2017-2019 Policies

The policies in this book were approved by the Board of Directors of the Alberta Chambers of Commerce at the 2019 AGM. Policies approved by the Board remain a part of the Policy Book for 3 years.

If you have any questions, contact Jason Leslie, Communications Manager, at:

jleslie@abchamber.ca or (780) 425-4180 ext. 4
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Advanced Education
Dual Credit Opportunities in Alberta

Issue

There is a need for the continuance of provincial investment in Dual Credit Opportunities for high school and post-secondary students to assist their transition from secondary to post-secondary education.

Background

The current Provincial Dual Credit Strategy Fund was approved and awarded by the Government of Alberta in 2014 for a three-year pilot project. To date there has been sixty dual credit projects in the province, twenty-four of which were approved within the last round of approvals. This pilot project funding follows a number of similarly funded projects that have been supported by government over a number of years. Dual credit funding also included targeted funding for post-secondary institutions to build capacity, establish partnerships among schools and business, and explore structures for delivery. The University of Lethbridge and the Lethbridge College were each awarded funding for the purpose of creating these educational opportunities for high school students.

In the current round of Dual Credit project funding, the University of Lethbridge utilized the first year to work with a high school in Lethbridge and collaboratively align two first year University level courses with Alberta Education requirements for approval as locally developed courses. Now in its second year, the University of Lethbridge is the first university in the province to offer Liberal Education 1000 (Liberal Education 35 on High School transcript) and Supply Chain Management 1850 (Systems and Supply Chains 35 on high school transcript) to students at the Lethbridge Collegiate Institute. Students earn credits towards completion of their high school diploma and these courses are also credited on the University of Lethbridge transcript as three full post-secondary credits for each course that are eligible for transfer to other Canadian post-secondary institutions as per the Pan Canadian Protocol on University Transfer. Current industry partnerships are firmly established with WestJet providing practical application opportunities for students in Liberal Education, and Haul All providing those opportunities for students in Supply Change Management. Although provided with some funding at a provincial level, Lethbridge Collegiate Institute, Lethbridge School District #51 and the University of Lethbridge have invested significant resources beyond the grant to launch the current program.

Lethbridge College has established educational partnerships with the Lethbridge Public Schools, Holy Spirit School Division, Horizon School Division, Palliser School Division, Westwind School Division and the Kainai High School on the Blood Reserve. In a previous round of dual credit pilot projects, Lethbridge College offered a five-month Health Care Aide Program to assist students in grades 11 and 12 to complete college requirements for the Health Care Aide Diploma. The Health Care Aide Program has a Quality Assurance Team that studies strengths and areas for improvement within the program, and functions as a sounding board for the program. The College also works closely with Kainai High School to provide post-secondary credits applied within the field of Law Enforcement. Within this context, the school districts and the College work collaboratively to place college practicum students in appropriate school settings.

The Provincial Dual Credit Strategy Implementation Evaluation prepared for Alberta Education following the pilot program provided strong indicators for expanding the program to improve student enthusiasm, confidence and excitement about moving on to post-secondary studies:
There are significant benefits to providing stable and continuous funding through the Dual Credit Strategy Fund.

The province has identified transition of high school students to post-secondary programs a priority and we strongly support government in the belief that we can all work together to provide quality opportunities that prepare students for successful transition. The transition rate in the Lethbridge area is as follows: 35.2% in the fall of 2013 and 41.2% within four years of graduation. The Dual Credit Program encourages high school students to extend their education into Alberta universities and colleges with the goal of encouraging growth in transition rates overall. We anticipate that this initiative will have long term positive social and business benefits for the province.

Industry partners are supporting high school students and engaging them to complete post-secondary education that is tailored to their particular industry. Students are exposed to the practical application of post-secondary studies by seeing different employment opportunities associated with the particular program, training or skill. The Lethbridge Chamber of Commerce continues to take an active role in promoting Dual Credit opportunities that link students/adults and post-secondary institutions and local businesses in Southern Alberta.

There is absolutely no competition between universities and colleges as these two post-secondary tracks attract different students. A dual credit structure provides excellent opportunities for colleges and universities to work collaboratively with school divisions to effectively create attractive opportunities to students.

Presently, Alberta Education and Alberta Advanced Education are involved in the funding/approval processes. The Dual Credit Program is an opportunity for these two ministries to work collaboratively to implement a strategic and aligned process that provides increased post-secondary incentives and opportunities to high school students and young adults who wish to extend their qualifications. Truly a cross-

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ministry initiative, effectiveness can be enhanced with the involvement of the Ministries of Jobs, Skills, Training and Labour, Human Services, and Innovation.

The College of Alberta School Superintendents (CASS) is currently working collaboratively with school divisions and post-secondary institutions to study the advantages, the effectiveness and the possibilities within the Dual Credit program. It will take longer than three years to complete a proper longitudinal study that has the potential to produce data that supports the future of a program with this level of educational and business cooperation and integration.

The feedback regarding the benefits to youth as reported across a number of dual credit pilot projects is consistent and resoundingly positive. There is increased engagement of students in exploring education pathways, students are inspired and motivated to move forward with their education and have been able to experience firsthand both the academic context and real-world application with the business partners.

The Provincial Dual Credit Program is presently providing meaningful dialogue and collaboration between Alberta Education, Alberta Advanced Education, Alberta Labour, Alberta Human Services, CASS, school divisions, post-secondary institutions and Alberta businesses.

The Alberta Chamber of Commerce is strongly supportive of stable, continuous, stand-alone funding for the Provincial Dual Credit Strategy Fund. The province has piloted these experiences for a number of years and given the demonstrated success, it is time to build a framework and provide a seamless structure ensuring the growth and continuance of this program.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Allocate a long-term funding structure to the Dual Credit Program for students transitioning from high school to post-secondary studies; and
- Direct the Ministry of Education to explore broadening the post-secondary studies available to high school students under the dual credit program.
Agriculture and Forestry
Genetically Engineered Alfalfa

Issue

Genetically Engineered (GE) alfalfa has a high risk of cross contaminating conventional alfalfa crops due to seed escape and cross-pollination. Due to alfalfa’s perennial nature, significant barriers exist to fully isolating alfalfa seeds. Key emerging markets maintain zero-tolerance policies towards the import of crops and seeds which are contaminated by GE alfalfa. This poses a serious threat to the province’s forage seed exports and feed supplements.

Background

Alberta is a valuable producer of Canada’s alfalfa crop, comprising over 30% of the country’s total alfalfa output with 2016 exports from Alberta valued at over $28.5 million. Alberta’s alfalfa industry plays a critical role both in producing direct exports and in supporting other agriculture industries including livestock.

Genetically Engineered (GE) alfalfa crops were approved for food, feed and environmental release by the Canadian Government in 2005. GE alfalfa is the first significant perennial plant to be genetically engineered and introduced into the Western Canadian environment that is naturally cross-pollinated by insects and grows wild. Current strains of GE alfalfa include traits making them resistant to the glyphosate herbicide Roundup. One strain also includes traits which permit a longer growing season, resulting in higher yields and potentially improve its use as feedstock, particularly for dairy livestock.

While Canadian regulators have approved GE alfalfa in Canada, our foreign export markets have varying tolerance for GE technology. For example, the European Union and China have zero-tolerance policies for any products containing GE technology. In 2016, these countries were the destination for 7.7% of Alberta’s total alfalfa seed exports (Over $1.7 million). The United States, conversely, imports 84.3% ($18.80 million) of Alberta’s alfalfa seed exports and 100% ($1.55 million) of its hay exports and has fully approved all current strains of GM alfalfa for import and production.

Given the potential growth of markets such as the EU and China for forage export, the presence of GE alfalfa in Canadian hay exports could potentially put an end to export markets for Canadian grass and forage seed growers. In 2014, China blacklisted three American hay exporters and rejected hundreds of container loads of hay due to the detection of Roundup Ready alfalfa.

Given its perennial and transmittable nature, GE alfalfa contamination is likely to occur if it is introduced into Alberta. Currently, no GE alfalfa seed has been sold in the Province. Conventional alfalfa can be

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contaminated by GE alfalfa in several ways including cross-pollination by insects and seed-escape (contamination of seed from adjacent farms and stands by wind and seed spillage during planting, harvest and transport).

Alfalfa is pollinated primarily by leafcutter bees but also by honeybees, wild bees and other native pollinators that can travel great distances and have unpredictable ranges. Cross-pollination occurs in nature when pollinating insects inadvertently transfer pollen from one plant to another while gathering nectar. Since perennial plants such as alfalfa are capable of flowering multiple times per year, the risk of genetic contamination by cross-pollination is significantly higher than annual crops.

In 2016, the Canadian Seed Trade Association released a co-existence plan for alfalfa hay in Western Canada. This document outlines the details of the risks of GE alfalfa and identifies best practices to mitigating and minimizing cross-contamination. While GE crops and GE technology are widely supported among Alberta’s forage and hay producers, several industry associations have noted that a ban on GM alfalfa sales into Western Canada should be put in place until these key destination markets change their import policies.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Work with stakeholders to determine how to commercialize new Genetically Engineered Alfalfa to best access both organic and conventional alfalfa producer markets
- Collaborate with stakeholders on the development of markets for Genetically Engineered Alfalfa.
- Continue educating consumers on the benefits of Genetic Engineering as a breeding process for modern agriculture.
- Prevent the introduction of genetically modified/engineered alfalfa to the province of Alberta until there is a marketplace and consumer acceptance in Alberta’s export markets

The Alberta Chambers of Commerce recommends the Government of Canada:

- Work to reduce regulatory prohibition of Genetically Engineered crops and technology in export markets through trade agreements.

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8 Most notably the Alberta Forage Industry Network and the National Farmers Union
Higher Standards for Animal Welfare

Issue

In the agricultural industry, when an animal succumbs to injury that deems the animal as unfit for transport under the legislation, the outcome is very limited and results in negative options to the farmer or rancher. It has been researched and addressed by various groups, organizations and industry that turning a blind eye to a problem is not a solution. Therefore, organizations like the Animal Farm Care Association (AFCA), along with industry, are in full support of an initiative to implement a provincial video inspection program as one way to address the issues, provide for greater access to options within the industry and reduce overall costs to the system.

Background:

Federally, three pieces of legislation provide humane protection for farm animals⁹, including the Criminal Code, Health of Animals Act and the Meat Inspection Act. However, Canadian provinces and territories have the primary responsibility for protecting the welfare of animals, including farm animals¹⁰. Since 2005 all provinces have strengthened their provincial Acts or have introduced legislative amendments regarding animal protection. In Alberta the acts and regulations that provide protection for farm animals in Alberta include the Animal Protection Act and Animal Protection Regulation; the Meat Inspection Act and Meat Inspection Regulation; as well as the Livestock Industry Diversification Act and its regulations.

However, there is still one area that needs to be addressed within these pieces of legislation to provide for additional options when dealing with an injured animal. Current legislation permits unfit animals to be freely transported to a veterinary clinic, yet that same animal is unable to be transported to an abattoir for processing. When an animal succumbs to an injury that deems that animal unfit for transport under the legislation, there are only four options:

- Personally process the animal without an inspection process for distribution and risk prosecution by the authorities;
- Process the animal and sell illegally and risk prosecution by authorities;
- Transport to a veterinarian for further cost and service fees;
- Euthanize the animal on farm.

If an animal is deemed to be compromised or unfit, transportation can cause undue pain and suffering, so producers generally do not transport the animal. They have the ability to transport that animal to a veterinarian, but that would pose additional and unnecessary costs to the producer. Additionally, they could not transport that animal elsewhere, as that producer would end up being in contravention of Part XII of the Health of Animals Regulations. Therefore, the decision is generally to euthanize the animal on farm. Unfortunately, animals euthanized on farm cannot be sold for meat, as they must be inspected at the abattoir before they are slaughtered.

