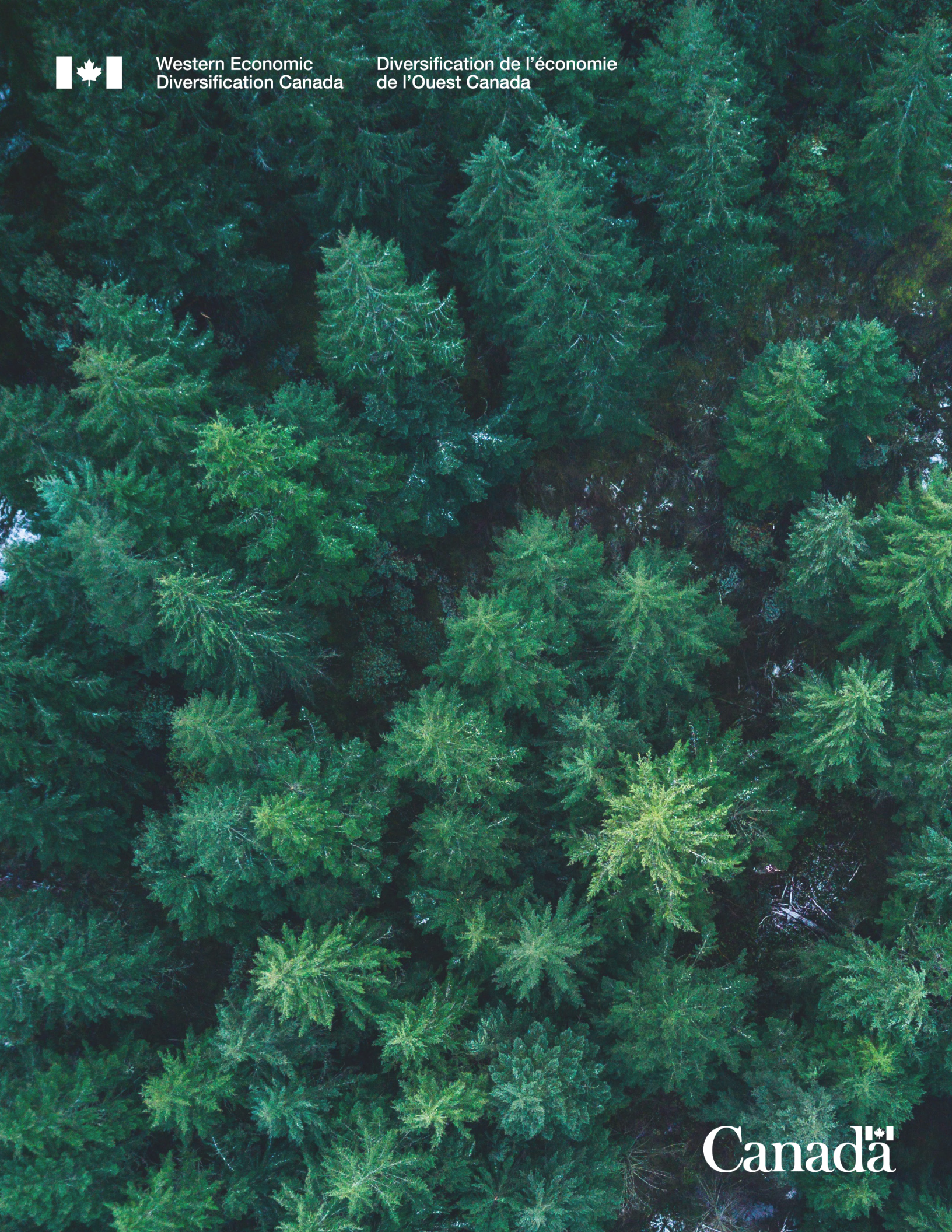
Western Economic Diversification Canada

Diversification de l'économie de l'Ouest Canada



Canada

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About Western Economic Diversification Canada

Western Economic Diversification Canada (WD) was established to promote the development and diversification of the economy of Western Canada and to advance the interests of the west in national economic policy, program and project development and implementation.

