Alberta Government

Social License and Climate Change Government Perspective

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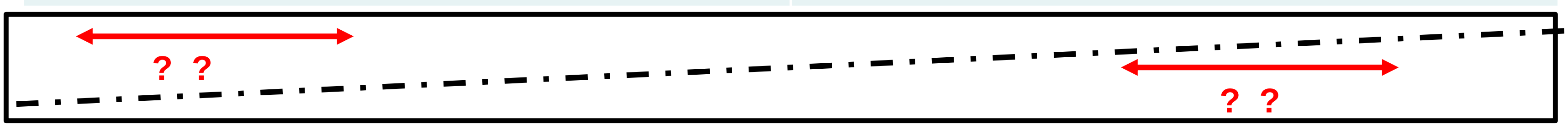
Definition of Social License

“The privilege of operating with minimal formalized restrictions (legislation, regulation, or market requirements) based on maintaining public trust by doing what’s right.

“Public Trust: A belief that activities are consistent with social expectations and the values of the community and other stakeholders.”

Compliance Markets (eg. GHG)	Retail Markets (eg. Sustainable beef)
• Regulatory based • Command & Control. Regs inflexible • Regs are minimum requirements • No trust • Usually one component – GHG, air quality, water quality, wetlands • Paper trail and line of sight for everything • Rigorous data check every year • Government oversight • Public policy guided	• Consumer based • Flexible, growing & improving system • Guidelines for improvement • Trust • Production system + supply chain integration • Accepting of common business practice. • Assurance that the system is in place • Private sector industry oversight • Private policy guided