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⁹ Farm and Animal Welfare Law in Canada (2013)
https://www.nfacc.ca/resources/Farm_Animal_Welfare_Laws_Canada.pdf

¹⁰ Provincial and Territorial Legislation Concerning Farm Animal Welfare
The agriculture industry has been given very few to no options to address the loss of valuable animals and the outcomes are very limited and result in negative options for the farmer or rancher. Businesses are forced to accept the senseless disposal of much needed meat protein. While this topic has been on the table and discussed on a provincial level for more than four years, there has been no urgency from the governing authorities, as there needs to be a more robust and focused request from industry in order to motivate change.

One way to address the challenges identified within this sector is to introduce a provincial video inspection program. This type of program would allow for an ante-mortem inspection to take place on farm and spare the animal unnecessary transportation to an abattoir or veterinarian. With the implementation of a provincial video inspection program, we can alleviate the discrepancy that exists and raise the current legislation to a much higher standard resulting in the increase of on farm animal welfare, profits to the agriculture sector and profits to processing and distribution centres.

With the creation of a video inspection program we can increase the on-farm animal welfare program; increase the response time to address the undue pain and suffering of the animals; put value and profits into the hands of the agriculture industry; increase the business opportunities of value added businesses that manufacture various protein products and open the doors to all non-for profit groups and organizations to have access to healthy affordable protein.

Organizations like AFCA (Animal Farm Care Association) are in full support of the initiative to implement a provincial video inspection program. With the implementation of video inspection program, the level of food safety and available protein will dramatically increase and this new financial opportunity will reach and benefit all businesses from producer to consumer.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Amend the Meat Inspection Act Section 4 to read: (1) Except as provided in the regulations, no person shall slaughter an animal unless (a) the animal has been inspected by an inspector immediately before the time of slaughter, or (b) the animal has been clearly identified by method of video inspection immediately before the time of slaughter.

Amend the Meat Inspection Regulations Part 5 section 32 (3) to read: The mobile butcher shall identify the carcass and all other portions of the animal by affixing tags on them stating (a) “uninspected – Not for resale on all carcasses retuning back to the location of slaughter or (b) “Held” - to remain held in the mobile butcher’s designated cooler until the carcass is released by an inspector or accredited veterinarian.

Work with the Alberta Meat Inspection Department to update all documents regarding the approval of a video inspection program and maintain that it remains in compliance with existing regulations already in place.
Need to Protect Property Rights

Issue

Averaging 100,000 new residents per year with significant resource and utility development, Alberta is seeing increasing public interest pressures that directly and adversely impact the rights of existing businesses and landowners to use and enjoy their property.

Background

Government needs to have the authority and ability to make legislative decisions in favour of the public interest, but no one individual or business should unfairly shoulder the burden of those decisions. Individuals and businesses that are impacted by decisions made in the public interest deserve full, timely, and fair compensation for their losses.

Over-regulation at all levels of government, including municipal developments and permits, adversely impacts individuals and business by creating a maze of red tape, untimely delays, and added costs without effectively considering the impacts on individuals and businesses, such as agricultural operations. Large land-based businesses are impacted by municipalities through red tape and overregulation, (de facto takings for transmission lines, and urban sprawl, roads, and oil and gas development). Ambiguity in the Water Act and the Environmental Protection legislation empowers Alberta Environment to restrict property owners use of land and water. This has a direct impact on agricultural operations (e.g. low-lying areas and drainage, rights associated with surface and ground water).

Throughout history, property rights have been inextricably linked with personal rights to the extent they are entrenched within the constitution of many countries. That is not the case in Canada. While security of personal rights is protected under the Constitution, there are no provisions in the Constitution to protect property rights, which fall under provincial jurisdiction.

Those rights are fundamental to a just and free society.

Due process of law does not protect landowners and business operators against over-regulation, takings of land, nor deprivation of the right to the use and enjoyment of their property. Nor does it guarantee full, timely and fair compensation to the property owner when the use and enjoyment of property are restricted or taken (i.e. when “public rights” trump “individual rights”).

The Alberta Chambers of Commerce recommends the Government of Alberta:

Ensure that land owners adversely impacted by actions taken in the public interest by an Act of the Legislative Assembly or by any action taken under authority of any Act, persons and businesses should not have to bear the financial burden of those decisions and shall have the right to full, just, and timely compensation for those losses.
Protect Canola Production by Making Clubroot a Reportable Disease

Issue

Clubroot is a serious crop disease affecting Canola production that significantly reduces production.

Background

In 2017, the total estimated annual impact on Alberta’s economy of canola amounted to $7.1 billion\(^{11}\). The analysis of the 2016 report by LMC International, *The Economic Impact of Canola on the Canadian Economy*, indicates that through 2014-2015 an estimated 72,465 jobs in Alberta were connected to canola production in the province resulting in $3.5 billion in wages, and that the contribution to the national economy had doubled in less than a decade and wages linked to the industry had tripled during the same time period.\(^{12}\)

Clubroot is a serious soil-borne disease that attacks the roots of infected plants resulting in wilting, stunting and yellowing to premature ripening, seed shriveling thus reducing yield and quality, with estimated losses tied to the level of infestation. Infestations of 10 to 20 percent lead to a 5 to 10 percent yield loss; with loses as high as 50% to 80% for high infestations. Estimated loss is half of the percentage of infected stems. Clubroot is spread through soil infested with resting spores. Swedish researchers have identified the spores as being extremely long lived and may survive in soil for up to 20 years with a half-life of 4 years. Clubroot surveys in Alberta have found that most new infestations begin at or near the field access, which indicates that contaminated equipment is the predominant spread mechanism. Wet conditions increase the percentage of spores. Prevention strategies include increasing crop rotations for Canola, cleaning and disinfecting equipment.\(^{13}\)

By the end of 2014, clubroot was present in 30 municipalities in Alberta and is rapidly spreading. Clubroot resistant canola varieties exist, although they typically yield less than non-resistant varieties and seed costs may be higher. In 2014 the first Alberta case of a pathogen shift to overcome current variety resistance was confirmed. A second resistant variety is being introduced in Alberta this spring.

In 2007, Clubroot was added as a pest under the Agricultural Pests Act which authorizes municipalities to enter on land with suspected clubroot infestation and to restrict canola seeding to those fields. Most municipalities have inspection policies limited to visual observation of suspected fields and the right to enter on those lands to confirm clubroot infestation, and to restrict the landowner’s rights to plant Canola on those fields, for example, restrictions on seeding for 4 years or longer.

Current legislation does not address the risks associated with third party access on private land where the access is authorized pursuant to government public interest powers, for example, oil and gas; pipelines; transmission lines; public road construction and utilities. For example, soil testing done by electrical transmission operators, utility operators and oil and gas companies is not reportable either to the landowner

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\(^{11}\) Canola Council of Canada, 2017


\(^{13}\) Alberta Agriculture and Forestry: Frequently asked questions [http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/faq7389](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/faq7389)
or to any government authority. As such, operators are not required to institute testing, nor are they required to implement strategies to reduce the spread of clubroot.

The lack of legislation leaves landowners at risk with limited remedies to mitigate their losses where clubroot is introduced and spread on their land, oftentimes without their authorization to access the land. The following example illustrates the significance of the issue for Alberta agriculture, in 2012 a utility operator soil tested access roads for clubroot in Central Alberta. Given that there were no reporting requirements or mandated processes, those results were kept internally and it was left to the operator to choose to implement or not implement strategies to reduce the spread of Clubroot during construction.

In 2014, the landowner not knowing of the positive soil test results, planted non-resistant Canola which was determined by the municipality to have been infested with Clubroot. The municipality issued restrictions on seeding rotations pursuant to the authority under the Agricultural Pests Act against the Landowner. The municipality has no authority or legislated power to mandate or restrict access to the operator or other third-party users of the access road to prevent the spread of Clubroot on adjoining properties.

**The Alberta Chambers of Commerce recommends the Government of Alberta:**

Amend the Agricultural Pests Act to make Clubroot a reportable disease;  
Review current legislation and policies, including surface rights, to take into account the prevention and mitigation of clubroot for oil and gas exploration, transmission lines, pipelines, renewable energy projects, and other utilities; and  
Support Research and Development in working towards solutions that reduce or eliminate the spread of the clubroot disease.
Regional planning in the Alberta Land Stewardship Act

Background

The economic viability of agriculture relies on having an available suitable and productive land base with access to both quantity and quality of water. Agricultural and natural land, including pasture land, contributes to the sustainability of the environment for the benefit of all Albertans.

The Alberta Land Use Stewardship Act fails to require regional plans to specifically ensure that agriculture continues to be an economic stabilizer for the province of Alberta. Regional plans that do not adequately address commercial viability of agriculture, threaten the economic and social viability of rural Alberta, and urban centres with a strong economic base in agriculture.

It is estimated that by 2020 Canada will be one of only six net food exporting nations, with the bulk of Canadian exports coming from Alberta and Saskatchewan. The volatility of the oil and gas industry is a strong reminder of the importance of a diversified and stable economic base. Alberta has a proud history of agriculture and Alberta’s farm cash receipts were the highest in the country at over $10 billion in 2016. Agriculture isn’t just about the export market. Locally produced food reduces our dependence on foreign imports and ensures that Albertans have access to safe high-quality food, irrespective of the world economy.

In April 2002, the Government of Alberta issued a report entitled Towards the Development of a Provincial Land Use Strategy and summarized Alberta’s land use-issues:

- There is a lack of an overall provincial (government, industry and public) land-use vision.
- The long-term sustainability of Alberta’s land base is at risk as higher-quality soils continue to be taken out of production.
- Agriculturally productive soils must be recognized and respected as a finite, non-renewable resource when it comes to changing land use – this precious commodity cannot be replaced once it is gone.
- Land-use conflicts are rapidly escalating among users and sectors competing for the same finite resource.

There are 66.4 million hectares in Alberta. In 2002, Alberta boasted a healthy percentage of agricultural land (the second largest in Canada, with 21.3 million hectares with 11 million hectares cultivated and producing grains. The 2002 Agricultural Land Base Monitoring Study, found that since 1976 “... The net loss of agricultural land has ranged from 50,000 to 60,000 acres annually... land being lost out of agriculture has

14 John Knapp, former Deputy Minister of Agriculture, Alberta Agriculture & Rural Development – January 24, 2013 presentation to Red Deer Chamber of Commerce


significantly higher (productive) capability than land coming into production... The greatest proportion of agricultural land being lost is within the Black Soil Zone in Alberta, in areas adjacent to Edmonton and Calgary, and along the Hwy 2 corridor. Lands in the Black Soil Zone are generally highest-overall capability for agriculture. As such, we need to give top priority to preserving those lands that are suitable for cereal and oilseed production for the benefit of current and future generations.”

In 2008, the Land Use Framework (LUF) set out guiding principles (page 15) for land stewardship that in Alberta, land use decisions will be sustainable, accountable and responsible, ensures that land-use decisions are mindful of consequences for future generations; collaborative and transparent; integrated, taking into account current and new land use on public and private lands and coordinates land, air, water, biodiversity, economic development and social objectives with the region; knowledge based; responsive; fair, equitable and timely; respectful of private property rights; respectful of the constitutionally protected rights of Aboriginal communities.

From 2006 to 2016, Alberta’s population grew by 30% to 4.252 million at an estimated 100,000 people per year. This growth has put significant pressure on urban centres, especially those along the Hwy 2 corridor or the Black Soil Zone in Alberta. Substantial development of residential, commercial, and public infrastructure has been required to manage the growing population and growing economy.

The November 29, 2013 Stats Canada Study: Measuring ecosystem goods and services measured the conversion of agricultural and natural lands to settled areas, and found that between 2000 and 2011, the development of settled areas in and around cities and towns increased by 3,158km, with a 19% increase in the settled area occupying agricultural land and a 29% increase on the very best Class 1 farmland.

Development policies aimed at preserving environmental and natural areas have the potential to take productive land out of agriculture. For example, conservation easements that limit the availability of grazing may have a negative impact on the maintenance of a healthy ecosystem. Policies that restrict grazing on public lands negatively impact agriculture. The Alberta Land Stewardship Act (ALSA) was brought into law in October 2009, and amended in May, 2011. This legislation governs land use in the province of Alberta and does not employ and align with the guiding principles in the Land Use Framework. In particular, the Alberta Land Stewardship Act fails to mention land stewardship or recognize the importance of agricultural productivity in its guiding principles for the development of Regional Plans.

