

## Propane Value Adding a Boost for Alberta

**Province would realize \$1.2 billion in new tax revenue and 1,500 direct construction jobs from new propane processing facility**

**Alberta's Industrial Heartland (June 11, 2015)** – Alberta would gain full time, stable jobs and an added \$65 million annually in government tax revenue from each new industrial facility adding value to propane. A new report from Stantec, commissioned by Alberta's Industrial Heartland Association, examined the economic contributions of converting propane into polypropylene. Report highlights were revealed at the recent Canadian Energy Research Institute's Annual Petrochemical Conference.

"Alberta is currently awash in cost advantaged propane as a result of new shale gas development in Western Canada. In addition, with the recent closure of the Cochin propane export line to the United States, prices have collapsed," explained Ed Gibbons, Chair of Alberta's Industrial Heartland Association. "We have heard from numerous midstream companies that new markets for our energy products are needed. The current pricing and availability presents a huge opportunity to expand the market for propane here in Alberta by converting it to much higher value polypropylene before exporting it."

The report analyzed the impacts of one new world class facility that would process propane into propylene, and then into polypropylene. Throughout a 20 year facility lifecycle, the additional tax revenue for the Government of Alberta amounts to more than \$1.2 billion.

Author of the report, Ian Morrison, Senior Principal from Stantec, noted that the analysis was conducted on a typical world class propane to polypropylene facility that could be built in Alberta's Industrial Heartland to take advantage of abundant low cost propane feedstock. "The direct tax payable amount of \$65 million annually once the facility is operational was based on the average tax that a petrochemical facility of this size would pay. This is representative of what could be expected and compares well to tax amounts reported by chemical companies in their annual reports," highlighted Morrison.

In addition to a new source of tax revenue, projects like this create around 1,500 new construction jobs at peak, 150 full time operational jobs, as well as spinoff benefits in the supply and service sector. "We've seen from the most recent dip in oil prices that Alberta needs to diversify our energy sector. A boost in petrochemical processing helps soften the economic cycles and provides long term, stable jobs for Albertans," added Gibbons.

Alberta's Industrial Heartland Association has a long history of encouraging diversification through further petrochemical processing, which aligns with the newly elected NDP government's vision to boost value adding in the province. The current market dynamics of propane present an ideal opportunity. However, given the competition from other jurisdictions around the globe for investment, it's critical for government, industry, and municipalities to work cooperatively to ensure Alberta's investment climate is competitive.

The report in its entirety is available at [www.industrialheartland.com](http://www.industrialheartland.com), where additional information can be viewed on the Association and industrial projects in the region.

*Alberta's Industrial Heartland Association is dedicated to coordinating, advocating, and promoting sustainable industrial development in the region. The Association is a cooperative effort of Lamont County, Strathcona County, Sturgeon County, and the Cities of Edmonton and Fort Saskatchewan.*

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