



**Submission to Standing Committee on Climate Change and
Environmental Stewardship
Jan 19th, 2022**

Good afternoon Mr./Mrs. Chair.

The New Brunswick Business Council is very pleased to have the opportunity to present to the committee on this important topic today.

For the committee's background, the Business Council is made up of 29 CEOs, Presidents, and Chairpersons of leading New Brunswick Enterprises, and all have a deep stake in the province's economic, social, and environmental vibrancy and sustainability.

Our members span diverse industries and operate in all regions of the province. The Council's mission is to help build a *competitive* and *growing* economy that creates opportunities for all who invest, work, and live here.

My remarks today will start with some important context and feedback I've received from our members and partners, and I'll finish with several recommendations for the committee.

To begin, my remarks are guided by two underlying principles:

First, **Council members overwhelmingly want to do their part and see the province "lean in"** to reduce GHGs, take climate action, and ensure the sustainability and vibrancy of our province for future generations. We recognize that Climate Change is not only real - it is causing significant ecological, social, and economic cost to Canadians.

Second, **we must apply a competitiveness and economic lens** to policy making and government investment decisions. It's important that – to the extent possible – climate action is part of a managed transition to a low-carbon economy, where cost competitiveness, taxes, investment incentives, and other supports are competitive with other jurisdictions in Canada and internationally.

While all businesses are concerned about increasing energy and transportation costs, I am also hearing increasing concerns about the cost of inaction and lost competitiveness due to not adapting quickly enough.

Business Council members recognize that a growing economy must be balanced with environmental stewardship and sustainability. In the transition to a low-carbon economy, our competitiveness is not only about preserving our position in traditional industries. It's also about evolving our existing businesses to compete in the low-carbon economy and pursuing new and emerging opportunities to become producers and exporters of clean solutions, rather than simply consumers.

If the first plan was called "Transitioning to a Low-Carbon Economy", the next plan should be called "Competing in the Low-Carbon Economy".

To be sure - this shift is happening globally – we need only look to the UK and Biden Administration. This transition is about jobs, competitiveness, and about economic resiliency and growth. It's a shift in the dominant mindset of the past where all action on climate change was seen as negative for the economy.

To prepare for this presentation, I reached out to several members and partners and the response was overwhelming. Many gave examples of the efforts they are taking within their businesses to do their part as corporate citizens, while also defining a competitive advantage and seizing new market opportunities.

To share just a few examples from Council members:

Starting with the Belledune Port Authority – which the committee heard from last week. The Port of Belledune is taking aggressive steps to define its role in a cleaner greener economy. The Port's new strategic direction is driven by the Federal Coal Phase-Out, commitments to reduce GHG emissions, and Federal Carbon Pricing Plan. But is also driven by growing and emerging development opportunities in the low carbon economy and a desire to redefine Northern New Brunswick as a Green Energy Hub.

Atlantic Industries Limited. – headquartered in Sackville, NB – is a global leader in value-engineered solutions such as structural plate bridges, prefabricated steel bridges, corrugated steel pipe and drainage systems, retaining walls, and other specialty products.

Atlantic Industries is applying a sustainability and resiliency lens to all their operations and they're using this to define an advantage over their competitors.

Some of the initiatives being led at Atlantic Industries include:

- Installation of rooftop solar panels at two facilities in Ontario – with plans to add solar to their other facilities across the country soon.
- Tentative plans to install electric vehicle charging stations to all facilities.
- Introducing a “Carbon Footprint Calculator” on all estimates for Corrugated Steel Pipe products to show their carbon advantage.
- And several other initiatives to reduce the environmental and wildlife impact of their products.

Lastly, **McCain Foods** has embedded sustainability into their corporate values and business strategy. They've committed to a 50% reduction in their global CO2 emissions and 100% renewable energy by 2030. They've also committed to making 100% of their packaging recyclable, reusable, or compostable by 2025.

To achieve this, McCain is installing enhanced heat recovery solutions in their factories, on-site renewable generation and sourcing green energy supply, where appropriate. Important to note - McCain's investments are being prioritized in jurisdictions where carbon pricing makes it more attractive.

While many large businesses are shifting their strategies towards sustainability and making investments in carbon reduction, resource efficiency, and sustainability – smaller and medium sized businesses often don't know where to start, face competing priorities, and lack the capital to make significant investments.

That said, as the world decarbonizes and electrifies, the market signals and drivers are clearly shifting. Businesses understand that sustainability is not simply a corporate social imperative – it's a business imperative that directly impacts their competitiveness and resiliency.

This is showing up in four important ways:

First, Capital markets are shifting their focus to sustainability investments in-line with global net zero commitments. At COP26, the Glasgow Financial Alliance for Net Zero (GFANZ) brought the financial sector together to accelerate the transition and announced the mobilization of \$130 trillion in US dollars towards Climate Finance Commitments.

Furthermore – COP26 culminated with commitments to Net Zero by 2050 from countries representing 90% of global GDP. This means global demand will be shifting as countries and consumers seek out cleaner and greener, energy, products, and services.

