

**Written Submission to the Department of Finance Canada
for the 2025 Budget Consultation**



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Summary of Recommendations

- Ensure that the expertise and perspectives of the Canadian drilling rig and service rig sector are included at policymaking tables.
- Incentivize and promote certainty for the energy industry through the acceleration of critical pipeline and LNG infrastructure to ensure domestic market diversification.
- Support multi-lateral coordination with the provinces to improve interprovincial trade cooperation and enable better workforce mobility.

Sector Overview

Canada's evolving energy landscape is at a crossroads, driven by a need to remain competitive amid global economic headwinds and, more specifically, shifting Canada-U.S. dynamics. The steps taken across domestic governments over the next few months will be crucial to the protection and improvement of Canada's competitiveness and productivity to ensure that the nation's energy future remains secure.

The Canadian Association of Energy Contractors (CAOEC) and their drilling rig and service rig members remain at the core of this effort. CAOEC members **employ thousands of women and men in rural, remote, and Indigenous communities, who stand at the forefront of Canada's energy past, present, and future.** They not only secure subsurface resources that fuel local economies, but also contribute significantly to modernizing energy extraction methods that underpin both conventional and emerging energy streams.

From traditional oil and gas at the foundation of Canadian prosperity, to critical minerals and resources, such as lithium for EV batteries, helium for medical equipment, geothermal heat to generate electricity, potash, or storage for carbon dioxide or hydrogen— this sector plays a pivotal role in diversifying Canada's energy portfolio. On average, **one active drilling rig creates 220 direct and indirect jobs, more than \$1 million in taxes, and supports 38 related subcontractors for each wellsite drilled.**

The productivity and competitiveness of Canada's energy industry are dependent on our people. Yet, the federal government has consistently developed policies and programs, such as the oil and gas emissions cap or the methane regulations, that do not consider the realities of our sector's work. A Team Canada approach must be inclusive of our voices and expertise to enable informed and impactful progress across local economies.

Our members and their workforce stand at the ready with expertise and innovation at our fingertips. The sector already has carbon abatement technologies such as high-line power, battery energy storage systems, and alternative fuel sources to power our equipment and accelerate Canada's path to emissions reduction. This will allow companies to move technology off diesel to low-to-zero-emission alternatives as viable in the areas in which we operate. Our members' business models also allow the sector to deploy the same equipment across a wide array of exploration projects without the need for extensive retraining or retooling. This flexibility ensures that the workforce remains agile and ready to meet the challenges of a rapidly evolving energy industry.

Despite these strengths, the sector continues to face significant barriers. CAOEC believes a multi-lateral approach with provincial and federal collaboration is necessary for Canada to leverage its diverse energy streams while aligning with global efforts towards secure and cleaner energy solutions. While the federal government has shown little appetite in the past to work with the energy services sector and accelerate inclusive decarbonization mandates, the time to course correct is now.

It is critical to foster a coordinated and united **Team Canada response that supports domestic energy prosperity and security, eliminates interprovincial trade barriers, and ensures that our sector's expertise is included at the policy table.** The past, present, and future of Canada's energy industry runs through our people; the energy services sector is at the very centre of a rapidly growing energy world.

Recommended Solution

Our industry urges the federal government to pursue a productive energy environment and boost domestic competitiveness within the industry. As such, we recommend that the following be addressed through future policies and priorities:

- **Ensure that the expertise and perspectives of the energy services sector are included at the policymaking tables to drive meaningful progress for the energy industry.**

For years, the federal government has developed policies and programs, such as the oil and gas cap emissions cap or the methane regulations, that do not consider the realities of our sector's work. This oversight has led to inefficient, uninformed regulations that do little to progress or innovate the energy landscape.

Often, these policy and regulatory mandates hamper capital attraction and reduce job opportunities for Canadian energy workers. As a constructive partner in Canada's decarbonization and innovation efforts, over the last three years CAOEC has actively engaged with key federal bodies—including Labour, Environment and Climate Change, the Prime Minister's Office, the Privy Council Office, Natural Resources Canada, and Finance—to advocate for advanced technology deployment and robust decarbonization strategies. Yet, despite commitments outlined in *Canada's Sustainable Jobs Act*, our sector's critical needs remain absent from current policies and regulations.

The lack of meaningful progress has risked the future of the energy workforce, the energy security of communities across the country, and the success of increased Indigenous economic participation within our industry. Our nation cannot begin to address its productivity and competitiveness challenges without integrating the perspectives of our sector. Our members and their workforce are central to the energy industry and must be included in policy-making forums to enable informed and meaningful progress. Simply put, the success of an inclusive and thriving energy future depends heavily on a healthy and thriving drilling rig and service rig sector.

- **Incentivize and promote certainty for the energy industry through the acceleration of critical pipeline and LNG infrastructure to ensure domestic market diversification.**

In today's rapidly shifting global economy, energy security is not just a strategic priority but a necessity. Canada's diverse energy portfolio allows us opportunities to be a leader on the world stage while boosting domestic production.

We need certainty through accelerated timelines and streamlined regulatory processes to advance pipelines, LNG export terminals, subsurface mining, and other major resource projects that hinge on development drilling activity. This is essential to foster a stable and attractive investment climate, which bolsters the work of our energy producer clients and flows into our local economies— particularly in the rural, remote, and Indigenous communities— where our members operate.

Ultimately, fostering predictability and efficiency in energy servicing operations will enhance Canada's competitive edge, drive job creation, and secure our position as a vital player in the global energy landscape.

- **Support multi-lateral coordination with the provinces to improve interprovincial trade cooperation and enable better workforce mobility.**

The business model of energy service contractors is hinged on their ability to remain mobile and agile. However, interprovincial obstacles can often impede the workforce as they cross borders. In a promising move, Western jurisdictions are working with CAOEC to harmonize transportation regulations—a significant step toward smoother operations as they join the existing Memorandum of Agreements held with Alberta and Saskatchewan. Similarly, disparities and inconsistencies in provincial tax regulations are currently acting as a disincentive for CAOEC members to undertake the important work of well reclamation and land remediation, preventing federal funds dispersed to the provinces from being utilized as intended, and delaying urgent work toward addressing cumulative impacts on the land base.

CAOEC strongly supports federal coordination and leadership to encourage the harmonization of energy sector regulations across provincial boundaries that will promote investment, workforce development, land reclamation, and reconciliation with Indigenous communities.

About CAOEC

The CAOEC represents 95 drilling rig and service rig member companies (nearly 100% of the industry) on the front lines of energy security and transition. The membership operates a fleet of 460 land drilling rigs and 748 service rigs in Saskatchewan, northeast British Columbia, Alberta, southwest Manitoba, and offshore drilling rigs operating off the coast of Newfoundland.

CAOEC's members are varied and diverse. Many of our members are big, small, and medium-sized enterprises that have been leaders in creating opportunities for young people, Indigenous communities, and middle-class workers to access the energy we need in Canada and around the world.

For decades, our membership has included Indigenous representation. From Indigenous-owned companies such as Pimee Well Servicing, Homeland Well Servicing, Onion Lake Cree Nation Well Servicing and Indigena Drilling to business partnership ventures, ownership stakes, and Indigenous training programs, CAOEC members create meaningful work in remote communities and exemplify an inclusive transformation in the energy services sector.