

OIL AND NATURAL GAS PRIORITIES
for a prosperous Saskatchewan





RESTARTING AND GROWING THE SASKATCHEWAN ECONOMY

Saskatchewan is an important part of Canada's oil and natural gas industry, which generates significant benefits for the province's people and its economy. In Saskatchewan, there is great potential for growth of the industry, which will ensure these benefits continue.

Saskatchewan currently competes with every other petroleum-producing jurisdiction for limited investment dollars and this highly competitive market is expected to continue, so attracting capital will be critical to growing the economy. Saskatchewan's oil and natural gas industry has the capacity to create high-paying direct jobs and our sector supports growth in local indirect jobs such as hotels, restaurants, retail and other services.

Governments must continue to prioritize growth, and a competitive and effective policy and regulatory environment that encourages investment in, and the development of, Saskatchewan's resources, while ensuring resources are produced in an environmentally responsible and sustainable manner.

With the right policy conditions, our sector can substantially contribute to Saskatchewan's recovery and achieve shared objectives of creating jobs, generating benefits, advancing environmental leadership, and building wealth while shrinking Saskatchewan's debt.

THE VISION:

MAKE SASKATCHEWAN ONE OF THE MOST ATTRACTIVE JURISDICTIONS FOR OIL AND NATURAL GAS INVESTMENT.

GOALS FOR 2021 AND BEYOND:

Recovery of Saskatchewan's oil and natural gas sector that results in the following:

- Increase the province's resource income;
- Job creation;
- Growth in investment attractiveness; and
- Growth in oil and natural gas production.

ACHIEVING THIS VISION WILL REQUIRE ACTION IN FOUR KEY AREAS:

- Fiscal and economic policy that considers recovery of the industry
- Municipal tax policy
- Electricity cost structures
- Leading regulatory efficiency.



FISCAL AND ECONOMIC POLICY

A provincial fiscal framework that is globally competitive, market-driven, encourages innovation, and positions Saskatchewan's oil and natural gas as the energy investment of choice remains critical for the recovery and growth of the province's oil and natural gas industry.



RECOMMENDATIONS

- Maintain the vision to have a competitive royalty regime and ensure Saskatchewan has a globally competitive and efficient royalty framework.
- Design elements to achieve increased investment, to grow economic benefits to the province, encourage innovation, and to support Saskatchewan in achieving its goals such as creating new jobs and growing private capital investment.



IN 2018



32,000
SASKATCHEWANIANS
EMPLOYED

MUNICIPAL TAX POLICY

Saskatchewan's municipal tax regime has substantive impact on the competitiveness of the industry. Creating an equitable, transparent and predictable municipal property tax system requires ensuring that the right policies are in place to support the revenue requirements of municipalities, attract investment, and to preserve and grow jobs as well as other economic benefits.

RECOMMENDATIONS

- Ensure Saskatchewan has a municipal tax framework that is balanced and fair.
- Drive operational efficiencies leading to cost reductions for both municipalities and industry. For example, industry supports the plan to create a single-window application for municipalities' permitting and invoicing activities.
- Require Rural Municipalities to be transparent, and to be accountable for providing regularly updated financial reports that are easily available to the public.



In 2015-2016, the oil and natural gas industry spent more than \$3.3 billion on procurement from Indigenous-owned businesses. Project development can bring valuable economic benefits for Indigenous communities, and can help build strong self-sustaining communities and economic reconciliation — achieved when we work together.

ELECTRICITY COST STRUCTURES

Saskatchewan can and should be a global supplier of choice for oil and natural gas. The province's commitment to increase the sector's competitiveness will help achieve this vision. Positioning the industry for success requires a whole-of-government approach to continually assess the cumulative cost burdens. SaskPower costs remain a significant burden impacting Saskatchewan's competitiveness and investment decisions.

RECOMMENDATIONS

- Address the impacts that the SaskPower rate structure has on investment and industry's operational decisions by ensuring power rates are competitive.
 - Examine all alternatives to obtain the lowest possible source of supply in future capital expenditures to implement SaskPower's preferred supply plan.
 - Consider return on equity and all other returns required to government and its impact on rates and customer costs.
- Remove red tape and implement opportunities for SaskPower to facilitate industry's emission reductions through gas-to-power initiatives and other self-generation projects.



10.1 Billion
IN ROYALTIES (2012-2018)



LEADING REGULATORY EFFICIENCY

An efficient and predictable regulatory system that meets the highest safety, environmental and regulatory standards offers a significant opportunity to enhance investment. Effective engagement with the regulated community that is consistent, transparent, and timely across all agencies is important in achieving regulatory excellence.

RECOMMENDATIONS

- Continue to prioritize ongoing reviews of regulatory challenges and red tape to create efficiencies and implement a consistent consultation policy framework.
- Set and achieve targets for application timelines superior to competing jurisdictions.
- Achieve one application, one review, one decision process for all applications.
- Assert Saskatchewan's constitutional authority over oil and natural gas sector approvals and regulation for all projects within its jurisdiction.

Supporting pipeline projects that will increase market access for oil and natural gas products continues to be important in order to reach growing markets, leverage export potential and to ensure Saskatchewan is in a position to help supply global energy demand.



CANADA'S OIL & NATURAL GAS PRODUCERS

CAPP.CA

2020-0028