The Department plays a key role as co-investor, convener, and champion for the West, making strategic investments that strengthen the West's traditional economic drivers while accelerating the development of new opportunities.

WD's strategic investments help researchers and businesses move new ideas from the test bench to the market, support skills development and foster business innovation. WD also advocates on behalf of western Canadian industry, working to ensure that businesses are strong, competitive, and poised to take advantage of opportunities in the global marketplace.

NEWS AND **ANALYSIS**

BRITISH COLUMBIA

The Growing Impact of Wildfires on Communities and Business

Climate change in the 21st century is expected to result in more frequent wildfires in many of Canada's forests, with severe environmental and economic consequences. Researchers have developed global climate models to interpret how climate change will alter weather patterns. Their focus has been on lightning, fuel moisture, temperature, precipitation and vegetation. These are all factors that influence the frequency and intensity of fires. Fire-prone conditions will rise across Canada and they are expected to double the area burned by the end of the century.

The 2017 and 2018 wildfire seasons in British Columbia (B.C.) were the worst in B.C.'s recorded history. The B.C. government declared states of emergency in both fire seasons. The 2017 wildfire season displaced over 65,000 British Columbians, destroying 510 structures, including 229 homes, as well as businesses and communities. More than 1,300 fires burned across B.C., covering over 1.2 million hectares. The 2018 season saw 2,089 wildfires burn throughout the province, scorching roughly 1.35 million hectares.

B.C. wildfires have an impact on all levels of business and society. Small businesses were hit particularly hard economically due to closures during what would otherwise be their most lucrative time of the year. For example, during the 2017 fire season, roughly 40 logging companies spanning from

Merritt, B.C. to several hundred kilometers north of Williams Lake were forced to temporarily halt timber harvesting. B.C.'s tourism industry was hit particularly hard by such factors as cancellations and road closures. About 47% of businesses in the Thompson-Okanagan region reported interruptions in the 2017 fire season. The Community Futures Development Association of B.C. (CFBC) estimated that over 15,000 businesses were affected by the 2017 wildfires. The physical destruction, closures and lost business activity hurt B.C. Interior and Cariboo region the most.

The Government of B.C. is preparing for future wildfires with new strategies and increased funding. A $101 million budget for wildifre management, up from $64 million last year, will help implement a more comprehensive prescribed burning program. It will also be used for new technology, such as night-vision goggles to help detect fires earlier.

The B.C. Wildfire Service will add more crews and increase spending on fire prevention. It will equip firefighters with in-the-field computers and drones to help with fire mapping, infrared scanning and enhanced aerial capacity.

The Community Resiliency Investment Program, launched in September 2018, will get an additional $10 million in provincial support to help local governments and First Nations reduce local wildfire risks.

Western Economic Diversification Canada (WD) has also been working with communities impacted by wildfires. In 2017, WD approved $1.3 million in funding for the CFBC to coach and advise businesses affected by wildfires. This was delivered through the B.C. Wildfire Business Transition Project (B.C. WBTP). The B.C. WBTP launched in November 2017 in partnership with Community Futures organizations (CFs). It responded to economic downturns in rural and remote communities affected by wildfires. With oversight and coordination from CFBC, CFs were able to help businesses recover and rebuild through incremental activities such as:

- offering coaching in recovery
- helping them access financing to rebuild
- providing ambassadors and professional advisory support

WD provided 100% of total project costs. In 2018, WD amended the 2017 project, increasing funding by $540,000 and extending the project completion date by a year to December 31, 2019. WD assistance remains at 100% of total project costs, for a total of $1.84 million.

ALBERTA

Alberta's Transition to a Lower Carbon Economy

It is clear that climate change is having a greater impact on our environment and communities across Canada every year. Reducing greenhouse gas emissions from high carbon sources such as coal is recognized worlwide as an essential first step to reduce those impacts. Canadians recognize the importance of addressing climate change, but we also see the potential that these challenges create.

