Five Ideas for Resilient Recovery Panel:

1. Focus stimulus investments in areas that build on our strengths, have a high economic impact and help achieve climate goals.

A survey[1] of leading global economists across 53 countries from central banks, finance ministries, universities and think tanks concluded that the fiscal stimulus most capable of achieving these goals is investment in clean energy infrastructure, followed by clean R&D spending.

a. Clean infrastructure: Examples of this investment include renewable energy assets, storage (including hydrogen), electricity grid modernisation and expansion, and carbon capture, utilization and storage (CCUS) infrastructure.

To kick-start the Canadian economy and enable long-term growth, this spending should be based on the following criteria:

i. High employment and local business spinoffs
ii. Shovel-ready
iii. Have a positive and cost-effective impact on the environment
iv. Need to enable other economic activities (be useful for the future)

However, federal funding should also recognize that provincial and local governments have different priorities and needs. Funds distributed to other jurisdictions should not be limited to federally-prescribed envelopes.

b. Clean R&D spending: The challenge for government is to strike a balance between supporting innovation in attractive technologies and solutions on the one hand, and picking winners and losers on the other. There are many ideas that may offer long-term economic and environmental solutions, but just as likely may not bear fruit at all. Research into hydrogen fuels, bitumen beyond combustion and carbon air capture are but three examples of investments that may not succeed but are worth the risk. Government-industry-academia partnerships like AOSTRA, CRIN, Alberta Innovates and Creative Destruction Lab have proven successful at unlocking innovation in the past and could do so again in future. The key to success is shared risk and collaboration, and developing priorities that are rooted in rigour, analysis and a sense of the potential economic impact.

2. Maximize net emissions reductions in the natural resources sector through strategic investments

Natural resources are a cornerstone of the Canadian economy and should be a central focus of Canada's economic recovery. Resource industries are Canada's most significant sector[2], and account for 17% of Canada's GDP and directly employ more than 1.7 million

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[1] http://www.lse.ac.uk/GranthamInstitute/news/building-back-better-a-net-zero-emissions-recovery/
[2] https://viewpointgroup.ca/energy-leadership

Canadians. Investment in emissions reduction in those industries creates an opportunity to both spark economic growth while also making progress on achieving Canada's emissions reduction targets.

There are many potential options to achieve both goals. They include a range of technology investments from lower emissions power generation (e.g., renewables, co-gen, small modular nuclear/hydro) for energy extraction, to the deployment of AI and data analytics to improve process efficiencies. Leveraging the infrastructure investments noted above in areas of carbon capture, utilization and storage (CCUS) will hyper-accelerate emissions reductions. Investments in agricultural technologies will benefit by enabling increased yield performance while reducing emissions. Finally, these investments should also include ways to enhance Canada's carbon sinks through forest rehabilitation and reforestation.

3. **Invest in digital infrastructure and technologies to enhance productivity, innovation and emissions reduction.**

As digital technologies become more prevalent, digital infrastructure is valued as much as, or even more than, physical infrastructure. Canada should enable and facilitate investment in the digital and communications infrastructure it will need—including 5G, mmWave, fibre, rural broadband and digital government services—to enable the growth and scale of our digital economic activity, the intangible economy and furthering the platforms that enabled Canadian businesses to survive and thrive during the pandemic. These investments are critical not only in building Canada's economic future, they are key to unlocking efficiencies, reducing waste and lowering our environmental footprint.

4. **Provide a transparent long-term path for carbon pricing.**

Businesses need cost certainty to justify future long-term investments in GHG emissions reduction. Knowing where carbon prices are going to go over a long-term horizon will improve clarity around the ROI on these investments. Additional regulations like the Clean Fuel Standards will only add costs and reduce competitiveness with minimal gains on emissions.

5. **Create a business environment that supports commercialization and scale up**.

Canada has a good reputation for innovation and developing new ideas, but a poor record in commercialization and scale-up. To enable innovation, job creation and environmental solutions, the federal government should prioritize creating the world's most competitive and attractive environment for companies to grow. Supportive policies include data and IP strategies, increasing the availability of scale-up capital, enhancing export supports, redesigning procurement programs and attracting tech talent. It also requires tax and regulatory policies that encourage and enable growth.