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Drivers of Public Trust

1. Changing Consumer

2. Role of NGOs

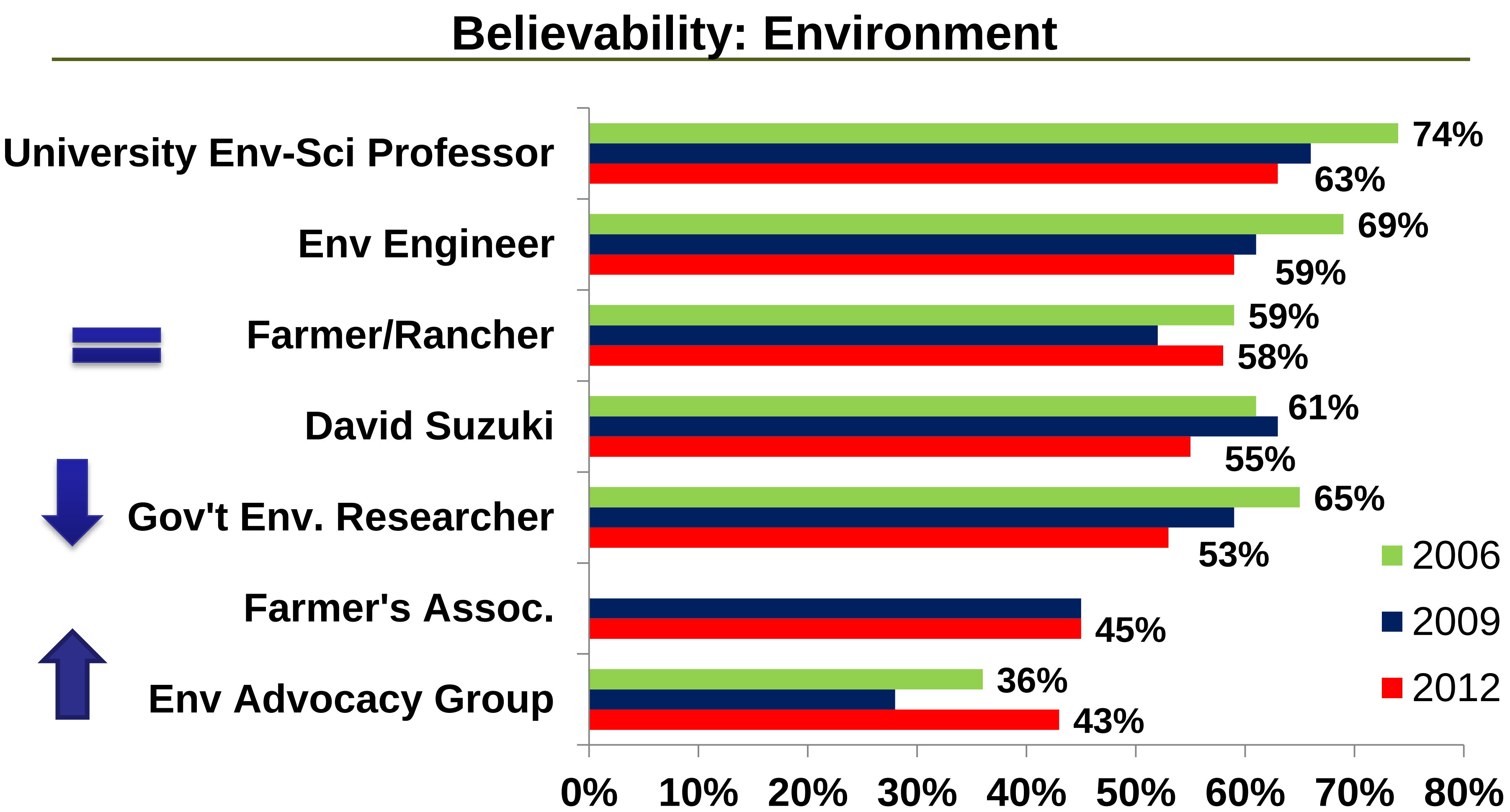
3. Changing Definition of Business

Significant Social Shifts* (Centre for Food Integrity)

MODERN (Before 1968)	POST-MODERN (After 1968)
Authority is granted by office	Authority is granted by relationship
Broad social consensus driven by WASP males	No single social consensus, great diversity, many voices
Communication is formal, indirect (mass communication)	Communication is informal, direct (masses of communicators)
Progress is inevitable	Progress is possible

