

**Submission to the House of Commons  
Standing Committee on Finance  
2012 Pre-Budget Consultations  
August 12, 2011**

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## **About the Canadian Propane Association**

The Canadian Propane Association (CPA) is the national voice of the Canadian propane industry, a multi-billion dollar industry that impacts the livelihood of tens of thousands of Canadians.

The CPA is governed by a board of directors comprised of 14 members. Directors are volunteer industry leaders employed by member organizations. The President and CEO along with a team of professional staff work closely with members and stakeholders to forward the views and interests of propane and its industry.

The association is headquartered in Ottawa, Ontario, and also maintains a presence in each region of the country. Its Calgary office houses the Propane Training Institute, a division of the CPA, and the Liquefied Petroleum Gas Emergency Response Corporation, a wholly owned subsidiary of the CPA.

The Association has over 400 members in six member categories:

- Producers
- Wholesalers
- Retailers
- Transporters
- Manufacturers of Appliances, Cylinders and Equipment (MACE/Service)
- Associates

## **Executive Summary**

The CPA is pleased to respond to the invitation by the House of Commons Standing Committee on Finance to present a submission to its 2012 pre-budget consultation.

Propane is one of Canada's best kept secrets and the CPA wants to change that. Propane is a mature industry with significant growth potential, making a multi-billion-dollar impact on the Canadian economy each year. The propane industry has a role to play in the clean energy mix and is committed to maximizing its value to Canadians over the long term.

Canada has a well-developed propane infrastructure, with tremendous capacity to produce an abundant supply with high portability via truck, rail, and pipeline across Canada, and into the United States.

In 2009, Canada produced approximately 11 billion litres of propane; 5.8 billion litres of which were exported to the United States. The other 5.2 billion were consumed within Canada, within every region, across every sector.

Fewer air pollutants, lower greenhouse gas emissions, and less carbon content are just some of the environmental advantages that propane has over conventional energy supplies in virtually every application.

Recommendations:

1. That the federal government promote the use of propane, a clean alternative fuel.
2. That the federal government encourage research and development (R&D) for the innovation of propane uses.
3. That the federal government include propane technology in research partnerships fostered by its Centres of Excellence.

## Our Views on the Questions Posed by the Committee

The Committee indicated an interest in receiving views on four primary issues. The issues not only relate to our industry, but also to the greater good of Canada. Our answers to those questions follow.

### How to achieve a sustained economic recovery in Canada

- Offer credits for hiring and support for the manufacturing and process sector.
- Support innovation through the implementation of incentives for research, development and demonstrations of clean energy and energy efficiency, such as the use of propane.
- Reduce inter-provincial trade barriers and standardize regulatory requirements.
- Encourage and promote private sector investments into research and development.
- Improve Canada's regulatory regime by streamlining regulations.
- Encourage entrepreneurship and promote growth in small and mid-size companies.
- Foster and encourage a culture of global thinking and competitiveness.

### How to create quality sustainable jobs

- Invest in the research and development of new clean energy technologies, such as propane.
- Encourage industries to develop a skilled and educated workforce.
- Increase the focus on quality secondary education as well as apprenticeship programs.
- Improve relationships between industries and academia. This could be achieved through the involvement of the private sector in curriculum development.
- Encourage research and development in green industries and technologies.
- Establish new solutions and practices in the clean energy sector.
- Provide incentives for the use of alternative/renewable energies.
- Establish a technology friendly infrastructure even in remote communities.
- Encourage the growth of value added processes and industries instead of commodity based industries.

### How to ensure relatively low rates of taxation

- Define what the federal government will and will not do. From there, measures should be looked at in terms of their impact on creating employment, increasing foreign investment into the Canadian economy and the ability of the private sector to generate wealth.
- Encourage privatization of services.

- Streamline and improve the effectiveness of the various administrations.

#### How to achieve a balanced budget

- Regulatory enforcement is expensive. Streamline and harmonize regulations. This would reduce costs for the government and it would also help alleviate the regulatory burden placed on regulated parties.
- Establish a disciplined schedule to gradually pay down the deficit while meeting immediate social and environmental needs.
- Promote the growth of new, high value industries to broaden the taxation base.
- Promote a global approach and competitiveness to broaden markets.

### **Recommendations**

#### **1. That the federal government promote the use of propane, a clean alternative fuel.**

- By developing legislation that promotes the implementation of viable alternatives to oil to meet transportation needs similar to the *Alternative Fuels Vehicles Competitiveness and Security Act* recently passed in the United States.
- By dedicating/encouraging a certain percentage (i.e. 5 or 10%) of government fleets (federal, provincial and municipal) to use alternative fuels.
- By establishing infrastructure for use of propane in vehicles. In May, the *Propane Green Autogas Solutions Act of 2011* was introduced to the House of Representatives of the United States. This bill aims to extend for five years federal alternative fuel tax credits for propane used as motor fuel, propane vehicle, and propane refueling infrastructure. These types of incentives should be considered by the federal government.
- With regard to current domestic and international trends and usage patterns, propane is such a clean energy source that it has environmental advantages over conventional energy supplies in virtually every application, from heating and transportation to cooking, power generation, and countless other uses. Its uses should be more broadly encouraged and supported.
- Dedicated propane vehicles emit up to 27% fewer greenhouse gases (GHGs) than gasoline vehicles. Propane vehicles emit about 50% fewer toxins and other smog producing emissions than regular gasoline engines.
- Incentives for end users or businesses should be in place to encourage the use of propane in vehicles.
- Propane outperforms diesel and natural gas fuelled generators in GHGs emissions as well.

**2. That the federal government encourage research and development (R&D) for the innovation of propane uses.**

- Research, development and demonstrations of clean energy and energy efficiency are measures that the propane industry supports.
- Collaborations such as the one between Transport Canada and ROUSH under the ecoTECHNOLOGY for Vehicles (eTV) program, which tested a propane fuelled Ford E-150 van, should be promoted. Projects like this one demonstrate how advancement in propane energy solutions will contribute to greener technology options in the future.
- The United States Propane Education & Research Council (PERC), which is funded by an assessment authorized by United States law, performs research in transportation, residential, agricultural sectors and some of the projects include:
  - Using propane heaters to control bed-bug infestations;
  - Using propane steam weed control as an effective, safe alternative to chemicals and mechanical cultivation;
  - Using propane flame sanitization in poultry houses as a healthier, cheaper and safer alternative to ammonia to control bacteria;
  - Conducting an Airport Marketing Study to identify opportunities for airports to lower emissions and fuel costs using propane.

**3. That the federal government include propane technology in research partnerships fostered by its Centres of Excellence.**

- A wide number of research projects and investments could be done in propane technology and innovation, including: propane uses; transportation and handling systems; and safety systems.

**Conclusion**

Domestic energy demand is increasing. We believe that the recommendations made in this brief will help Canada achieve the right balance between security of energy supply, environmental stewardship, social responsibility and economic prosperity.