

EXECUTIVE SUMMARY

The Alberta Chamber of Resources (ACR) Board of Directors established the Task Force on Resource Development and the Economy in September 2009, with a mandate to:

- Document the historical impact of Alberta resource development on the economy
- Assess the potential future impact of Alberta resource development
- Summarize key strategic and policy considerations to unlock the full potential of resource development in Alberta

The project proceeded on two parallel tracks, namely:

- Modeling and analysis of economic indicators
- Identifying strategic issues and opportunities based on input from nine sectors related to natural-resources development and infrastructure

With its broad cross-sector membership, ACR is uniquely positioned to generate strategies for sustainable and prosperous resource development in Alberta. The Task Force recommendations, along with tangible first steps, address issues and opportunities facing the resources sector. Central to all recommendations is the need for visible leadership – starting at the highest levels of industry and government – to build a positive, long-term future for the resource economy and, by extension, the economies of Alberta and Canada.

Development and growth of the national and Alberta economies have always been closely tied to the success of resource development. Today, as Section 3 shows, Canada and Alberta depend heavily on the resource sectors as key or propulsive economic drivers. Rather than being a declining source of wealth generation, these

sectors – particularly with growth of the oil and gas components – account for a rising proportion of all tangible wealth in Canada. Over the past decade, on average, the Alberta resource sectors have accounted for 62 percent of provincial GDP. Directly and indirectly, these sectors drive half of all Alberta employment. Furthermore, these economic sectors are technology intensive and have shaped a thriving knowledge economy in Alberta, which has more than 75,000 professional engineers, geoscientists and technologists – one of the highest per capita concentrations in the world.

Resource development in Alberta is anything but a sunset industry. Section 5 notes that hundreds of years of bitumen and coal production lie ahead. Controlled-fracturing technologies are extending the production horizons of conventional oil and gas reservoirs. Alberta forests are a renewable resource, managed sustainably to internationally recognized standards. The third largest diamond play in Canada is unfolding in northern Alberta, and there is substantial commercial potential for other industrial minerals throughout the province. As these resource opportunities are fully realized, economic modeling indicates that the resource sectors can lead Alberta GDP growth over the next decade at a rate similar to the early 2000s. If wise corporate strategies and government policies steer resource development, the “size of the prize” over the next decade is \$700 billion in incremental GDP, just under four million person-years of employment and over \$110 billion in provincial government revenue.

The ACR Vision, outlined in Section 2, emphasizes that “orderly and responsible development” is destined to remain a central tenet as natural resources continue to drive prosperity in Alberta and Canada for many decades. Alberta already is at the forefront in terms of a skilled workforce, a tradition of innovation and a track record of responsible development of its vast endowment of natural resources. The 16 recommendations in Section 6 highlight areas where it is essential to build upon these strengths.



THE TASK FORCE RECRUITED WORKING GROUPS FROM THE FOLLOWING NINE RESOURCE SECTORS:

- Coal
- Electric Generation & Transmission
- Forestry
- Gas - Conventional & Unconventional
- Minerals
- Oil - Conventional & Unconventional
- Oil-sands - In Situ & Mining
- Pipelines
- Railroads & Transportation

In broad terms, the recommendations aim at:

- Providing even more visible and visionary leadership for orderly and responsible development
- Growing a world-class innovation culture in the Alberta resource sectors

More specifically, three key recommendations call upon ACR Members and industry to:

- Become more visible leaders in sustainable performance
- Adopt global best practices relevant to employee-training investment and related practices
- Adopt global best practices relevant to annual innovation investment and related practices

In addition to strong support for the regulatory streamlining initiatives already in progress, two other principal recommendations urge the Government of Alberta to:

- Give high priority to maintaining a high level of technical expertise within the public service and regulatory agencies

- Give high priority to the strategy of extending respective value chains (economic diversification) within the natural resource sectors

The final two key recommendations encourage the Governments of Alberta and Canada to:

- Take clear ownership of the policy/political decisions required for orderly and responsible development
- Continue or adopt appropriate fiscal regimes in each resource sector to foster industry investment in resource development

Through this report, the Alberta Chamber of Resources invites industry and government to work together toward the common goal of realizing the full potential of orderly and responsible resource development in Alberta.