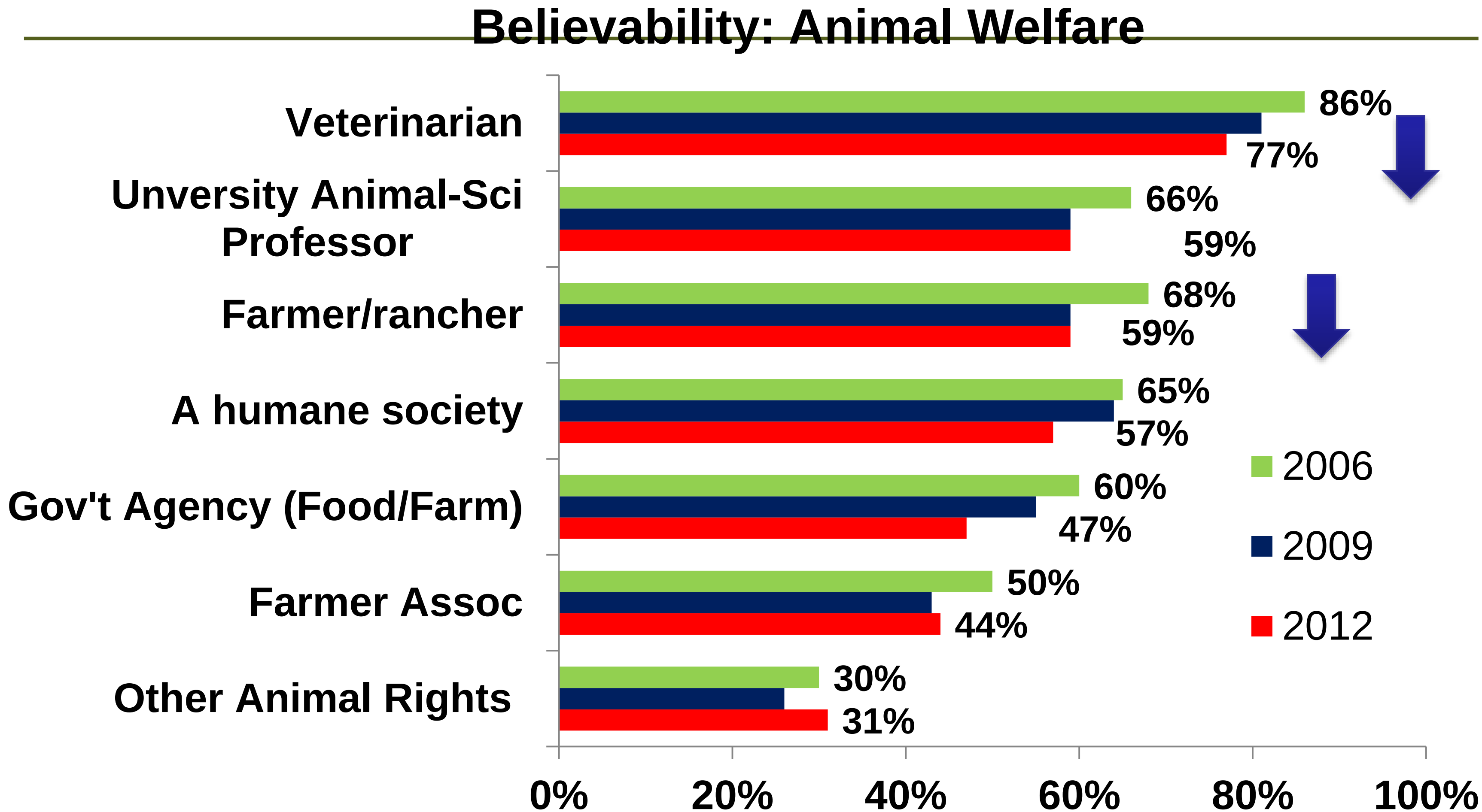
* Centre for Food Integrity

Who Do They Believe - Environment



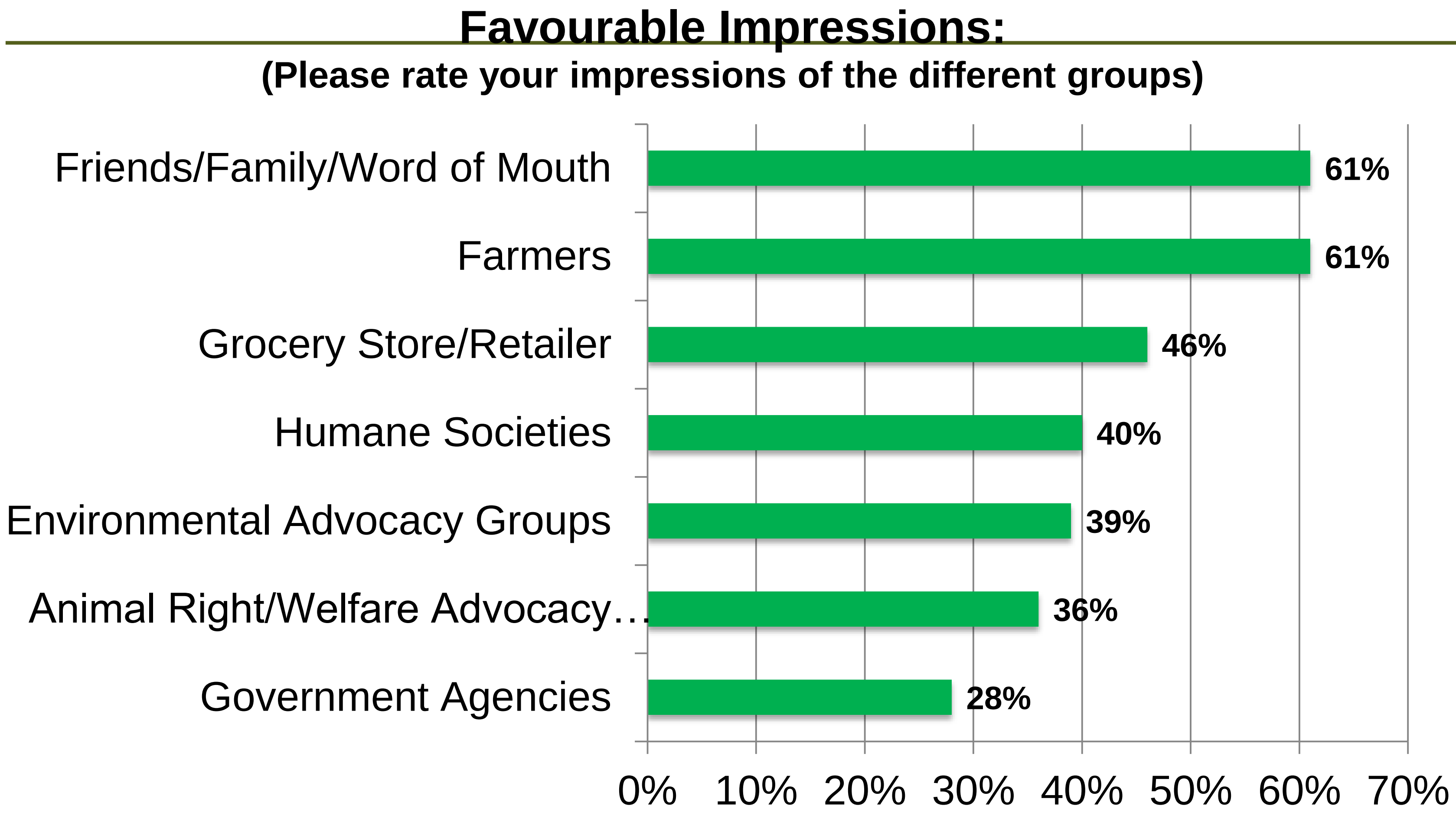
Source: "Study of Canadian attitudes towards food and farming 2012" Ipsos Reid

Who Do They Believe – Animal Welfare



