uilding pipelines ould add jobs ıd boost revenues

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Discussions surrounding the need for new pipelines to transport Canada's oil to market have been a dominant economic, environmental, and politi- ıssue for the past several years. Canada's whelming reliance on the United States as stomer, the U.S.'s growing energy self-suffi- ːy and limited pipeline infrastructure have ːd a low ceiling on the prices Canadians are to secure for our energy exports.

w pipeline infrastructure to East and West t ports is key for Canadian resource com- es to diversify their customer base and ː Canadian export prices relative to global hmarks. But new pipelines and the reas- nent of existing ones has become politi- l and run into opposition.

e debate has reached a stalemate of sorts. economics of greater market access for ıdian resources has run directly into an ronmental backlash led by some with con- s about pipelines in particular and some are just generally opposed to fossil fuel urce development.

e aspect that seems to have attracted little ıtion is the impact that the current impasse ɔn government finances. Specifically, low gy prices stemming from limited transport ɔns have come to reflect themselves in less nue for governments.

e economic case for new pipelines is well- mented. Canada has the world's third ːst proven oil reserves, is the fifth largest rter of crude oil and the fifth largest pro- r. And that is only expected to grow.

ɔrding to the Canadian Association of ɔleum Producers (CAPP), production of oil ι Alberta's oilsands is expected to more . double between now and 2030, rising from ɔ 6.7 barrels per day.

2011 study by the Canadian Energy ːarch Institute (CERI) projects investments revenues from new oilsands projects would ver $2 trillion between 2010 and 2035. This ld result in a $2.1 trillion increase in the ıdian economy, and job growth in the ınds industry from 75,000 employed in 2010 ver 900,000 by 2035. It is worth noting this y's estimates are based on considerably ːr production forecasts than those pub- ːd by CAPP.

.e lack of safe, low-cost transportation ca- ty to move oil to world markets is the major ːier to this substantial economic develop- t. According to a 2013 study, oil transport tations are reducing revenues from ıdian oil sales by at least $17 billion per ' and, depending on market fluctuations, e losses could reach $25 billion per year.

ınada's current price discount for its energy ɔrts also means less tax revenue for the fed- and provincial governments. Alberta col- ːd $2.4 billion less in oilsands royalties in last fiscal year while Saskatchewan has also ːred its projected royalty revenue by $287 ion in 2012-13.

ɔvernments are further affected by lower onal and corporate income tax revenues re- ing from slower employment growth and re- ːd business profits. The federal government estimated if Canadian prices for crude oil natural gas were to return to historic ns for crude oil and half the prevailing nat- . gas prices in Europe, the federal govern- ιt would collect an additional $4 billion. ur billion in new revenue would wipe out $2.9 billion budgetary deficit the govern- ιt is projecting for next year and is more ι the size of budgetary surplus it anticipates 2015-16.

ıe potential for additional government rev- ... is significant and they could be put to

EDITORIAL

Water threat warrants action

Roadblocks, inspection stations, delays to traffic — all to deal with the threat of a possible mussel invasion in local lakes?

At first blush, the Okanagan Basin Water Board seems to have come up with a pretty heavy-handed demand to deal with what it says is a looming threat to waterways in B.C.

The valley politicians who oversee the OBWB last week called on the federal and provincial governments to implement some sort of border controls for the inspection of all boats being towed into the province.

At Canada-U.S. crossing points, and even on inter-provincial highways, the OBWB recommends all boats be checked to ensure they aren't carrying some unwelcome passengers — zebra and quagga mussels.

These little non-indigenous critters, the OBWB says, could become a big menace. Their shells could make beaches unpleasant to walk on, affect water quality, contribute to algae blooms, clog water intake valves and harm tourism.

