even if it doesn't happen overnight (FYI: it won't).

From a municipal investment attraction perspective, we hold very little sway in these conversations.

Still, it's our role as local investment attraction and business developers to understand what's going on way up there and figure out how we can attract investment within the climate that has been created for us, even if we don't necessarily like it. As the saying goes, there's opportunity in every challenge.

The most successful among us will be able to find those opportunities and bring them to the local level.