Source: “Study of Canadian attitudes towards food and farming 2012” Ipsos Reid

Food/Farming Information Sources



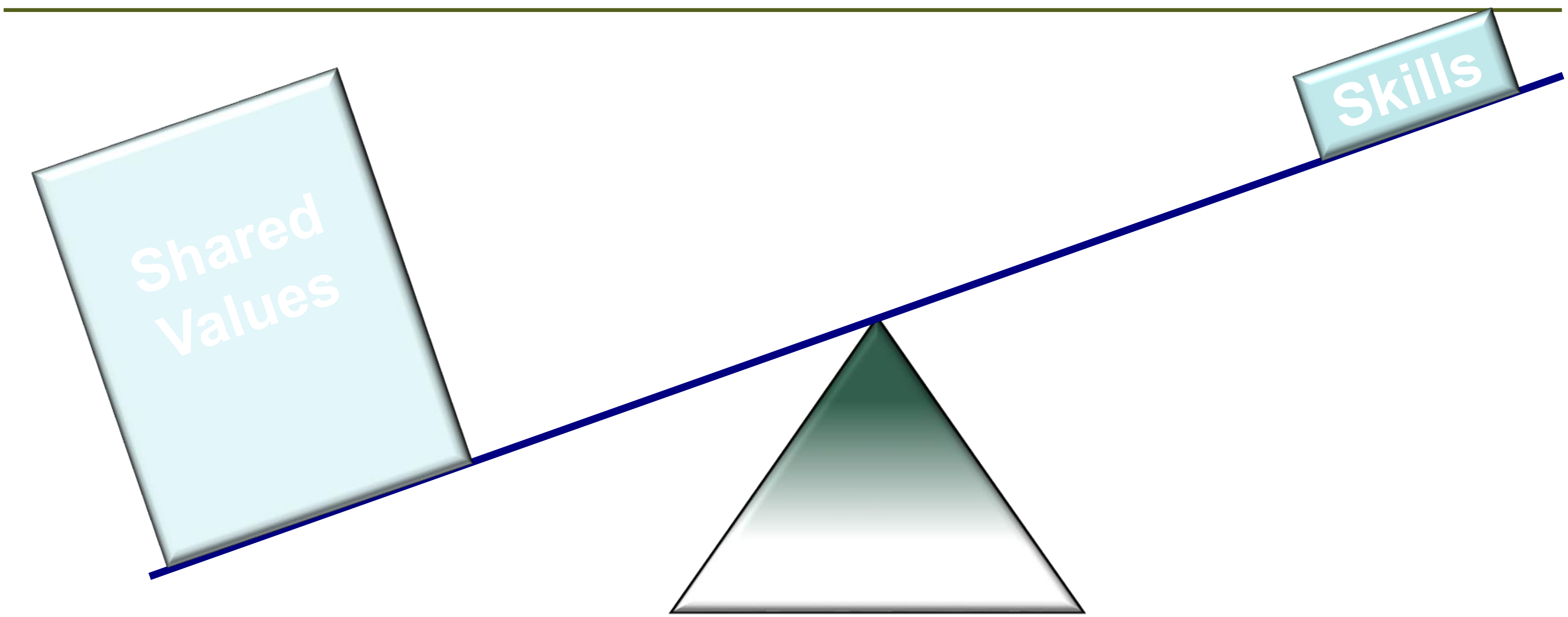
Source: “Study of Canadian attitudes towards food and farming 2012” Ipsos Reid