Through the transition to a lower carbon economy, new opportunities are emerging to reduce GHG emissions, invest in reliable and affordable clean energy, create good jobs, and grow the economy. This is particularly true in the case of electricity production. Switching from traditional, coal-generated electricity to cleaner and more cost effective forms of power generation means that Canada can uphold its international commitments in the fight against climate change. It also positionsour industry and research institutions to become leaders as the global economy adapts to new environmental realities. As a result, in 2016 the Government of Canada committed to the phase-out of traditional coal-fired electricity across the country by 2030.

This transition is already underway all across Canada, but a few factors place Alberta ahead of the curve:

- Alberta's existing coal-fired generators are aging. Needed upgrades and very low market rate for electricity in the province make coal-fired power cost prohibitive.
- Coal is one of the most emissions-intensive ways to produce electricity. In 2014, the electricity sector was responsible for 16% of Alberta's greenhouse gas emissions.

- Coal-fired generators are also a source of pollutants that reduce air and water quality.
- Alberta has some of the best wind and solar resources in Canada and the costs of renewable technologies have decreased significantly in recent years.

In fact, some companies in Alberta have already begun switching coal-fired generating stations over to natural gas, a lower-carbon emissions fuel source, well in advance of 2030. According to Invest Alberta, investment in renewables to replace coal-generated electricity in Alberta is expected to exceed $10.5 billion over the next 11 years, and directly support at least 7,200 new jobs. Indigenous and rural communities are also expected to benefit significantly from this new economic growth.

Embracing a lower carbon economy also means ensuring that the transition is fair for affected Canadian workers and communities. In April 2018, Canada's Minister of Environment and Climate Change appointed a Task Force to help ensure that all Canadians are able to take advantage of the new economic opportunities of a low-carbon future.

The Task Force has based its work and recommendations on seven guiding principles:

- Respect for workers, unions, communities, and families;
- Worker participation at every stage of transition;
- Transitioning to good jobs;
- Sustainable and healthy communities;
- Planning for the future, grounded in today's reality;
- Nationally coherent, regionally driven, locally delivered actions; and,
- Immediate yet durable support.

These principles are already being translated into real actions that will benefit Albertans. For example, in Budget 2019, WD received $105 million in new funding over five years to help develop community infrastructure in coal-affected regions. This builds on the $25 million that WD received in 2018-19 to help communities in Alberta and Saskatchewan diversify their economies. WD will continue to work with provincial governments and other partners to support community growth and resilience.

SASKATCHEWAN

Planning for the Future of water management in the Prairies

Saskatchewan was named for its abundant water resources. The name comes from the Cree phrase Kisiskatchewani Sipi, meaning "the swiftly flowing river." The Saskatchewan River continues to be a source of life and vitality for the province's economy and communities. However, the province faces several water security challenges.

Studies predict that growing demand for water from industrial, agricultural, and municipal users in some areas could exceed supply in the near future. Climate change will likely worsen these risks by increasing hydrological volatility and degrading water quality. Alberta and Manitoba share in these impending challenges across the vast interconnected Saskatchewan River Basin. Since 1969, the Prairie provinces have jointly managed water resources through a transboundary agreement.

This is not the first time Prairie stakeholders have united on water security issues. They responded to the devastating droughts of the 1930s by creating a comprehensive water security strategy. This led to the South Saskatchewan River Project, from 1958 to 1967, which saw the creation of the Gardiner and Qu'Appelle dams and Lake Diefenbaker, Saskatchewan's largest water reservoir.

Experts in hydrology, climate science, and economic development have long called for another water infrastructure program on the scale of the South Saskatchewan River Project. Canada's Minister of Public Safety and Emergency Preparedness, Ralph Goodale, has stated that the best investment would be a canal to divert greater flows from Lake Diefenbaker into the Qu'Appelle River system.

A 2012 study estimated the required investment for such a project at close to $1.5 billion in current dollars. In return, the project would:

- contribute $130 billion (2012 dollars) to Canada's GDP within the first 40 years of operation
- make more than 100,000 hectares of additional land irrigable
- create 426,000 person-years of employment
- earn $36 billion in federal and provincial tax revenues up to 2050
- vastly improve water quality throughout the Qu'Appelle Valley

A project of this scale, coupled with better alignment of water governance policies across the Prairie provinces, could help safeguard communities from climate change. In so doing, it would make their economies resilient, prospering long into the future.