The recently released draft South Saskatchewan Regional Plan, the second of seven regional plans, directly impacts the livelihood of ranchers and farmers in southern Alberta, and the communities that rely on this economic driver. The draft plan was critiqued in the November 2013 Alberta Farmer Express (Vol.10, No.24) as failing to identify and prioritize long-term grazing leases on public lands. The plan increases conservation easements and effectively takes land out of agricultural productivity. The plan also fails to proactively address irrigation and the viability of expanding agricultural productivity in this region.

Without clearly stated objectives and guidelines in the enabling legislation which incorporates the guiding principles in the Land Use Framework, Regional Plans are not required. Nor does it appear that regional plans are being developed with due consideration to the future economic viability of commercial agriculture. They also fail to give adequate consideration to the future social, economic, and environmental impact on Alberta.


The Alberta Chambers of Commerce recommends the Government of Alberta:

Take a leadership role in placing a high priority, ensuring that government policies, legislation and regional planning considers the importance of agricultural operations and the benefits of agriculture to the economy, environment, and the social fabric of Alberta.

Amend the Alberta Land Stewardship Act to include a fourth purpose in section one that states: “(d) to give consideration to the importance of agricultural operations, land stewardship and environmental protection outcomes in land-use planning and decision making.”

*Section 2.0 of the ALSA, defines “land” as “everything in, or under the land.”*
Education
Educate and Foster Entrepreneurship Through MicroSociety

Issue
The MicroSociety program is underutilized, yet incredibly effective learning tool that helps students develop financial literacy, civic, and soft skills resulting in higher student engagement and grades.

Background
MicroSociety create learning environments in grades K-12 allowing students to apply classroom knowledge to a real-world setting. The MicroSociety learning environment offers students authentic, hands-on learning through the creation and experience of dynamic miniature societies, reinforced by educators with classroom curricula. Schools include government, entrepreneurial hub, non-profits, and marketplaces all created and managed by students and facilitated by teachers.19

Students are the MicroSociety government, their bankers, police, store managers/owners, clerks, accountants. They pass laws on taxation, they borrow money to buy a business, they apply for jobs and they hire and fire others. They create and their own goods and services, contribute to community service projects (local charities), and are responsible for solving their own problems. They do job evaluations, bookkeeping and profit-loss graphing, followed by analysis.

Schools that have chosen to institute a MicroSociety program have seen significant improvements in attendance, student engagement, and the grades of participating students. Aspen Heights Elementary School in the City of Red Deer was struggling with a shrinking student population, along with poor attendance and student grades.

After initiating the program in 2009, Aspen Heights Grade Three Provincial Achievement tests went from 64% acceptable and 5% excellent in 2009-2010 to 92% acceptable and 16% excellent in 2011-2012. Discipline referrals to administration dropped from 55 in 2009-2010 to 14 in 2011-2012. The school also sees higher than average student and parent satisfaction and higher attendance. The percentage of parents, teachers and students who are satisfied that students model the characteristics of active citizenship was 96% at Aspen Heights compared to 80% average in the Red Deer School District and 82.5% provincially.20

Aspen Heights has been the recipient of a number of education awards including the Ken Spencer Award for Innovation in Teaching and Learning (2017) and the Alberta Emerald Foundation Award for Environmental Excellence (2017). Aspen Heights was able to replicate similar success stories seen across 251 schools in the United States. Despite the success of the program, there are only 3 schools in all of Alberta utilizing a MicroSociety model.

Alberta Education outlines several core competencies by The Three E’s; engaged thinkers, ethical citizens, and entrepreneurial spirits. Those core competencies include critical thinking, problem solving, managing information, creativity and innovation, communication, collaboration, cultural and global citizenship, and personal growth and well-being. Students show strong development in the areas of mental health, resiliency, confidence, and financial literacy. Educators and parents have described the MicroSociety Program as being


20 “Micro Society”, Aspen Heights Powerpoint Presentation. February 23, 2018
an excellent tool in helping students foster and develop these essential skills. Skills that are key to student’s future success.\(^{21}\)

In an analysis comparing 13 MicroSociety and 13 regular schools in Florida with similar demographics, the MicroSociety schools consistently and significantly outperformed in reading and math with the gap expanding over time.\(^ {22}\) Beyond exceeding standards at basic subjects, students also gain invaluable experience solving real world problems. “During Micro-Time, students often counter unanticipated and messy problems - settling a contractual dispute among students, figuring out how to turn around an unprofitable business, writing and then effectively enforcing legislation to reduce bullying - are dynamic dilemmas which provide opportunities for students to apply their school learning in authentic contexts.”\(^ {23}\)

While MicroSociety models do come with some marginal training costs and involve a degree of complexity to initially set up and administer, the program provides a significant net benefit through its ability to attract and retain students while fulfilling and exceeding curriculum requirements.

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**The Alberta Chambers of Commerce recommends the Government of Alberta:**

Work with MicroSociety to develop and distribute a guide and toolkit for schools that want to have a MicroSociety

Encourage Alberta school boards to create MicroSocieties in k-8 schools across the province with the goal of at least 1 per district by 2025.

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David Kutzik and Associations (2005.)

Economic Development and Trade
Considering the Layered Costs of Government Policies

Issue

Government policies are making it harder for businesses in Alberta to succeed. In the Calgary Chamber’s Fall 2017 Business Leader Market Perceptions survey, more businesses (31%) indicated government regulations and taxes as a challenge to their business than any other factor.

It isn’t just one specific policy, from one specific level of government that is making it harder to run a business. Rather a myriad of policies, from all three levels of government, are layering costs on the business community. By making it harder to run a business, this “layered cost impact” is resulting in fewer job opportunities, higher prices, and is discouraging investment. It is reducing the ability of current businesses to expand and new businesses to start-up. And by making it harder to run a business during an economic downturn, these costs have contributed to the permanent closing of Alberta businesses.

Background

There are numerous policies that have been implemented by all levels of government that have been driving up business costs. As illustrated in the table below, when considering higher minimum wages, rising municipal property taxes, and Alberta’s carbon levy, it’s clear that businesses are facing significant cost increases. 24

Layered cost impact for Calgary businesses by industry – Cost increase between 2016 and 2018 25

<table>
<thead>
<tr>
<th>Industry</th>
<th>Median Cost increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport and Delivery</td>
<td>$856,727</td>
</tr>
<tr>
<td>Restaurant and Hospitality</td>
<td>$60,710</td>
</tr>
<tr>
<td>Retail</td>
<td>$7,643</td>
</tr>
<tr>
<td>Service Providers</td>
<td>$2,680</td>
</tr>
</tbody>
</table>

Analysis by the Edmonton Chamber also illustrates the large costs facing Alberta businesses from all levels of government. Using KPMG’s 2014 Alternatives data, the Edmonton Chamber estimates Edmonton manufacturing and corporate services sector businesses will see their costs increase by $336,000 between 2014 and 2018 due to policies implemented at the federal and provincial level. 26


25 In some industries, the layered cost increase is less than the cost due to a specific policy. This is because certain businesses within the industry are impacted significantly by an individual policy, while other businesses in the industry were not impacted, or saw a reduced property tax bill. Thus, when all businesses and policies are compared in the layered cost figures, lower cost businesses and policies pull the median down in certain industries.

The rest of this section will outline various policies, from all levels of government, that have been driving up business costs and reducing Alberta’s competitiveness.

*Increased business taxes*

At the federal level, recent tax changes targeted at Canadian Controlled Private Corporations (CCPCs) could increase the overall tax burden facing family businesses, likely reduce the available funds that can be reinvested in the business community,\(^{27}\) and increase the complexity of the Canadian tax system. These changes have been implemented in addition to other federal tax changes that have increased business tax obligations. For example, beginning in 2016 the tax rate on investment income earned within a CCPC increased by 4 percentage points.\(^{28}\)

Alberta businesses are also facing greater tax burdens at the provincial level. While Alberta had the lowest corporate income tax rate in 2014, after increasing by 2 percentage points, Alberta’s corporate income tax rate is now tied with Manitoba for fifth highest in Canada.\(^{29}\)

Along with tax increases at the federal and provincial levels, many businesses in Alberta are facing greater tax burdens from their municipal governments. For example, in 2017, approximately 6,000 Calgary businesses outside the downtown core saw their property taxes increase significantly as the increasing downtown vacancy rate led to greater tax burdens for businesses in surrounding communities. Some businesses reported a tax increase as high as 200%. Although property tax relief helped mitigate these costs, businesses will likely face similar future increases if the underlying issues are not addressed.

While Canada’s tax system continues to impose greater costs on business, other jurisdictions are taking significant strides to improve their tax competitiveness. Due to the recently enacted *Tax Cuts and Jobs Act*, the U.S. marginal effective tax rate on new investments – considering corporate income tax rates and deductions, sales taxes on capital purchases, and other capital-related taxes – will significantly decrease. In fact, the U.S. aggregate METR decreased from 34.6% to 18.8%, below Canada’s METR of 20.3%.\(^{30}\)

*Rising labor costs*

\(^{27}\) Legislation on passive investment tax planning strategy will be announced in the 2018 federal budget, released on February 27, 2018.


\(^{29}\) This is before any provincial budgets have been announced in 2018. For full analysis on Alberta’s relative tax advantage compared to other provinces see: Ben Eisen, Steve Lafleur, Milagros Palacios, “The End of the Alberta Tax Advantage,” Fraser Institute (January 2017), [https://www.fraserinstitute.org/studies/end-of-the-alberta-tax-advantage](https://www.fraserinstitute.org/studies/end-of-the-alberta-tax-advantage).

At the federal level, the expansion of Canada Pension Plan will require businesses to make greater contribution beginning in 2019. Changes to Canada’s employment insurance system could also result in greater premium costs.

At the provincial level, Alberta businesses are facing many changes that will increase the cost of labor. Alberta’s minimum wage, when fully implemented, will have gone up 47% in just three years. Compared to 2016, the median cost increase that an impacted Calgary restaurant and hospitality business surveyed in Chamber’s layered cost assessment will face due to the minimum wage is $51,720.

However, by only considering the higher costs to pay minimum wage staff, this calculation does not illustrate the full cost to business due to minimum wage increases. When the minimum wage increases, employees that are higher-up the pay scale also look for a raise, including some managers that are not the intended target of the policy. During the Calgary Chamber’s layered cost consultations, 52% of businesses indicated that they also increase wages to higher paid staff when the minimum wage increases.

The minimum wage increase represents a clear example of how greater costs on business is resulting in unintended consequences for the broader community. During the Calgary Chamber’s layered cost consultations, 55% of businesses surveyed with minimum wage staff reported staff layoffs due to the minimum wage increase. 36% of all businesses surveyed indicating they would likely need to lay off staff when the minimum wage reaches $15 this fall.

Alberta businesses will also be impacted by the province’s newly legislated Bill 17: The Fair and Family-friendly Workplaces Act. Bill 17 makes it possible to certify a union without an employee vote, allows employees to be automatically eligible for paid and unpaid holidays even if the holiday does not land on a regular work day, and mandates overtime be banked at 1.5 hours for every hour worked. In 2017, the Alberta Government also passed Bill 30: An Act to Protect the Health and Well-being of Working Albertans. Bill 30 will result in new costs and administrative burdens for businesses due to expanded employer obligations, the elimination of a maximum insurable earnings cap, and the expansion of worker compensation benefits.

Greater costs from energy regulations

Alberta businesses are also facing greater costs from Alberta’s carbon levy, which is currently set at $30/tonne of CO2. The median cost increase for impacted restaurants and hospitality businesses surveyed in the Calgary Chamber's layered cost assessment due to the carbon levy in 2018 is $36,408. The federal government has implemented a carbon pricing backstop, mandating Alberta’s carbon levy to rise to $50/tonne of CO2 by 2022.