Consumers are Tribal*

- **The past matters.**
- **Perception is reality. (Not necessarily accurate.)**
- **Challenging beliefs/perceptions core to one's identity could cause them to become defensive & dismissive.**

* Centre for Food Integrity

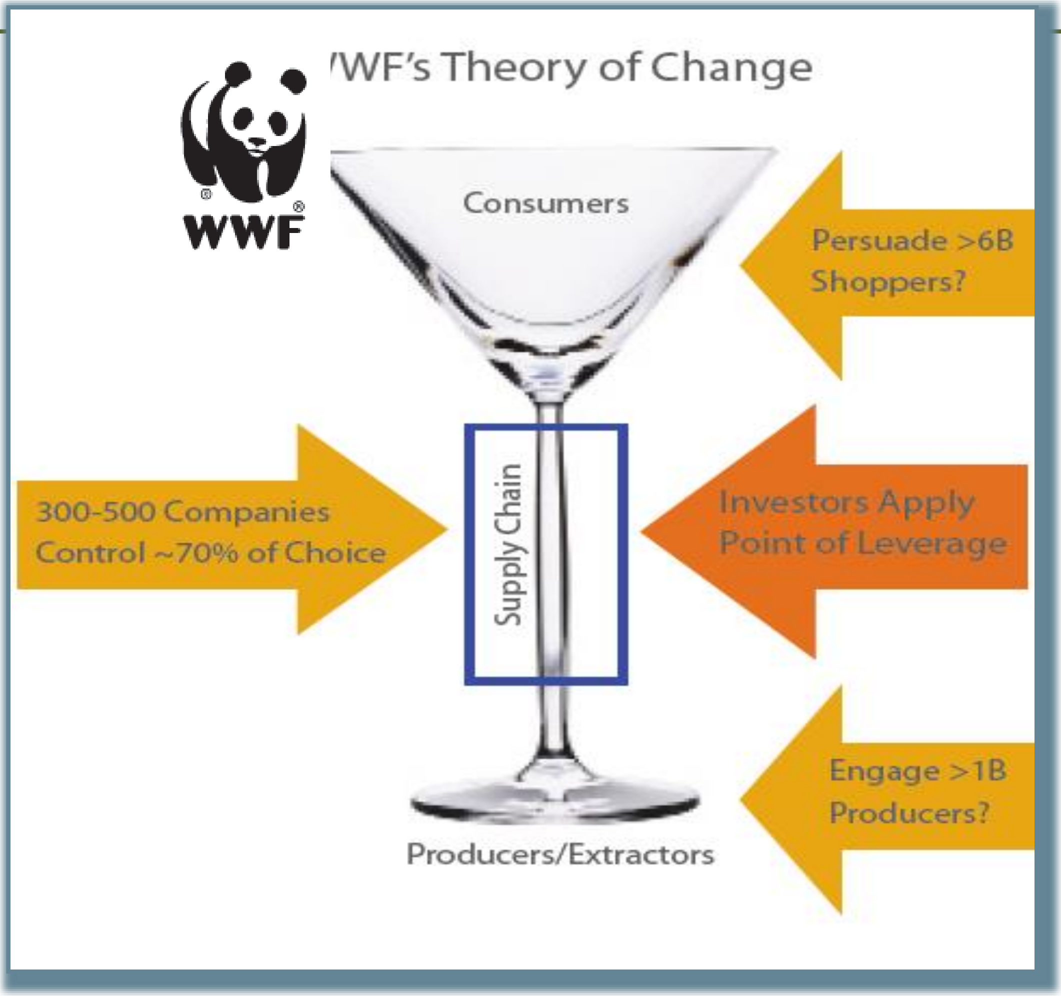
What Drives Consumer Trust?