Federal Budget 2019 provided $1 million to Western Economic Diversification Canada (WD) to get the process started. WD will engage provincial, municipal, and Indigenous partners and industry stakeholders in a dialogue that will drive a new, broad-based water management strategy. Extensive collaboration and buy-in will be required to achieve a strategy that addresses environmental changes, social and economic needs and the likelihood of longer droughts, more floods and extreme weather. Part of the $1 million will fund a follow-up study to reassess the costs and impact of the Qu'Appelle River system project in light of current economic and environmental conditions.

MANITOBA

Manitoba Reduces Reliance of Fossil Fuels by Exporting Hydropower

Manitoba has capitalized on the amount of water flowing through the province to become a green energy province and major exporter of hydro electricity. Lake Winnipeg has the largest watershed of any lake in Canada. From the southern Prairie provinces, water drains into the lake, then to the Nelson River and into the Hudson Bay.

The province's hydro grid is powered 99.7% by renewable energy, a mix of hydro and wind. There has been no coal-fired power generation in Manitoba since the final plant closed in August 2018. The provincial crown corporation, Manitoba Hydro, provides energy to almost everyone in the province. It also serves homes and businesses outside the province. Through its subsidiary, Manitoba Hydro International, it serves over 120 countries around the world. Among its overseas services are:

- engineering
- high voltage and construction
- utility management
- telecommunications

Hydropower produces no air pollutants. It has ultra-low greenhouse gas emissions, comparable to other renewable power sources, such as wind and thermal.

The Keeyask Generating Station is nearly complete. It will create fewer greenhouse gas emissions over 100 years than an equivalent natural-gas-fired station emits in 6 months, or a coal-fired facility in 3 months. In 2015, electricity exports from Manitoba reduced global greenhouse gas emissions by an estimated 7,500 kilotonnes of carbon dioxide equivalent. That is the equivalent of taking nearly 1.6 million vehicles off the road.

Manitoba Hydro has a number of power sale arrangements coming online over the next few years. These will make use of new generating stations and transmission lines in the province. SaskPower will begin buying an additional 215 megawatts (MW) of hydroelectricity in 2022 for between 18 and 30 years. That will bring the total to 315 MW of hydro electricity being sent to Saskatchewan. Between 2009 and 2018, Manitoba hydro sold $4 billion worth of hydro to providers outside the province through targeted agreements and on-the-spot transactions. Numerous agreements are currently in existence with American utilities such as multi-state provider Xcel Energy and the Wisconsin Public Service. Feasibility studies are also under way to run a fibre/hydro line through northern Manitoba to the Kivalliq region of Nunavut, where residents rely on diesel generators for electricity.

Beyond clean energy, Manitoba houses the International Institute for Sustainable Development (IISD) in Winnipeg. It is one of the world's leading research institutes in the field. Its leading edge research spans everything from Canada's water resources to innovative ways of financing new clean technology initiatives. IISD looks for innovative clean technology options that can be adapted for other countries or regions where there is a need.