While 73% of businesses surveyed in the Calgary Chamber’s layered cost assessment indicated that their costs will increase due to the carbon levy, only 21% of those businesses plan on passing the carbon costs to their customers. With the recent economic downturn, many small and medium-sized businesses do not believe that their customers can or are willing to pay higher prices. Therefore, they are reluctant, or unable, to pass the cost increases on to their customers. Many business owners – along with their workers and investors – have had no choice but to “eat” a large portion of the costs. In many circumstances, the higher costs paid by the business means there is less available funds to reinvest in wage, job, or business growth.

A price on carbon may be the most cost-effective way to reduce GHG emissions. However, Alberta’s carbon levy has been put in during tough economic times, is creating market distortions, and is being layered on top of other regulations and interventions including a total limit on oil sands emissions, methane standards, and a mandated coal phase out.
The Alberta Chambers of Commerce recommends the Government of Alberta and the Government of Canada:

Consult businesses on policy changes and undertake a “layered cost assessment” as part of the policy development process.

Look for business-centered solutions when attempting to achieve social policy objectives. The Alberta Government can achieve this by:

Stopping minimum wage increases until an in-depth analysis can be completed on its impact on provincial economic activity and employment. The Alberta Government could, instead, consider targeted approaches to poverty alleviation including an expansion of the Alberta Family Employment Tax Credit to cover the full demographic of low-income working Albertans. And;

Taking a more balanced approach to the Climate Leadership Plan by recycling a greater portion of the carbon levy’s revenue by offsetting corporate income taxes, limit market distortions created by subsidy programs, and use the carbon price to substitute, rather than add on to existing regulations.
Creating a New Pharmaceutical Industry in Canada

Issue
A thriving pharmaceutical industry is growing poppies for medicinal use in the United Kingdom, Europe, and Australia, but not in Canada. This not only presents a large diversification option for the Southern Alberta agricultural sector but offers long term employment and growth opportunities for this and numerous other industries.

Background
A new variety of poppy with high levels of thebaine can be used to produce prescription drugs such as oxycodone and codeine and does not contain the narcotic properties of traditional poppies.

With a thriving pharmaceutical industry growing poppy for medicinal use in the United Kingdom, Europe and Australia, Canada - as a major importer of these products – has not been involved in the growing of poppies. Additionally, Canada is the only G8 country that does not grow or process the raw materials for pharmaceutical processing. With Canadians purchasing over $600 million in prescription medications derived from poppies in 2011, Southern Alberta has an opportunity to change this.

In 2014 alone, Alberta saw domestic exports in excess of $121 billion. Of this figure, the U.S. accounts for 90.2%, or $109.5 billion of Alberta’s exports. Under trade agreements such as the North American Free Trade Agreement, this industry has the potential to serve a market in the U.S., in excess of $5 billion thereby increasing net exports from Alberta as a whole.

Only a handful of locations have the ideal growing conditions for a high thebaine content poppy crop in our country. As such, this crop has the opportunity to provide Southern Alberta with a new industry through a diversification of the agricultural sector, as well as promote continued long-term job creation and stability.

As a hub for educational opportunities, Lethbridge and Southern Alberta is promoting innovation and diversification in all industries. A recent Memorandum of Understanding between the University of Lethbridge and the Lethbridge College has committed both institutions to furthering research opportunities in agriculture and agribusiness. Adding to the impact of education and research on agriculture, the Lethbridge Research and Development Centre is one of Canada’s largest agricultural research facilities. Its location in the Southern Alberta market provides a suitable long-term strategy to ensuring growth and diversification in the agricultural industry.

Agriculture Canada, on the one hand, supported the project with a $450,000 repayable loan in 2012 to establish poppy cultivation and develop the high-value crop. Private sector investment supplemented the government repayable loan which was supposed to be repaid using commercial poppy seed sales. Loan


payments have been made since 2016 yet Health Canada has yet to grant the necessary licensing for commercial sales to begin.

It is critical for the federal government to allow the private sector to innovate and find new, value-added opportunities by using our soil, water, processing factories, and research scientists. Promoting the success of public-private partnerships in the growth and diversification of the Southern Alberta market will lead to a long-term sustainable economy.

The Alberta Chamber of Commerce supports the creation of a cluster of biological science industries that would match farm commodities with biotechnical research. This approach has the potential to stabilize the foreign exchange fluctuations that negatively affect the international competitiveness of many agricultural and manufacturing sectors.

**The Alberta Chambers of Commerce recommends the Government of Alberta:**

Communicate the importance of the thebaine industry to the Government of Canada; and Engage, invest in and provide support to this new emerging industry as part of the long-term strategy for economic diversification for the province of Alberta. This can be accomplished by possibly providing incentives to encourage the industry to locate and remain in Alberta.

**The Alberta Chambers of Commerce recommends the Government of Canada:**

Support the creation of a new pharmaceutical industry by recognizing the potential of farming and processing of high-level thebaine poppy in Canada for the pharmaceutical industry; and that applications be expeditiously reviewed and approved by Health Canada and the Canadian Food Inspection Agency to help diversify the economy.
Extension of Hours at the Port of Wild Horse

Issue

Alberta is Canada’s second most robust provincial economy with the second highest GDP per capita and an economy driven by its ability to export products and services. As a result, transportation and logistics plays a critical role in our economy, as it supports a variety of industries across the province. Yet, with one of the best transportation systems in Canada, we still have only one full-service commercial port of entry between Alberta and the U.S. There is a need for better access and hours at our border to facilitate efficient trade between Canada and the US.

Background

Canada and the U.S. enjoy one of the most prosperous relationships in the world, with a staggering volume of bilateral trade totaling $886 billion in 2015 as well as close to 400,000 people crossing our shared border each day.

In particular, Montana and Canada continue a profitable trading relationship with bilateral trade flows totaling $4 billion in 2015. Moreover, Canada continues to be Montana’s most important customer with total Montana exports to Canada at $504 million in 2015 while total Montana imports from Canada totaled $3.5 billion. From 2011-2015 Alberta’s exports to Montana have averaged $2.52 billion annually with exports to Montana in 2015 totaling $2.02 billion. These exports consist of primarily oil and natural gas, fertilizers, food wastes and cereals.

While 75 percent of Alberta’s exports to the U.S. were carried by pipeline, 11 percent was carried by truck, representing a value of $8.67 billion. Almost 78 percent of all exports to the U.S. were destined for the central, northeast and southeast parts of the country. In the same year, 42 percent or $7.54 billion worth of imports from the U.S. were carried by truck. Almost 76 percent of this total originated from the central, northeast and southeast U.S.

With the fewest number of highway/land border crossings within Canada, Alberta is also currently the only province bordering the U.S. to have one 24-hour border crossing, situated in Coutts, Alberta.

Wild Horse is a critical link in the Eastern Alberta/Eastern Montana trade corridor with ramifications that extend as far north as the Fort McMurray oil sands and as far south as tidewater in Mexico. However, it is also a principal choke point, a constraint on north-south traffic and trade, because of limited hours of service and a critical lack of facilities and infrastructure.

Presently, between May 15 and September 30, Wild Horse is open for travelers from 8:00AM to 9:00PM (13 hours/day). Between October 1 and May 14, the hours are 8:00AM to 5:00PM (9 hours/day). For commercial traffic the hours are 8:00AM to 5:00PM Monday to Friday, year-round.

In addition to the limited hours, another barrier to Wild Horse is also the lack of an Electronic Data Interchange (EDI), which facilitates the electronic transmission and interchange of cargo, release and accounting data issued by customs brokers. Wild Horse is set up as an automated port of entry but has not yet been activated in this mode. Fiber-optic cable service is also available at Wild Horse, which may or may not be in use.

Despite these setbacks, in 2012, Wild Horse was the third busiest border crossing in the region in terms of average annual daily traffic – behind Coutts/Sweetgrass and Raymond/Regway. It accounted for two-way daily traffic of 160 vehicles compared to Coutts/Sweetgrass at 1,790 vehicles and Raymond/Regway at 290 vehicles\(^{37}\).

A larger share of Alberta’s commercial truck traffic with the U.S. would be more directly served by the Port of Wild Horse. Consequently, much of Alberta’s commercial traffic moving to/from the central, southeast and northeast U.S. would achieve substantial cost savings by transiting at a de-constrained Wild Horse border crossing.

There have been designated funds by the Canadian government, with $440 million slated for border facility improvements at 77 ports-of-entry across the country, $114 million of which has been targeted to the prairie ports. The program includes the design of modular buildings of varying size for locations like Wild Horse, which will be installed over a period of years. The proposed Wild Horse improvements also include new staff housing, which will reduce the need for officers to commute quite as often from communities like Medicine Hat and will serve to keep the port open during inclement weather.

Supporting the need for improved levels of service at the Port of Wild Horse is the economic activity north and south of the border. The community-of-interest and shared commonalities between Alberta and Montana contribute significantly to the case for service improvements. Both jurisdictions are heavily invested in industries like agriculture, tourism and oil and gas, which foster cross-border trade in commodities, services and people. Additionally, there are two trade corridor initiatives that will help to

nurture the success of an upgraded Wild Horse port-of-entry through advocacy for enhanced economic development and improved transportation infrastructure in the regions north and south of the border including both the Eastern Alberta Trade Corridor and the Ports to Plains Trade Corridor.

Potential benefits of an improved Wild Horse port include reduced mileage costs for commercial truckers, enhanced economic development in the Eastern Alberta Trade corridor, more moderate traffic growth at Coutts-Sweetgrass, more effective utilization of staff and facilities at Wild Horse, and a shift of traffic away from the heavily used U.S. Highway 15/Alberta Highway 2 corridor to underutilized highways in eastern Alberta and eastern Montana, like Highways 41 and 232.

The expansion of the Wild Horse port to a 24-hour commercial port facility will increase connectivity of the regions by reducing travel time and uncertainty. It will lower costs for businesses in transportation-related sectors and to those who buy and sell goods and services from outside the region. We need to encourage the further development of north/south trade and remove delays, restrictions and limitations on crossing times and access. The congestion of truck exports and imports via the Coutts/Sweetgrass port could also be serviced by an upgrade to the Wild Horse port.

Investment leads to trade, as companies’ activities increasingly become part of the global value chain, necessitating not only clear and open investment rules, but also ensuring that goods and services produced in our region can be transported easily to market. To be part of this chain, Canada and the United States must not only be open to these cross-border opportunities but must also ensure the goods and services produced have easy access to markets in both countries as well as internationally.

It is in the best interest of Alberta and Canada to expand trade linkages with the United States through transportation crossings and corridors that link Canada to the United States to facilitate a growing trading market. A continued effort is needed to eliminate the obstacles that continue to prevent the expansion of the Wild Horse facility and promote this as access to a north-south trade corridor.

The Alberta Chambers of Commerce recommends the Government of Alberta work with the Government of Canada to:

Extend the existing hours of the Wild Horse Border crossing to 13 hours, 365 days a year in an effort to work towards the creation of a second 24-hour commercial port in Alberta.

Make the Wild Horse Border Crossing an automated Port of Entry with full Electronic Data Interchange (EDI) equivalency.

Accelerate dialogue with U.S. counterparts to provide support for their initiatives and ensure that the hours and services at Wild Horse consistently match the U.S.

Improve the structures and facilities on the Canadian port side to better serve present needs and eventually serve as the foundation of a full-service commercial port.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Evaluate needed upgrades to the highway corridors serving the port facility.
The Canadian Chamber has been advocating for the government’s initiative to update the voluntary federal (Competition Bureau) guidelines governing the use of the “Made in Canada” and “Product of Canada” labels. The updated guidelines will allow Canadian consumers to more easily identify the Canadian content in food and manufactured products and allow goods “made” or “produced” in Canada to be the sole beneficiaries of Canada’s international reputation for high quality production.

The Alberta Chambers of Commerce recognizes the contribution of agriculture to the provincial economy and that enhancing the strength of the sector is an important priority. Several organizations, including the Canadian Chamber of Commerce, have initiated “branding Canada” proposals to enhance our country’s image and advantages.