Shared values are 3-5X more important in building trust than demonstrating competence – Centre for Food Integrity

Trust research was published in December, 2009 – *Journal of Rural Sociology*

NGO Lobbying and Advocacy



"Capitalism is under siege …

The purpose of a business must be redefined around creating shared value (CSV)…

How to **reinvent capitalism**—and unleash a wave of innovation and growth"

Porter and Kramer, HBR Jan-Feb 2011

CAPITALISM 2.0

	Capitalism 1.0	Capitalism 2.0
Purpose of the Firm	Maximize *share*holder value; ROI; Growth	Creating shared *stake*holder value, including the Environment
Legitimate capitals	Financial	Financial, Natural, Human, Social
Bottom lines	Profit -first	Profit, People, Planet
Source of financial capital	Stock market; Big financial institutions; Absentee owners	Stock market; Smaller financial institutions; Customers; Employees; Local communities
Market focus	Global	Local
Environmental and social impacts	Externalized	Internalized
Accountability boundaries	The Firm	The Firm’s value chain, over its products’ life cycles
Transparency	As little as possible	Naked
Business model	Take-Make-Waste; Linear	Borrow-Use-Return; Circular

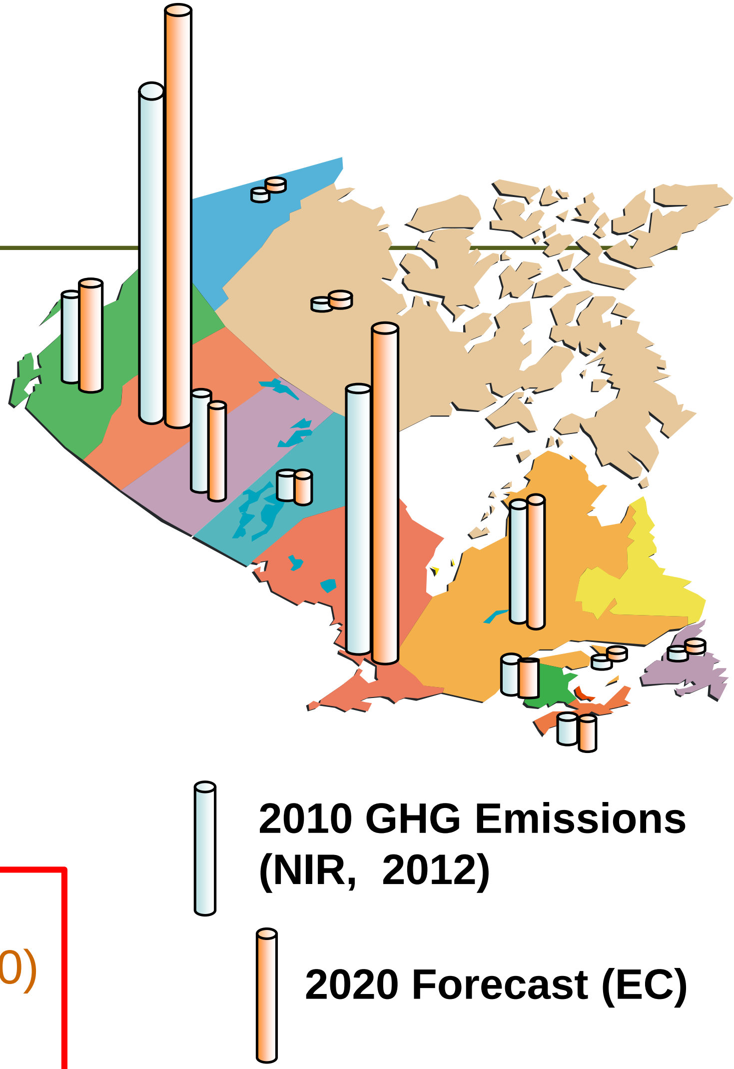
Role of AF in Social License?