UPCOMING **EVENTS**

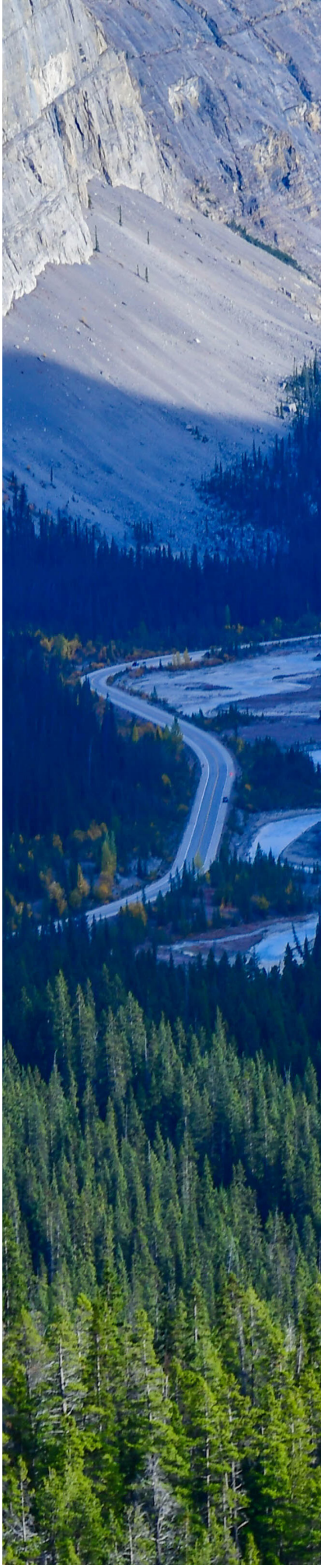
BRITISH COLUMBIA

Indigenous Opportunities Forum 2019
Vancouver, B.C. | June 14, 2019

The forum will bring together Indigenous leaders, industry leaders, and employers to discuss best practices and future investments in building strong First Nations communities.

Aerospace, Defence & Security Expo (ADSE)
Abbotsford, B.C. | August 8-9, 2019

The exposition will feature industry exhibits, high profile keynote speakers, and speeches, panels and workshops featuring government officials and industry.



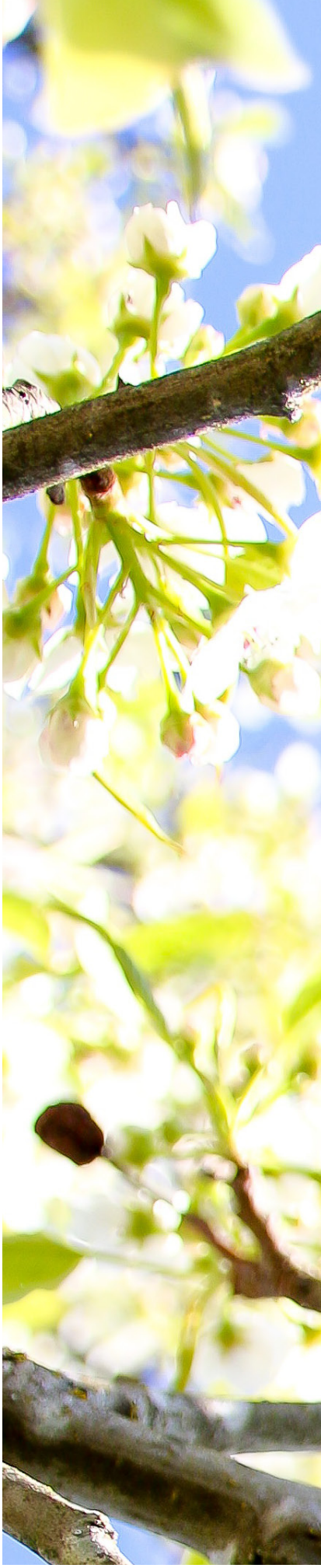
ALBERTA

2019 Stampede Investment Forum
Calgary, AB | July 7-9, 2019

The Stampede Investment Forum is an exclusive, invitation-only event that showcases why Alberta is the place to invest, grow or expand your business.

AgSmart
Olds, AB | August 13-14, 2019

This event is a hands-on demonstration and education exposition focused on technology and data across the agriculture centre.



SASKATCHEWAN

Canada's Farm Progress Show
Regina, SK | June 19-21, 2019

Canada's Farm Progress Show connects local producers and international customers with the latest in dryland farming equipment, technology, and innovation.

Prairie Water Summit
Regina, SK | June 24-25, 2019

Invitation only event. The Prairie Water Summit will be the start of engagement to develop a new strategy to enhance the sustainability of water and land management in the Prairies and increase community resilience to environmental changes.

Pan-American Light Sources for Agriculture
Saskatoon, SK | July 6-7, 2019

The conference aims to increase awareness about the value of light sources for agricultural research, and to engage with potential customers to increase the use of advanced imaging synchrotron tools.