It is particularly important for Alberta’s agricultural sector to join in this drive to overcome the effects of adjusting currency values, provide a market-based incentive to increase value added in the farm and food processing industries, and to provide a marketing link between grown-in-Canada product and the very strong Canadian standards for food safety and environmental stewardship.

In August 2006, Meyers Norris Penney was commissioned to do a market assessment of consumer demands for a Canadian label. Some of the significant results were:

- 90 per cent of Canadian consumers felt Canadian-grown products should be easily identifiable in stores
- 95 per cent of consumers would prefer to buy Canadian-grown products that are competitively priced
- 80 per cent of those surveyed felt a “Canadian label” concept was a good/very good idea, with the most appealing aspects being its connotation of quality attributes and ease of identification
- 46 to 50 per cent of consumers were willing to pay premiums for “labelled” beef, pork, poultry, grain, vegetable, and fruit products
- 73 per cent of consumers were willing to pay more of a premium if they knew the premium would go to Canadian farmers

Overall the results showed strong support by Canadian consumers for Canadian-grown products.

Further, the Agricultural Policy Framework (APF) and Growing Forward 2 policies of the federal, provincial, and territorial governments both feature branding Canada as a theme. However, much more progress needs to be made on this file.

The Canadian Chamber of Commerce in its January 2008 report *Easing the Burdens, unleashing our Potential: Fostering Growth and Investment in the New and Changing Global Commercial Environment* states that our position in the world and export growth should be tied to “a pan-Canadian brand, with common logos, images and themes.”
Alberta’s agricultural sector is an ideal place for the Government of Alberta to start vigorously implementing the mandate of APF and Growing Forward 2 to label Canada, promote locally grown and processed product, and brand our exported agri-food products.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Work to achieve the goal of the Agriculture Policy Framework and Growing Forward 2 to create a voluntary “Grown-in-Canada” label, logos, images, and themes that would identify with a 100-per-cent Canadian-grown product.
- Limit protectionist agendas and technical barriers to trade, especially within the World Trade Organization Technical Barriers to Trade rules and Codex standards.
- Ensure that government policy works to develop branding skills and knowledge among farmers and processors.
- Support the Canadian Chamber of Commerce in advocating a bold initiative by the federal government to create a Canadian brand in the international market.
Managing Impacts of Layered Legislation

Issue

Bill 17: The Fair and Family-friendly Workplaces Act and Bill 30: An Act to Protect the Health and Well-being of Working Albertans are viewed as comprehensive pieces of legislation that have been passed with very short consultation periods and an inadequate timeframe for employers to adjust. The changes have placed pressure on organizations to meet new legislation standards with limited additional resources from the government, coupled with a lack of understanding by Government of the time commitment and requirements to adjust and implement the changes legislated. With the final Employment Standards regulations being passed at the beginning of December and the new standards coming into effect on January 1, 2018, it did not leave sufficient time for employers to change their own internal processes, IT systems, and communicate with staff. Often human resource and occupational health and safety duties in an organization can be carried out by the same person, who may also carry additional duties or in many cases rest solely on an employer or manager. The changes and magnitude of information to digest caused immense increased workload and uncertainty for businesses trying to understand the implications of the changes. This has included cost and time to implement the changes and become compliant. This not only unfairly burdens employers, but also impacts overall operations, as employers must ultimately shift focus away from day to day operations to adjusting to these changes.

Background

Bill 17: The Fair and Family-friendly Workplaces Act was first read on May 24, 2017, receiving Royal Assent on June 7, 2017 with the final regulations being passed in early December 2017 and coming into effect on January 1, 2018. One of the primary reasons for this bill being introduced was because the rules that govern our workplaces had not been updated since 1988. The purpose was to provide Albertans with modern, balanced workplace legislation that protects the rights of hardworking Albertans and helps businesses to stay competitive.

However, the challenge with the legislation has been more about the lack of consultation, education, awareness and balanced approach that workplace legislation should require. There was a significant difference between how the change in legislation was handled in 1988 and how the legislation was most recently handled. With only 36 days of consultation compared to the previous two-year process and thorough review. When the legislation was last amended in 1988, a specific commitment was made to a thorough review of labor legislation in the province. There was some discussion about how that commitment should be met, and there was an unprecedented process initiated. The process, first of all, was that of appointing a multisector-based committee of Albertans38. With the speed at which the changes occurred most recently, the very narrow consultation period and short implementation period, there remains the question as to how this resulted in balanced workplace legislation that would help business stay competitive.

Additionally, Bill 30: An Act to Protect the Health and Well-being of Working Albertans was first read on November 27, 2017, receiving Royal Assent on December 15, 2017 with most changes coming into effect

June 1, 2018⁹ and some amendments to the Worker’s Compensation Act coming into force on January 1, 2018. There was 9 weeks of consultation⁴⁰ with input closing on October 16, 2017. The purpose of this bill was to update occupational health and safety requirements and to enshrine the three rights for workers, making sure that harassment is defined and included in occupational health and safety, making sure that responsibilities for all workplace parties are clearly defined, and on the WCB side making sure that we have a sustainable system that provides the supports that Alberta’s workers need⁴¹.

Both of these Bills have introduced questions and concerns with affected employers, with uncertainty in some areas, a lack of clarity in others and minimal promotion, education and support currently provided on these changes. Call centers have experienced higher than normal call volumes coming into January 2018, with online inquiries receiving an automatic reply to allow three working days for a response.

The primary concern remains with the disconnect that exists between Government legislation and those that are required to implement the changes. It is unclear to stakeholders as to why the Government continues to feel that legislation needs to be passed so quickly without appropriate and adequate consultation and subsequent education with stakeholders to ensure a balanced and fair approach to legislation is taken.

**The Alberta Chambers of Commerce recommends the Government of Alberta:**

- Reduce the frequency and speed of legislative changes, taking into consideration the scope and implementation requirements of legislative changes being proposed;
- Ensure that there is inter-departmental collaboration within ministries to avoid layering of legislative changes and the subsequent impacts;
- Take a balanced approach in both consultation and legislative changes to reduce burden on business and provide for a reasonable time for consultation, implementation or enforcement period, while taking into consideration economic, cost and implementation impacts;
- Provide an overview of legislation changes that are being considered in advance that will have an impact on specific stakeholder groups so that organizational changes and workload requirements can be determined and planned for in advance;
- Conduct additional consultation with stakeholders after legislation is first introduced to identify any gaps, challenges or implementation concerns to ensure legislation and regulations are balanced and can be clearly interpreted once coming into force;
- Provide more timely and accurate information and education to impacted stakeholders in advance of changes, providing stakeholders time to adjust to long term decisions around change management and operational systems;
- Implement additional staff training, extended hours and increased support in government call centers that will be subject to increased volume and inquiries as a result of legislative changes.
- Ensure timing of legislative changes and information is done with enough advance notice that businesses can plan in order to prevent administrative burden from occurring right at or before a

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⁹ Occupational health and safety changes: [https://www.alberta.ca/ohs-changes.aspx](https://www.alberta.ca/ohs-changes.aspx)


calendar year end when businesses and organizations can be closed, on skeleton staff or managing yearend activities.
Market Access for Alberta Based Energy Products

Issue

Alberta businesses will benefit from policies that help our people, products and services find new markets. Better market access will promote increased growth in the resources extraction and value-added industries. Action needs to be taken by the Government of Alberta to facilitate its existing hydrocarbon industry and attract more companies.

Background

Alberta’s vast supply of hydrocarbon resources have provided the province with a wealth of investment opportunities. The industries that extract these resources and add value through further processing to meet market demands serve as important sources of long-term job creation, and they generate lasting benefits for municipalities, the province, and the country. High-paying jobs means economic activity and tax revenue to support communities and government programs.

Our pipeline infrastructure has economic significance to Albertans and all Canadians. Due to the lack of pipelines to markets other than the U.S., Canadian producers are forced to sell their products at a discounted price. Bottlenecks in our infrastructure have exacerbated the price gap between Western Canada Select (WCS) and West Texas Intermediate (WTI), which has ranged from $7 to nearly $40 per barrel in recent years. This discount on Alberta oil has a severe negative impact on our economy. The Canadian Chamber of Commerce estimates that a $10 improvement in the price differential would result in $50 million injected into Alberta’s economy every day. Continued pipeline paralysis amounts to an extraordinary transfer of wealth from Canada to the United States.

Market access impacts the value-added sector as well. The American Chemistry Council estimates that while over $250 billion in new chemical investments are announced or underway in North America, only 1% of this investment is in Canada. Investors have identified the transportation service being a concern in competitively accessing markets in a timely manner. Alberta has seen investors more inclined to invest in the US to hedge against logistical uncertainty and to guarantee access to tidewater than invest locally. As Alberta promotes further investment opportunities to build upon our existing industries, it will be critical to ensure that all pipeline, road, and rail transportation services are readily available and provide reliable and competitive service that supports the government’s strategy for product and market diversification.

The energy industry has been a critical component in the growth of Alberta’s economy. Economic surplus captured by Alberta businesses is reinvested in the economy and creates a more productive and prosperous population. Tax revenues that flow from the hydrocarbon industry provide stable cash streams to support the delivery of services by government. The greater the economic value that is captured from the hydrocarbon industry, the greater the well-being of Alberta’s business community and population.

42 Alberta Economic Dashboard
43 http://www.chamber.ca/media/blog/130917-50-Million-a-Day/
In 2018, the Government of Alberta established the Market Access Task Force to respond to challenges facing the construction of critical infrastructure projects, namely, the Trans Mountain Pipeline Expansion Project\(^{45}\). The objectives of this Task Force are,

- consider any and all measures to ensure that all provinces respect their constitutional responsibilities
- assess Alberta’s current national market access situation including pipeline and rail infrastructure, issues, opportunities, economic impacts, legal implications and relationships
- openly share information and intelligence among Task Force members to ensure decisions are fully informed
- provide recommendations to advance Alberta’s oil and gas market access though pipelines, rail or other means
- provide advice for tangible market access promotion that Alberta could consider and act as an informed and confidential sounding-board to test Alberta government responses to market access issues
- explore opportunities for government and industry to work jointly to advance Alberta’s oil and gas market access
- provide legal advice to government on priorities and mechanisms to leverage efforts where engagement actions are being considered
- prepare responses to market access decisions and policy changes in other provinces over which Alberta has limited influence

**Conclusion**

The element of the supply chain that is the greatest threat to expanding the hydrocarbon industry in Alberta is access to markets. The vast majority of our raw crude oil, natural gas resources, and value-added products such as refined petroleum and petrochemical products are exported to the United States. This domination of a single customer is not efficient, nor does it provide opportunity to capture the full value that petrochemical products command in international markets.

Expanded infrastructure to access diverse markets for hydrocarbon products can position Alberta businesses to fully benefit from the hydrocarbon industry in the long term, by transforming Alberta producers from price takers into leaders.

**The Alberta Chambers of Commerce recommends that the Government of Alberta:**

- Facilitate the development of new market access for Alberta’s raw energy resources and value-added products, which includes development of energy transportation infrastructure such as pipelines and railways to tidewater.
- Support the objectives of the Market Access Task Force

\(^{45}\) [https://www.alberta.ca/market-access-task-force.aspx](https://www.alberta.ca/market-access-task-force.aspx)
Promote Agribusiness Growth Opportunities by Reducing Barriers to Interprovincial and International Trade

Background

Current federal legislation does not allow for meat, poultry, eggs, dairy products, fruits and vegetables to cross provincial/territorial borders, or to be exported out of Canada unless these products are processed in a federally licensed facility. The new Safe Food for Canadians Act will expand this to include all foods shipped out of province/territory. The Canadian government claims that this is required to ensure that Canada fulfills its commitments under current world trade agreements.

Currently, implementation of Canadian Food Inspection Agency (CFIA) regulations and licensing requirements is cost prohibitive to many small to mid-sized processors and constitute a major barrier to interprovincial and international trade. The processor’s share of these costs is excessive when compared to costs incurred by their competitors for similar services in other jurisdictions, notably in the USA. This places Canadian processors at a disadvantage to many competitors.