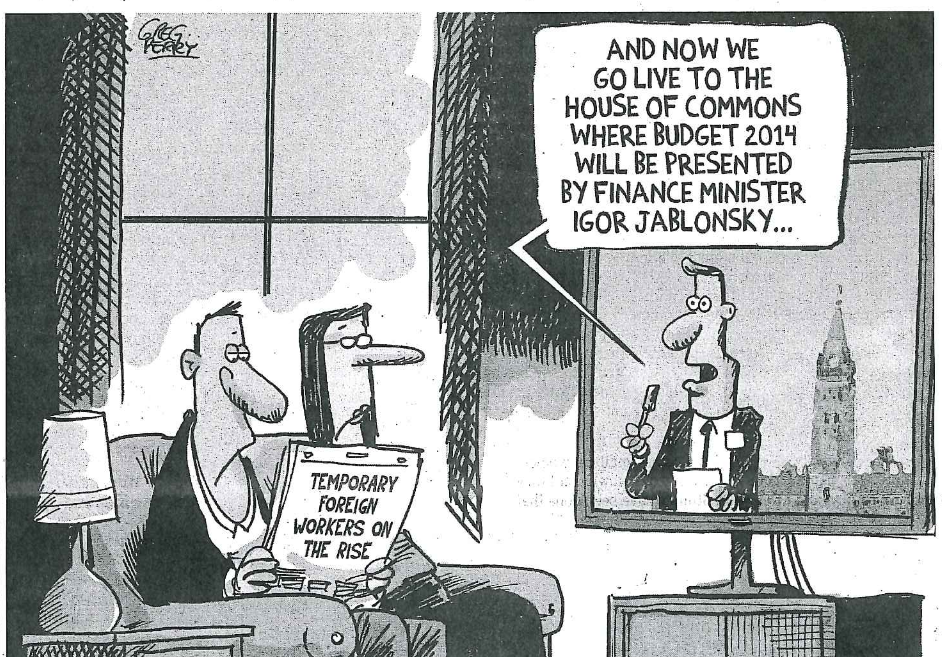
The mussels, originally from Europe, are slowly spreading their way across North America. Recognizing the threat they pose, Washington, Montana, Oregon, Idaho, California and Alberta all have various inspection programs that see boats randomly checked on highways and at launches.

British Columbia has not yet followed suit, citing the high cost of establishing such an inspection program. Instead, Victoria encourages boaters to be responsible and promotes a 'Clean, Drain, and Dry' approach, to ensure pleasurecraft are free of mussels.

But a study commissioned by the provincial government found the cost of simply trying to control the mussels, if they become established in B.C., at more than $21 million annually. Inspection stations and random check-points would pose some inconvenience to boaters, but come at much less cost than a full-blown control program.

For now, B.C. appears to be relying on geography, and the greater diligence shown by the our neighbours, to stem the mussel tide from reaching this province. But it's probably only a matter of time, so a modestly-funded boat inspection program would seem a wise investment to try protect our lakes and rivers.

— Daily Courier reporter Ron Seymour



Federal budget political posturing

DAVID BOND
Economic Letter

Yesterday was budget day in Ottawa and we learned the fiscal plans of the federal government.

The Harper government proclaimed they are outstanding stewards of the nation's finances. But, as is the case with much of the spin turned out by the tireless gnomes in the Prime Minister's Office, the situation is somewhat more nuanced than that.

Let's consider a few examples of their less-than-stellar economic stewardship.

It's a general principle tax regimes should be even-handed as well as transparent. The Harper government uses the tax code to provide selective deductions to groups of voters the Conservatives aere trying to attract. These small cuts for expenditures on transit, sporting goods for kids, etc. have produced only one measurable result — a loss of revenue to the federal purse.

Reducing the GST from seven per cent ... the previous government was in large part responsible for that.

I suppose we can be grateful Harper didn't try to dismantle it.

As the government moved into significant deficit spending to combat the recession, it began an advertising campaign termed Canada's Economic Action Plan aimed at demonstrating it was spending ...

... fighter is another example.

It has never been explained how the number to be bought was determined nor what role these planes will play. Is the main objective of military procurement to make a splashy announcement and then a year or two later quietly cancel or drastically cut back the project?

Then there is the inconvenient revelation by the Auditor General that $3.1 billion went unaccounted for. Apparently, the money is gone but we don't know where. It takes talent to lose several billion dollars.

The government has also taken to attacking private sector firms for acting in a rational way.

First, the favourite whipping boy, the chartered banks, are attacked for the fees they charge their customers. Never mind that fees in Canada are lower than in the U.S. and banking services are more numerous in Canada.