



Befuddled on the road to green 'n' groovy

By Heather Douglas, President & CEO
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For the past couple of decades, marketers promoted going green as groovy. Consumers flocked to buy their goods and services because they felt noble saving the environment. Naturally, the business community shrewdly loved the fact that going green kept their companies in the black.

The groovy greening of business flourished.

Then reality hit and hit hard. Oil rose dramatically to \$140 plus per barrel, federal politicians clamoured to introduce their version of carbon taxes and key consumer regions debated legislation to prevent the use of Alberta's fossil fuels in their cars or power generation. On top of that, to help reduce greenhouse gas emissions, many experts recommended imposing an extra charge on every carbon molecule.

To gauge the appetite for carbon taxes and ensure neither federal nor provincial governments passed draconian legislation (less than affectionately known as the son-of-NEP), the Calgary and Edmonton chambers of commerce commissioned a poll of 900 small, medium and large companies across Alberta, done by Leger Marketing in May.

The survey revealed business is befuddled with carbon and how to deal with it. Albertans know we are blessed (or cursed, depending on the perspective) with a carbon-based economy. Companies are also keenly aware that 42 per cent of our economy is either tied directly or indirectly to finding, producing, and pipelining oil and gas.

When asked by the pollsters to seriously consider if they would support a carbon tax on businesses and consumers to reduce greenhouse gases, slightly more than half of respondents were cold to the notion. About 53 per cent in Calgary and 54 per cent in Edmonton either strongly disagreed or somewhat disagreed. The other 46 per cent (Calgary) and 45 per cent (Edmonton) agreed or strongly agreed they would support this initiative. One per cent did not know or had no opinion.

When probed further, these same industry leaders and owner/operators were lukewarm to the idea of carbon taxes if other taxes were reduced by a similar amount (51 per cent in Calgary and 49 per cent in Edmonton). However, the support warmed if the legislation included the proviso that Alberta would not transfer its wealth to other provinces (49 per cent agreed in Calgary and 58 per cent liked the idea in Edmonton).

As one chamber wit said, "We know there will always be death and taxes. Unlike the carbon taxes proposed by the federal Liberals, death does not get worse every year."

Alberta was the first province to put a price on carbon and large emitters have been paying \$15 per tonne in offset credits that is invested into a technology fund. Consumers who use Alberta-produced gasoline in their vehicles, natural gas to heat their homes, or electricity generated by coal, have seen prices rise to compensate for this extra cost of doing business. This will escalate if the carbon charge rises.



If the federal government decides to legislate its own carbon tax, the business community wants it to deal with several issues:

- Avoid inter-jurisdictional wealth transfers to prevent Alberta companies from paying more in carbon taxes than they receive in tax breaks.
- Take a revenue neutral approach so any imposed carbon costs are offset by a reduction in corporate taxes or by direct investment in new technologies or infrastructure to reduce future carbon emissions.
- Co-ordinate policy with the provinces so business pays only one tax or levy and the threshold (or standard) works at both levels.
- Address export competitiveness concerns by placing producers on a level playing field with international competitors who pay no carbon tax.

The Calgary Chamber of Commerce recognizes the challenge businesses face in transforming their operations from carbon intensive to carbon smart. When cost-effectiveness, economic growth, and maintenance of our standard of living are also factored in, the challenge is daunting.

The chamber urges the province to partner with industry to establish a \$5-billion energy research endowment fund, called Research in Energy Futures Innovation and Technology (REFIT), to invent carbon smart technologies.

California accomplished this in the early 1990s. The state legislated what was then widely regarded as draconian vehicle emissions standards. They added a levy of \$20 to \$50 to the selling price of all new cars to pay for the research and development of low emission vehicles. The result is today's hybrid cars. Dealerships cannot keep them in stock.

Consumers buying hybrids feel noble again as they are saving the environment. Car manufacturers, selling these cars for \$20,000 and higher, shrewdly love that going green keeps their companies in the black.

Alberta businesses can learn from California. Let's take the \$15 per tonne of carbon tax, target zero emissions for some future date, and encourage industry to invent carbon smart technologies. History shows that energy prices will decrease as the fuel becomes greener as the business grows its profit.

The groovy greening of Alberta business will flourish again.

Heather Douglas is president and CEO of the Calgary Chamber of Commerce. For more information on the chamber's energy and carbon reduction recommendations, please see www.calgarychamber.com