SME’s advise that current CFIA food safety regulations are outdated and need to be revised to remove unnecessary regulations that lack adequate scientific validation of enhancing food safety outcomes while creating a significant impediment to business interests. There is also a need to minimize duplication of administration costs between provincial/territorial and federal regulators.

Facility construction requirements, along with steep inspection, licensing and testing fees all constitute major obstacles for processors that want to trade interprovincially or internationally. Unified provincial/territorial standards and regulations, with increased accessibility to federal licensing would be of significant financial benefit to small and medium sized processors that want to increase their business through interprovincial or international trade. Easy to implement, cost-competitive, and uniform food safety standards and regulations, for both interprovincial and export markets, are required, without compromising food safety standards.

With the current CFIA modernization in progress, it is important to the competitiveness of Canadian businesses to reduce barriers to trade and enhance business growth opportunities. This is especially important with the impending impact of the Comprehensive Economic and Trade Agreement (CETA).

Canadian processors trading interprovincially or internationally operate at a disadvantage to international competitors. For example, the United States Department of Agriculture Food Safety and Inspection Service (USDA FSIS) does not levy licensing and inspection fees on their food processing plants (up to the first 40 hours per week^46.) As a comparison, the Province of Alberta charges $4 per hour for the first 7.25 hours per

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CFIA inspection stations cost from $9,855 per year for one red meat station to $16,218 per year for a poultry station. If an abattoir is processing more than 25 cattle/hogs per hour or 28 birds per minute, they must purchase an additional table. There is also the requirement to pay for inspection fees and various tests for Listeria, Salmonella, and E.Coli.

Before food products are imported into Canada, the CFIA conducts an initial inspection of the processing plant from which these products originated, and then conducts random inspections of the imported products. This same oversight and outcome-based approach should be applied to all interprovincial and international trade.

Interprovincial trade of agriculture and food products comprises a major portion of the Canadian agri-food business. “From 2000 to 2005, interprovincial exports of agricultural and food products were higher than Canada’s agri-food exports to the United States. Interprovincial exports of agri-food products rose by 20% during this period, increasing from $21 billion to $25 billion in value. During this period, the value of agri-food exports to the United States was between $16 billion and $20 billion.”

While the exact cost of interprovincial trade barriers caused by differing food regulations is not known, the Canadian Chamber of Commerce estimates that internal barriers to trade cost the Canadian economy up to $14 billion each year. While much of this loss can be attributed to the limited potential customer base, there is also a 55% overlap of administrative and regulatory service between Canada and Alberta.

Despite numerous efforts to reduce interprovincial trade barriers such as the Agreement on Internal Trade (AIT) and regional trade agreements such as the New West Partnership Trade Agreement (NWPTA), the Atlantic Procurement Agreement (APA), the British Columbia – Alberta Trade, Investment, and Labour Mobility Agreement (TILMA), and the Agreement on the Opening of Public Procurement for Ontario and Quebec (AOPPOQ), the problems persist and are an obstacle to the growth and profitability of Canadian businesses.

**The Alberta Chambers of Commerce recommends the Government of Alberta:**

Works collaboratively with provincial/territorial and federal inspection agencies to effect positive changes to food safety outcome inspections, enabling processors to compete more efficiently in both domestic and international markets:

To support a single industry outcome that can be implemented with consistency and cost-effectiveness across Canada by the provinces/territories, with each provincial/territorial regulator subject to Canadian Food Inspection Agency oversight.

The food safety regulations need to be reviewed for relevancy and modified/broadened if current criteria are unnecessarily restrictive and insensitive to sound business interests.

The implementation must be consistent and cost-effective throughout the food distribution chain, without compromising Canada’s reputation for high food safety standards.

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To encourage the Canadian Food Inspection Agency and provincial/territorial agencies to shift away from a rules-based regulatory regime to an outcomes-based food safety discipline, with the onus on the processor to meet targeted safe food standards. Reassess inspection and regulatory costs and how they are allocated, to enable processors to trade across provincial or national borders, without being at a competitive disadvantage.
Support Biotech in Agriculture

Issue

Advancements such as biotechnology and in particular Genetic Engineering have enabled farmers to provide a safe, reliable and economic source of food to Canadian consumers. This science has greatly increased crop yields, while dramatically decreasing the overall pesticide load associated with growing crops. It has also facilitated the widespread adoption of reduced or zero-tillage thereby significantly increased soil and water quality while reducing carbon dioxide emissions.

The message largely being transmitted by activist groups to the populace regarding Genetically Modified Organisms (GMO) is of mistrust and fear and not at all backed by the scientific reality. This poses a significant threat to the agriculture industry and as a result, global food security. In fact, GMO technology is an invaluable tool for the agriculture industry with a myriad of associated benefits such as GMO Insulin and treatment for hemophilia. Despite strict regulatory oversight and innumerable studies verifying the safety of GMO foods, public perception is very poor and damaging the value of our world class agriculture products.

Farmers, who represent less than 1% of Canadian population, have difficulty in making their voices heard in society51. Urbanites and those removed from agriculture have difficulty gaining accurate information regarding how their food is grown and sufficient insight as to the vast complexities and technology advancements associated with modern agriculture. This has created a disconnect between the reality vs perception of modern agriculture, especially when it comes to GMO crops.

Thus, it is important that The Chamber of Commerce recognize how vital biotechnology is to farmers, to agriculture, to agribusiness, to consumers and to the Canadian economy.

Background

Genetically Modified Organisms (GMOs) is the evolution and usage of modern science to combine desired traits in plants. For thousands of years ago farmers realized they could vastly increase their yields by combining and focusing on certain traits of organisms. Only the most productive livestock would be allowed to reproduce and only the seeds from the largest and most productive crops would be planted the following season. Thus, the food we eat today is the result of thousands of years of genetically engineering organisms through selective breeding. The recent evolution of the very useful Canola from the far less useful Rapeseed is a perfect example of the incredible benefit selective breeding can have on agriculture52.

GMOs have resulted in a massive leap forward in modern agriculture by creating species of plants that increase yields, increase water efficiency, reduce the need for pesticides, reduced fertilizer, and even reduced tillage (a significant source of green house gas)53. Not only will GMOs play a major role in feeding a

51 Census of Agriculture, number of farm operators per farm by age, http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0040239&pattern=0040200..0040242&tabMode=dataTable&srchLan=-1&p1=1&p2=50


growing population reliant on very few food exporters, but they will also play a major role in reducing the environmental impact of agriculture.

There have been innumerable studies done over the past 25 years documenting that biotechnology does not pose an unusual threat to human health and that GM foods are completely safe. The American Association for the Advancement of Science made their official statement on genetically modified foods:

“The science is quite clear: crop improvements by the modern molecular techniques of biotechnology is safe ... The World Health Organization, the American Medical Association, the U.S. National Academy of Sciences, the British Royal Society, and every other respected organization that has examined the evidence has come to the same conclusion: consuming foods containing ingredients derived from GM crops is no riskier than consuming the same foods containing ingredients from crop plants modified by conventional plant improvement techniques.”

Today’s Canadian GMO crops include corn, soybeans, sugar beets and canola, are of tremendous importance to the Canadian economy. Canola alone is now sown on over 20 million acres and provides a $19 Billion contribution to the Canadian economy. Since the introduction of GMO Canola in 1995 (comprising 90%+ of cdn canola), yields have climbed from 21 bushels per acre to over 41. Soil erosion has decreased 66%, greenhouse gas emissions have decreased by 26%, and fuel usage has been reduced by 31%. Since the introduction of GMO corn in Ontario, yields have climbed 69% while herbicide and insecticide use has dramatically decreased.

Additionally, there are many Genetic Engineered traits that will greatly enhance food quality such as the Arctic Apple which is engineered to resist browning. The newly approved Innate Potato resists bruising, reducing waste, and has reduced levels of asparagine, a compound that increases levels of the likely carcinogenic acrylamide. Despite the plethora of benefits many businesses refuse to use GMO products because of the public’s negative misconceptions. Canada has been a leader in the development and adoption of Genetic Engineering in agriculture resulting in her having a leadership role in the use of this technology globally. This has enabled Canada to be one of six countries in the world capable of exporting food.

Food producers are continually stressed to keep up with demand from a growing population with a quickly rising middle class desiring more input intensive food. 75 years ago, 1 farmer only made enough to feed 19 people. In 2010 that number rose to 155 people and the reason is the massive leaps forward in technology.


57 Ibid.


It’s imperative for the ongoing economic viability of the agriculture sector and the food security of our nation that genetically modified foods to be properly recognized as the safe and stable source of food that they are.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Encourage increased science and social science-based communication and education of Genetic Engineering in agriculture
- Support Health Canada’s stance that has declared Genetically Modified Organism foods are safe for consumption.
- Continue to support scholarly, peer-reviewed, and government research of Genetic Engineering in agriculture.
Energy
Sustainability of Canada/Alberta’s Energy Industry

Issue

Global energy demand is increasing, thereby creating a need to develop energy in all forms. Canada has the opportunity to become one of the world’s preferred energy suppliers, generating economic benefits across the Nation and reducing environmental impacts domestically as well as internationally.

In order for Canada to compete on the global stage, the industry must maintain competitiveness and attract new global investment. However, at a time when global demand is on the rise, Canada’s investment in upstream oil and gas is expected to decline, or at best remain flat. For several years, investor confidence in Canada’s oil and gas industry has eroded and continues to be a concern due to a number of factors. Amongst these are market access, regulatory uncertainty, and the cost of doing business (which includes regulatory costs).

Background

Canada is the fifth largest global producer of natural gas and the sixth largest global producer of oil. With our vast resource base, world leading environmental standards, and all–encompassing regulatory regime, Canada should be a global supplier of choice. Unfortunately, a number of market dynamics have resulted in reduced investor confidence over the past several years, leading to a shift in Canada’s competitiveness in the global market.

This lack of investment has also impacted Canada’s downstream value–add sector that includes petrochemicals, chemicals and fuels. Canada has an advantaged feedstock position for downstream manufacturing, but with the cuts in upstream spending and limited fully integrated projects, Canada is not capturing the full value of its resources in the production of higher valued products for domestic and international markets.

The Federal and Provincial governments have been making strides to encourage further upstream and downstream investments. Examples include:

The Federal Government recently announced enhancements to the Accelerated Capital Cost Allowance (ACCA) that allows for 100% immediate deductibility for eligible machinery and equipment in the year that it is put in use.

The Alberta Government has offered a total of $1.1 billion in investment programs for chemical investments through the Petrochemical Diversification Program and a further $1 billion in incentives for Petrochemical Feedstock Infrastructure Program to support increasing feedstock supply. As well, the Alberta Government.

The Alberta Government has also offered $1 billion in grants and loan guarantees as part of its Partial Upgrading Program to encourage additional bitumen upgrading facilities.

Ontario Government announced a major regulatory burden reduction initiative to streamline and modernize regulatory requirements in order to attract world-scale investments.

These actions will help to improve the business case for investing in Canada, but further challenges need to be addressed in order to become a leading region for investment opportunities.

Challenges
Canada’s economy has always been highly dependent on our largest trade partner, the United States. Our energy industry has relied on the significant demand in the US for our oil and gas resources. However, since the “shale gale” commenced, the US has lessened its need for resources from Canada as it progresses to become self-sufficient in resource development. Canada now requires new markets to sell its energy resources into in order to continue to see investments occur.

**Market Access**

Increased market access is critical to ensure further energy-related investments occur in Canada and to compete in the global marketplace. With recent debates over pipeline expansions and the Federal plans for Bills C-69 (Canadian Environmental Assessment Agency and National Energy Board review) as well as the elimination of C-48 (West Coast Tanker Moratorium), concerns over future certainty for oil and gas investments will continue until economic solutions can be found to address market access issues.