Ag in Motion
Langham, SK | July 16-18, 2019

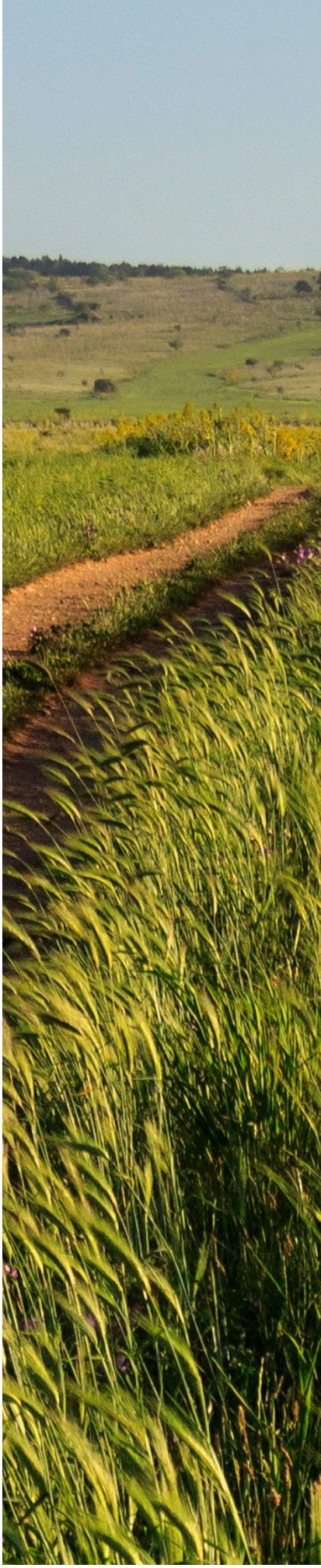
The largest agricultural trade show in western Canada, the event provides an outdoor venue for progressive farmers that want to see and feel the latest agricultural innovations.

Pacific Northwest Economic Region Annual Summit
Saskatoon, SK | July 21-25, 2019

The Annual Summit serves as a platform for delegates to explore shared challenges in the region, discuss best practices, strengthen regional relationships, and develop action plans for addressing these challenges in the future.

1st International Wheat Congress
Saskatoon, SK | July 21-26, 2019

The event will bring together industry leaders from across the world to showcase and discuss the latest trends in value-added agriculture.



MANITOBA

Global Cash Crop Conference
Winnipeg, MB | June 26-27, 2019

A Global Forum for members of the Canadian agricultural industry to exchange insights with international experts of the agri-benchmark network.

Potato Association of America Annual Meeting
Winnipeg, MB | July 28 - August 1, 2019
This event is a hands-on demonstration and education exposition focused on technology and data across the agriculture centre.

Institute of Public Administration of Canada (IPAC) Annual Conference
Winnipeg, MB | August 18-21, 2019

This event is a hands-on demonstration and education exposition focused on technology and data across the agriculture centre.

KEY ECONOMIC **INDICATORS**

GDP

	BC	AB	SK	MB	Canada	Last Update
Real GDP[1] (2007 $billions, forecast)	$270	$350	$89	$69	$2,091	2019
% ch. from year earlier	*2.5%*	*1.3%*	*2.2%*	*1.6%*	*1.9%*	

LABOUR MARKET

	BC	AB	SK	MB	Canada	Last Update
Employment (SA, thousands)	2,562	2,350	580	654	19,029	Apr-19
Change from previous month	5.9	21.4	1.6	-0.4	106.5	
% ch. from previous month	*0.2%*	*0.9%*	*0.3%*	*-0.1%*	*0.6%*	
% ch. from year earlier	*3.3%*	*1.1%*	*2.6%*	*1.1%*	*2.3%*	
Unemployment Rate (SA,%)	4.6%	6.7%	5.4%	5.2%	5.7%	Apr-19
percentage points from previous month	*-0.1*	*-0.2*	*0.5*	*0.2*	*-0.1*	
percentage points from year earlier	*-0.5*	*0.0*	*-1*	*-1*	*-0.2*	
Regular EI beneficiaries (SA)	41,100	51,610	15,950	15,370	441,160	Feb-19
Change from previous month	1080	980	-70	70	4,420	
% ch. from previous month	*2.7%*	*1.9%*	*-0.4%*	*0.5%*	*1.0%*	
% ch. from previous year	*-9.0%*	*-15.9%*	*-10.6%*	*-2.7%*	*-8.0%*	
Average weekly earnings	$969.20	$1,140.93	$1,025.18	$952.34	$1,007.40	Feb-19
Change from previous year	$10.71	-$13.28	$10.45	$24.61	$10.66	