- Enabling industry to be able to advocate to producers that they are good stewards of the land.

- AF does this based on four pillars:
  - Research
  - Policy
  - Extension
  - Engagement

Alberta – GHG context

- Source of 1/3 of Canada's emissions
- Energy: 88% of GHG emissions in Alberta
  - Most electricity generated from coal
  - Oil and natural gas
  - Oilsands
- less than 0.10 % of global emissions



Agriculture & Forestry = 9% of Alberta

- 54% from livestock and manure (CH4 and N20)
- 32% from soil emissions (N20)
- 14% from off road fuel use (CO2)

We are #1…

	--- 2013 Emissions (% of Canada, Agriculture) ---			
	TOTAL	Top 5 Rank	AGRIC	Top 5 Rank
Alberta	37	1	32	1
Ontario	24	2	17	3
Quebec	11	3	13	4
Saskatchewan	10	4	22	2
British Columbia	9	5	4	
Manitoba	3		11	5
Canada	94		99	

Alberta's Climate Leadership Plan (2015) Key Initiatives

1. New economy-wide carbon price

2. Phasing out emissions from coal-generated electricity.

3. Limit on oil sands emissions

4. Implementing a new methane emission reduction. Strategy.

Policy approach and principles

- Long term issue
  - Need to start with practical, achievable objectives
- Policy certainty for industry
  - Large investments being made now – expensive to retrofit, investment is for 40 years+
- Implementation of new technology will be a big part of the long-term solution
  - Linked to our unique role as North America’s energy supplier
- Market instruments - bridge gap between current emissions and long-term solutions.
- All Albertans must be part of the solution
- Requires strategic and focused investment in transformational changes (technology, behavioral)
- Remain globally competitive
- Learn by doing

AF supports Ag Industry under Climate Leadership Plan

Key Initiatives

- **Policy** – Growing forward programs and greenhouse rebate program.
- **Research** – Farm Stewardship centre, net zero barns.
- **Extension** – partnering with new Energy Efficiency Agency?
- **Engagement** – On going discussions with associations

Alberta Climate Leadership - moving forward

- **2016**
  1. **Phasing out coal-generated electricity (2030) and developing more renewable energy**
  2. **New carbon price ($20-$30; -15% -20% ; 2016/2017)**
  3. **A legislated oilsands emission limit (100 Mt/y; $30)**
  4. **Employing a new methane emission reduction plan (-45% by 2025)**
- Revenue for:
  - **Provincial efforts to reduce greenhouse gas emissions**
  - **Research and innovation**
  - **Green infrastructure**
  - **Development of renewable energy projects**
  - **An offset of potential cost increases for low- to mid-income Albertans.**

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Questions and Discussion