**Regulatory Competitiveness**

Provincially, Canada has some of the most stringent regulatory standards in the world. But with this status comes challenges. In Alberta, concerns have been raised for years regarding regulatory process inefficiencies, long approval timeframes, and increasing costs to meet regulatory requirements. These challenges lead to a loss in investor confidence and eventually driving investments to other regions where the regulatory systems are not so complex. There is a need for balance in enabling efficient and transparent regulatory processes to enhance industry competitiveness while achieving environmental goals and meeting community needs.

**Economic Policy**

A competitive fiscal framework encourages investment not only in resource extraction and value-add manufacturing but also in research and innovation. Combined, the opportunity exists to create a highly competitive and world-leading environment for industrial development that meets global market demands.

Canada has a history of driving innovation to meet product and environmental needs. Canadian made technologies have been shared around the world raising awareness globally of the innovative expertise in our energy industry. Further opportunities exist to drive innovation. Finding ways to extract higher rates of resources with less impact on the environment is a key area of interest to the upstream industry. As well, the downstream industry is also focused on operational efficiencies and the development of products that achieve global demands (i.e. – reducing plastic waste, developing next generation fuels, and developing green building products).

Taxation in Canada was once highly competitive compared to the US, but recently the US has put in place tax reforms that have caused Canada’s fiscal framework to fall behind. The average US combined federal and state corporate tax rate is now 25.75%, according to a recent report by Grant Thornton. Texas, which has the majority of US investment in oil and gas development, has zero corporate tax rate therefore companies only pay a federal rate of 21%. When comparing this to Canada, the combined federal and provincial corporate income rate for Alberta is 27%.

**Conclusion and Recommendations**

Canada has incredible opportunities to be a global competitor in resource and value-add investments to meet the growing demands around the world. Governments must work together across Ministries and with private investors in understanding how we compete on various stages for investment with other countries in order to develop strong policies that encourage both energy and economic sustainability in the long term.
The Alberta Chambers of Chamber of Commerce recommends that the Government of Alberta:

Works with Municipal Governments, the Federal Government and Industry to create guiding principles that reduce regulatory burdens which creates an environment where Alberta Industry is globally competitive in project timelines, economic competitiveness; Establish policies that are clear, transparent and provide long-term certainty to investors; and Provide a clear and concise policy on stakeholder engagement and consultations that is consistent between all projects.
Trans Mountain Expansion Project

Issue

The Trans Mountain Expansion Project is recognized by the Government of Canada as being in the Canadian public interest. The majority of Canadians support the Project and the short- and long-term job creation and economic growth it delivers. Construction is scheduled to begin in late 2017 and is subject to 157 conditions set down by the National Energy Board in May 2016. These conditions, along with Trans Mountain Pipeline’s long-term role in responsibly and safely transporting Alberta oil to the Pacific coast, are strong indications that the expanded pipeline will meet the expectations of Albertans and other Canadians for safe, well-regulated and well-managed energy infrastructure. Owners of small and medium sized business in Alberta welcome the Project and the vital benefits it will generate including thousands of short- and long-term jobs, economic activity and tax revenue to support communities and government programs.

Background

Trans Mountain proposed, in a December 2013 Application to the National Energy Board (NEB), to expand its existing pipeline system, increasing daily capacity from 300,000 barrels to 890,000 barrels. Trans Mountain indicated that thirteen shippers, including Alberta’s largest oil producers had committed to long-term, 15- and 20-year contracts on the expanded system.

Following a 29-month review, the NEB, on May 29, 2016, concluded that the Trans Mountain Expansion Project is in the Canadian public interest and recommended that the Federal Governor in Council approve the expansion. The Board attached 157 conditions which address issues such as public safety, economic benefits, local job creation, emergency preparedness and emergency response, Aboriginal interests and environmental protection and safety along both the pipeline right of way and the marine tanker transport routes. The NEB’s review was rigorous, involving 404 intervenors — the most ever to participate in an NEB hearing — and more than 1,200 commenters.

On November 29, 2016, the Government of Canada accepted the NEB recommendation, nothing that Canada needed to expand the markets for its oil products and saying that the Trans Mountain Expansion Project “will make that possible.”

On January 11, 2017, the Province of British Columbia announced that the Project had received its environmental certificate from the BC’s Environmental Assessment Office subject to 37 Conditions and has met the Requirements for British Columbia to Consider Support for Heavy Oil Pipelines, known as BC’s 5 Conditions.

The Project has enjoyed long-term support from the Canadian Chamber of Commerce, which estimated in a 2013 report that transmission pipeline bottlenecks were costing the Canadian economy $50 million a day.

The $6.8 billion Trans Mountain Expansion Project is a key to unlocking that wealth. Through the expanded pipeline, oil producers gain increased access to tidewater, and see their product transported to new markets that would pay world rather than domestic prices61. Despite a fallback in oil prices, the NEB estimates oilsands output will double between 2015 and 2020. This demonstrates the ongoing need for the Project.

61 Referenced by Kinder Morgan Canada
Economic benefits generated during construction and 20 years of operations from the Trans Mountain Expansion Project include:

- $46.7 billion in provincial/federal taxes including $19.4 billion to Alberta as a result of higher prices for oil producers.
- $68.3 billion in additional revenue to Alberta oil producers attributable to Trans Mountain a result of higher netbacks, over the first 20 years of operations.
- $45 billion GDP effects for Alberta.

The Project creates 441,000 person-years of employment in Alberta from project development and operations. This includes:

14,600 construction jobs
13,340 pipeline operations jobs
11,200 jobs generated by dividend payments from oil producers
400,600 jobs related to additional investment in oil and gas development as a result of higher netbacks to producers.

Overall, the project generates more than 800,000 person-years of work for Canadians.

In addition to direct construction work for Albertans there are indirect or supply chain job opportunities in:
- Rail transportation
- Equipment rental and leasing
- Truck transportation
- Steel products
- Transportation support activities
- Computer services
- Engineering
- Machinery and equipment wholesalers

Local governments in Alberta along the Trans Mountain right of way will annually receive an additional $3.4 million in property tax payments, or at least $68 million over 20 years of pipeline operations (before tax increases are factored in). Those payments can support community services such as police and fire protection, recreation and infrastructure, and can also be used to reduce the size of property tax increases.

Additional payments projected include:

- $1.28 million to Yellowhead County
- $764,000 to Strathcona County
- $355,000 to Edmonton
- $559,000 to Parkland County
- $33,000 to Stony Plain
- $7,000 to Wabamun
- $110,000 to Edson
- $34,000 to Hinton
- $44,000 to Jasper

Trans Mountain also has Community Benefits Agreements with several communities along the right of way. These agreements are above and beyond the additional tax revenues local governments will receive and are part of the overall efforts by Trans Mountain to work with pipeline-affected communities to identify local opportunities to give something back in recognition of the public inconveniences and temporary disruption created by construction of the proposed expansion. Trans Mountain has 18
Community Benefit Agreements in 22 communities, along 95 per cent of the pipeline corridor. The agreements include the following for Alberta communities and will go towards community projects:

- $250,000 to Hinton
- $225,000 to Stony Plain
- $225,000 to Strathcona County
- $300,000 to Edson
- $225,000 to Parkland County
- $200,000 to Spruce Grove
- $140,000 to Yellowhead County

The Trans Mountain Expansion Project is important and timely. The economic benefits are substantial and will be available to fund core government projects and services including health care, education, roads and infrastructure, as well as support local economic activity in municipalities and Aboriginal communities along the route. Thousands of workers, some who have faced unemployment as a result of a recent downturn in the Alberta energy economy, will benefit in both the short and the long term. Operators of small and medium businesses can also expect to benefit from the economic expansion the Project creates.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Work with the Governments of British Columbia, Canada, and relevant municipalities to support the Trans Mountain Expansion Project so it can meet its commitments to delivering jobs and economic benefits and meeting its regulatory requirements during the construction and operation of the pipeline.
- Work with local chambers of commerce to enable local procurement and job creation during the construction project.
Environment and Parks
Balance the Need to Reduce Methane Emissions While Protecting Jobs and Investment

Issue

Investment and activity in the oil and gas industry are critical to the economic well-being of employees, businesses, communities and the province. The Government of Alberta has committed to reducing methane emissions from the oil and gas sector by 45 per cent by the year 2025. Methane emissions regulations should be implemented in a manner that protects jobs and investment.

Background

The Government of Alberta has committed to reduce methane emissions by 45 per cent. Companies in the oil and gas sector are not opposed to reducing methane emissions; but have communicated the need to implement those methane reductions in a way that ensures environmental stewardship without discouraging investment in our oil and gas industry.

The implementation of methane reductions has the potential to cost the oil and natural gas industry $5 billion in direct costs if done in a manner which does not ensure balance outcomes with job losses, the spin off costs to the broader economy have the potential to be much greater. Many Albertans rely on the oil and gas industry as the economic driver which fuels other businesses. “For every direct job created in the Canadian oil and gas sector, 2 indirect and 3 induced jobs in other sectors are created in Canada on average.” The oil and gas industry is a key component in Alberta in creating a robust economy and maintaining and creating hundreds of thousands of high value jobs.

According to the Canadian Association of Petroleum Producers (CAPP), a prescriptive approach to Alberta’s policy framework could “result in nearly 7,000 jobs lost, a drop in capital spending of almost $710 million, and a decrease to our gross domestic product of $2.5 billion.” 7,000 direct jobs in the oil and gas sector can result in 14,000 indirect and 21,000 induced jobs in other sectors that could be lost.

Investor confidence in Alberta has fallen. “Market volatility amid increasing regulatory uncertainty and growing cumulative cost burden is reducing investor confidence in, and the competitiveness, of Canada’s upstream oil and natural gas industry. ... The current oil price environment has created substantial challenges for the Canadian upstream industry. Oil prices have declined over 70 per cent since 2014. In response, investment in the Canadian upstream industry has declined by 65 per cent since 2014. It is

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imperative to design cost-effective regulations that reduce methane emissions and safeguard the industry’s competitiveness.”

The Canadian Association of Petroleum Producers (CAPP) has a plan to meet the government’s target of cutting methane emissions by 45 per cent while protecting nearly 7,000 jobs in Alberta. This plan emphasizes the need for regulations to allow sufficient flexibility in the regulations to ensure industry can avoid costly layoffs and maintain strong growth. A flexible approach to methane reductions should be taken to protect jobs and stimulate investment in our province even as industry achieves the 45 per cent methane reduction target.

For individual businesses to achieve the 45 per cent reduction while maintaining their workforce and productivity, methane reduction targets should pertain to their entire business model. If specific targets are applied to individual wells, projects, or sites, businesses will not be able to choose investments which will maximize reductions but will instead be required to make fewer effective reductions. As a result, significantly higher costs on ineffective projects and operations will result in the unnecessary shutdown of those projects. Moreover, by requiring reductions in specific projects, sites, and wells, it is likely reduction targets will be higher than those intended, placing unnecessary pressure on industry to move faster than is reasonably possible without cutbacks. Flexibility is key to ensuring that businesses are able to incorporate new technology, methodology, and innovations, applied to strategic and targeted segments of their business model to achieve a balanced outcome which effectively meets the 45 per cent reduction goals while preserving jobs and protecting investment.

In addition to flexibilities in the regulatory requirements for all producers, specific consideration should be provided for small businesses who are limited in their ability to meet the required reductions on older wells and systems. Alberta’s producers come in a number of sizes and while achieving these goals across the sector is a stated goal for the Province, many smaller producers whose assets include a high proportion of older, grandfathered, or low-producing wells may face higher than average costs to upgrade or retrofit older equipment to achieve the required methane reductions. These businesses will be impacted relatively greater than larger producers and face a greater risk closing down if regulatory requirements fail to consider their specific situations.

The Alberta Chamber of Commerce recommends the Government of Alberta:

1. Avoid a prescriptive regulatory process that overshoots the 45% reduction target.
2. Apply reduction targets to businesses as a whole rather than to specific sites, projects, or wells.
3. Allow industry to follow a path that meets the 45% reduction target at the lowest possible cost.
4. Continue to work with industry and industry groups to determine a cost-efficient, risk-based, competitive model which balances methane reductions with the maintenance of jobs and investment.
5. Include considerations in the regulations for small business who are limited in their ability to meet regulatory requirements for methane reduction to ensure they are not forced to scale back or close their operations.