Second, Federal government policy directions are moving aggressively towards decarbonization. These policies include increasing the price on carbon to \$170 per tonne by 2030, the Phase-out coal by 2030, the Clean Fuel Standard, the Electricity Standard for a zero-emitting grid by 2035, and the mandatory target of all new light-duty passenger cars and passenger trucks to be zero emission by 2035. The federal government has also committed \$17.6 billion in their 2021 budget targeted towards a green recovery.

Third, Carbon Pricing is becoming a Global norm and Carbon Border Adjustments are increasingly likely policy tools for advanced economies. This is particularly important for exporters.

As the number of countries with carbon pricing systems grows, they will be working to “level the playing field” for companies within their borders – to ensure there are no competitive disadvantages to those from outside their borders.

In a world of Carbon Border Adjustments, the lower the carbon intensity, the more competitive the product.

And fourth, consumers are increasingly discerning and looking for greener products and services. These shifts will only become more pronounced in the future. The Climate and the Environment have risen as a top priority for voters across the country. In fact, in November of last year – a Nanos poll put Climate Change as the number one concern of Canadians, above the economy and public health. From a business perspective, voters are consumers and businesses are taking notice and taking action.

While the drivers are shifting and businesses know they need to be thinking about the transition to a low-carbon economy, there are many barriers in their way. There are also barriers to the research, development and commercialization of new technologies, and the attraction of large-scale investment in low-carbon energy solutions.

Some of the barriers identified by members and partners include:

- The pandemic and its toll on businesses
- Literacy and awareness of how to measure their carbon footprint and mitigation strategies
- Limited capital to make investments in cleaner energy, resource efficiency, and transportation solutions
- Navigating available federal funding
- Limited or non-existent provincial funding
- Outdated provincial policy and regulatory frameworks
- Unclear or unknown economic impacts of federal policies on businesses and households
- Political cycles and uncertainty in long-term policy directions
- Unclear provincial clean growth strategy that defines opportunities for our province in low carbon economy
- The need for additional resources and expertise within government to develop and execute clean growth strategies
- Measurability of commitments and departmental accountability on action plans
- Community and public buy-in

This all brings me to 9 recommendations related to the next Climate Action Plan:

1. **Set clear measurable targets** with timelines that reflect current federal and global policy directions, including GHG emissions, renewables, EV adoption and infrastructure, etc.
2. **Invest in awareness, literacy, and capacity building** supports for SMEs to understand, measure, and reduce their carbon footprint, including clarifying the expected return-on-investments and savings.

3. **Ensure revenue recycling and the Climate Action Fund include funding for businesses in 3 streams: STREAM 1)** support for the adoption and adaptation of proven technologies to improve energy efficiency and reduce carbon footprints **STREAM 2)** support the salary costs for larger businesses to hire Climate Change / Energy Managers for up to 2 years to develop transition plans (eg. Manitoba program) and **STREAM 3)** provide application-based funding for research and development of emerging technologies.
4. **Create a clean investment tax credit** to support private sector investment in emissions reduction or clean technologies, including alternative energy generation, transportation solutions, and automation.
5. **Apply a climate action and clean competitiveness lens to government strategies** including exports, investment attraction, economic development, regional development, and workforce development. Include and align with ACOA and other economic development partners to leverage all available resources.
6. **Add new capacity and expertise in government departments** to work on clean growth opportunities and sectoral strategies for the low carbon economy.
7. **Support and partner with communities (municipalities and First Nations)** to encourage environmentally sustainable economic development through regional leadership.
8. **Invest in modelling and analysis** understand our province's competitive advantages as well as the future impacts of climate policies on businesses and industries in New Brunswick – all to inform supports, mitigation strategies, and sectoral opportunities.
9. **Modernize policy and regulatory frameworks** to encourage and attract investment and provide long-term visibility and predictability for businesses.

If I were to summarize these recommendations into three broad statements, they would be:

- 1) **Make investments** to help businesses adapt, support emerging technologies, and build capacity / expertise in government
- 2) **Set clear targets that are measurable** and provide long-term predictability to businesses.
- 3) **Create the conditions for investment and clean competitiveness** by modernizing policies, regulations, and strategies – in partnership with communities, First Nations, and the private sector.

I should also point out that members and partners stressed the importance of certain design principles in the development of any programs to support businesses.

These include:

- Programs should be employer-led, easy to access, transparent about the benefits and savings, and involve businesses in their design.
- Programs should reward those who invest and support those with financial barriers.
- Programs should build-upon, leverage, and address gaps in federal funding.
- Build bi-partisan support to ensure continuation despite possible changes in government.

In conclusion, I want to thank the committee once again for the opportunity to speak this important issue.

The Business Council looks forward to your questions and continued collaboration, as you finalize the Climate Action Plan and we chart a course for New Brunswick's competitiveness in the low carbon economy.

Merci beaucoup. Thank you.