PRICES

	BC	AB	SK	MB	Canada	Last Update
CPI (y/y)	2.7%	2.2%	2.3%	2.3%	2.0%	Apr-19
CPI (y/y) previous month	*2.6%*	*2.3%*	*1.8%*	*2.3%*	*1.9%*	Mar-19

[1]Real GDP at market prices, forecast for 2019 (Conference Board of Canada Provincial Outlook Winter 2019)

SA - Seasonally adjusted *SAAR - Seasonally adjusted at annual rates*

Sources: Statistics Canada and Conference Board of Canada

CONSUMERS *and* BUSINESS

	BC	AB	SK	MB	Canada	Last Update
Retail Sales (SA, $millions)	$7,266	$6,923	$1,653	$1,750	$51,295	Mar-19
% ch. from previous month	*0.7%*	*2.4%*	*2.1%*	*-0.7%*	*1.1%*	
% ch. from previous year	*1.2%*	*2.1%*	*2.6%*	*1.7%*	*2.6%*	
Manufacturing Sales (SA, $millions)	$4,606	$6,512	$1,364	$1,545	$57,966	Mar-19
% ch. from previous month	*3.8%*	*3.9%*	*-2.1%*	*-1.9%*	*2.1%*	
% ch. from previous year	*2.5%*	*3.7%*	*-4.4%*	*-0.8%*	*2.0%*	
Building Permits (SA, $millions)	$1,584	$940	$139	$292	$8,063	Mar-19
% ch. from previous month	*12.8%*	*5.7%*	*27.8%*	*29.6%*	*2.1%*	
% ch. from previous year	*-5.0%*	*-21.6%*	*-6.8%*	*20.1%*	*-2.4%*	
Housing Starts (SAAR, thousands)	51	26	2	7	235	Apr-19
% ch. from previous month	*44.4%*	*31.3%*	*-6.5%*	*12.2%*	*22.6%*	
% ch. from previous year	*23.4%*	*-11.5%*	*-8.5%*	*8.6%*	*9.7%*	

INTERNATIONAL TRADE

	BC	AB	SK	MB	Canada	Last Update
Merchandise Exports ($millions)	$4,236	$10,340	$2,636	$1,402	$47,564	Mar-19
% ch. from previous month	*26.7%*	*30.9%*	*35.3%*	*37.1%*	*21.6%*	
% ch. from previous year	*0.3%*	*12.1%*	*0.9%*	*8.9%*	*3.6%*	
Merchandise Imports ($millions)	$4,974	$2,563	$1,209	$2,160	$53,270	Mar-19
% ch. from previous month	*25.2%*	*13.6%*	*21.6%*	*20.4%*	*15.2%*	
% ch. from previous year	*-2.3%*	*-10.2%*	*8.2%*	*-0.4%*	*1.1%*	

DEMOGRAPHICS

	BC	AB	SK	MB	Canada	Last Update
Population (estimate)	5,020,302	4,345,737	1,168,423	1,360,396	37,314,442	Q1 2019
% ch. from previous year	*1.3%*	*1.7%*	*1.0%*	*1.2%*	*1.4%*	
Largest Cities (CMAs)	Vancouver (2,650,005) Victoria* (395,523)	Calgary (1,486,050) Edmonton* (1,420,916)	Saskatoon (322,568) Regina* (257,337)	Winnipeg* (832,186) Brandon (61,507)		2018

** Provincial Capital*

SA - Seasonally adjusted *SAAR - Seasonally adjusted at annual rates*