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Carbon Levy: An Urgency to Competitive Balance for Industry and Future Sustainability

Issue

The Province of Alberta implemented the first phase of the “carbon levy” as part of the new Climate Leadership Plan, January 1, 2017. It is agreed that there is an imperative for the province and the country to demonstrate environmental responsibility. The carbon levy is assessed at $20.00 / tonne in 2017 and $30.00 / tonne in 2018. The levy is to help diversify our energy industry and create new jobs, and according to the provincial government is already improving access to new markets and better prices for our traditional energy products, i.e. Kinder Morgan pipeline approval(s). The cost of doing business and the cost to consumers are on the rise (i.e. vehicle fuel, household heating and product costs as business passes the increased costs off to consumers). Those costs, according to the province will be offset by consumer credits and new business rebate programs for infrastructure upgrades for industry (not much evidence of new business rebate programs to date).

The provincial government has identified Emissions-Intensive and Trade-Exposed (EITE) industries as mining, smelting and refining, pulp and paper, iron and steel, cement, lime and gypsum as well as chemicals and fertilizers. The province has executed their due diligence through the Eco fiscal Commission 2015; Provincial Carbon Pricing and Competitiveness Pressures; Guideline for business and policy makers, the Climate Leadership Report, the Climate Leadership Plan and in identifying that EITE will require some measures to remain competitive. The identification and implementation of competitive measures is of significant interest to industry. Industry, in Alberta, have long recognized the necessity of reducing environmental impact through carbon emissions, transportation and other designate footprints, and have consistently applied new research in effort to minimize environmental impact as examples: Trans Alta Coal Transition; Canada’s Oil Sands.

Background

In order to help business transition in a carbon price economy there are three major competitive factors to consider. The first is Alberta’s current plan lacks multi-jurisdictional carbon trading and until carbon pricing and regulatory policy equivalencies with other jurisdictions are achieved Alberta industry is disadvantaged. The Climate Leadership Report to the Minister identifies the need for a competitive diversified lower-carbon economy which “protects the competitiveness of key industries” and lists the following:

c) improve the mechanism by which trade exposed industries are protected to ensure their competitiveness while encouraging and rewarding top performance,

e) avoid the transfer of wealth outside of Alberta

68 http://www.canadasoilands.ca/en/explore-topics/ghg-emissions
“Over the longer term, consistency of the carbon price across provinces is desirable for two reasons. First, such consistency improves overall cost-effectiveness by ensuring incentives exist for realizing all potential low-cost emissions reductions, whatever their location. Second, a common price avoids policy-induced challenges of interprovincial competitiveness. When policy is equally stringent across provinces, all firms face a level playing field.”

The second competitive factor is that industry needs the ability to compete with imports of product from outside of the country where there are no carbon pricing solutions. Alberta will be paying one of the highest costs for carbon anywhere in North America, yet all manufactured products that are imported are not subject to valuation of their carbon footprint. Where and how competitive products to Canadian produced products are manufactured impact price. How the product is transported to the import destination has a carbon footprint. There is no valuation of greenhouse gas emissions on imported manufactured competitive products and yet transportation has been identified as a major source of emissions. As an example; the B.C. government implemented a price on carbon and between 2008 and 2014 saw the rise of imports in cement products from 6% to 42%, with no valuation of greenhouse gas emission on those competitive product imports.

“Border adjustments could level the playing field. Border adjustments can ensure that domestic firms are not disadvantaged relative to competitors in jurisdictions with less stringent policies. Tariffs could be applied, for example, to imports from other jurisdictions based on the carbon content of the imported products. Given Canada’s constitutional division of power, such border adjustments could not be implemented by a single province but would require involvement by the federal government. In practice, border adjustments could invite reciprocating taxes from other jurisdictions or challenges under international trade law (McAusland & Najjar, 2014). Even if successfully implemented, they could be costly for Canada in terms of reduced trade (NRTEE, 2009). For specific emissions that fall under provincial jurisdiction, some form of border adjustment could nonetheless be practical. Imports of electricity into Quebec, for example, are subject to that province’s cap-and-trade system, thus ensuring that coal-fired electricity generation outside the province is not advantaged relative to cleaner generation within Quebec. If Hydro Quebec imports such electricity from other provinces or U.S. states, it must have sufficient permits to account for the associated GHG emissions. The measure is constitutionally possible because of pre-existing provincial regulatory authority over imported electricity (Parlar et al., 2012).” More information: Carbon Tax Centre

The third competitive factor is waste management. Research identifies potential low carbon fuels that are currently disposed in landfills. Complementary provincial and municipal waste management policies and regulation need to be implemented to prevent landfill disposal of materials that can be potential low carbon fuels. As an example, wood waste and other bio waste is consistently disposed into land fill, most often without any monetary consequence. An overall regulatory framework is necessary that will allow EITE industry the opportunity to get access to and then use lower carbon fuels.

Industry will be accountable to greenhouse gas emission, will lessen their emissions through new technology and take the necessary steps and expense to do what is best for the environment. Industry requires government to ensure that the economic environment is competitive during this costly transition, so that they remain viable, continue to employ Albertans and provide the manufactured products “Made in Canada” for Canadians.

The Alberta Chambers of Commerce recommends the Government of Alberta:
Ensure that the carbon output-based allocation system is supported by a mechanism that relieves emissions intensive, trade exposed industries of carbon costs until such a time as competing jurisdictions implement comparable pricing with solutions and that relief applied now.
Domestic Reclaimed Water Use

Issue
Health Canada has guidelines for domestic reclaimed water use in toilet and urinal flushing but Alberta does not follow these guidelines as our province does not use reclaimed (grey) water.

Background
In May 2001, British Columbia published a code of practice for the use of reclaimed water (BCMELP, 2001)\(^\text{69}\), which serves as a key reference and guidance document for the use of reclaimed water in British Columbia and is designed to support the regulatory requirements prescribed in the municipal sewage regulation. In 2002, it was stated that roughly three per cent of wastewater in B.C. is reused (Maralek et al, 2002) and reuse is a key component in British Columbia’s water conservation strategy. Currently, these guidelines do not apply to Alberta as Alberta does not differentiate between black water and grey water. All sanitary effluent is considered black water only.

Statistics Canada indicates that grey water is a huge source of potentially reusable water. Treated grey water can be reused for toilet flushing, irrigation and industrial use. Currently there is no regulation for households to recycle their grey water.

Canadian statistics state that 35 per cent of the average household’s water is considered grey water (showers and bath water). Thirty per cent of the average household water usage is for toilet flushing. Therefore, if the use of grey water was regulated, it could be reused for toilet flushing which saves fresh water for other uses.

A study (June 25, 2012) has found that citizens in a water – stressed basin of Spain are willing to pay over $5 extra on top of their monthly water bill to treat wastewater that can be used to replenish river flows. Over-extraction of river water for use in agriculture and by cities reduces water flow in rivers and may lead to environmental stress. Reclaimed water can be released into rivers to boost water flows.

Currently in Spain, reclaimed water accounts for 12.8 per cent of irrigated water used in the area of city dwellers. It is estimated that increasing the river flow would generate a benefit of $32.56 million a year.\(^\text{70}\)

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Adopt guideline values as per Canadian Guidelines for Domestic Reclaimed Water for Use in Toilet and Urinal Flushing by Health Canada as a starting point with opportunity to move forward for additional recycle of water options in the future; and
- Allow the use of domestic reclaimed water and storm water in toilet flushing, irrigation and industry in Alberta.


Pine Beetle Management in Alberta

Issue

The mountain pine beetle is the single greatest threat to the health of Alberta’s forests, threatening approximately six million hectares of pine forests in the province – including 4.5 million hectares available for commercial harvesting.

Timing is critical to controlling mountain pine beetle infestation. Early detection and treatment of infested trees is a vital method for mitigating the spread of the beetle. Left unmanaged, mountain pine beetles could destroy Alberta’s forests and spread eastward across Canada’s boreal region and the thousands of jobs that depend on that fiber supply.

With the mountain pine beetle ravaging the forests of Jasper National Park and no control efforts in place to deal with the mass infestation, the boreal forests of west central Alberta are now under attack and several years of major in-flight from the parks are expected.

Funding for direct control efforts, planning and ecosystem management is of high priority.

Background

The mountain pine beetle is the most destructive native insect pest of mature pine forests in North America. The current mountain pine beetle outbreak started in British Columbia in the early 1990s, destroying almost half of that province’s total volume of commercial lodgepole pine before beetle populations peaked in 2011.

According to Alberta Agriculture & Forestry, the mountain pine beetle is the single-greatest threat to the health of Alberta’s forests, threatening approximately six million hectares of pine forests in the province – including 4.5 million hectares available for commercial harvesting.

Mountain pine beetle mortality surveys conducted by the Government of Alberta in the spring of 2012 show marked increases in the existence and severity of beetle infestations farther north, east and south than ever before. The same surveys indicate that the probability of in-flights, carrying beetles eastward from adjacent infested areas, is moderate to high in most regions in the province.

Mountain pine beetles breed in any species of pine, of which four – lodgepole, jack, white bark and limber – are found in Alberta. This epidemic is the result of a number of factors, including successive mild winters, modern fire suppression resulting in an overabundance of mature pine forests, and the natural beetle population cycles.

Timing is critical to controlling mountain pine beetle infestation. Early detection and treatment of infested trees is a vital method for mitigating the spread of the beetle. Left unmanaged, mountain pine beetles could destroy Alberta’s forests and spread eastward across Canada’s boreal region and down the eastern seaboard, unimpeded by trees without any natural resistance to the pest. Funding for research, planning and long-term ecosystem management is of high priority, however a long-term commitment to effectively fund control efforts by the provincial and federal government is needed. In the 2016 provincial budget, the Alberta Government committed $32.5 million towards mountain pine beetle efforts and the Saskatchewan Government continued their commitment to fight the mountain pine beetle in Alberta by providing $1.25 million. The Government of Canada is absent on this important national issue and has not provided ANY funding for the mountain pine beetle control efforts, even though this native-invasive species has already crossed two provincial borders and threatens all Canadian pine species, especially the Canadian boreal forests.
The Alberta government’s Pine Beetle Action Plan addresses the following priorities to manage the beetle infestation:

- Containing current infestations and minimizing the spread of mountain pine beetle in all areas along the Eastern Slopes where infestations have been detected.
- Preventing mountain pine beetle from spreading eastward farther into the boreal forest through the hybrid lodgepole-jack pine and pure jack pine stands that stretch across the Prairies and into Central Canada.
- Reducing the volume of susceptible pine in the working forests over the next 20 years.

Forests help clean our air and release oxygen. They store carbon as wood, which helps reduce global warming. They also contribute to the water cycle by improving water quality and quantity (i.e., by lowering water temperatures, reducing runoff and erosion, and affecting the timing and amount of stream flow). In addition, forests provide food and shelter for a variety of fish and wildlife.

Infestations create numerous social, economic and environmental effects, including watershed health, fish and wildlife habitat, tourism and recreation opportunities, community sustainability, and the province’s forest industry.

In Alberta, every cubic meter of pine timber used in the production of lumber or pulp generates $70 to $100 indirect economic activity. If the pine-growing stock were to be killed by mountain pine beetle, the Annual Allowable Cut would decrease by an estimated six million cubic meters per year, resulting in a reduction in economic activity of $420 to $600 million per year. The estimated value of Alberta’s pure pine stands is over $8 billion, not including mixed pine stands. On average, each year the forest industry contributes $836 million in taxes and $44 million in stumpage payments to the province.

Mountain pine beetle control initiatives protect:

- Alberta’s third largest industry - Forestry generates $5.3 billion to the Alberta economy.
- The 19,600 direct jobs and nearly 40,000 indirect forestry-related jobs (equipment sales/service, consulting, supplies, hospitality, etc.) and the economies of more than 70 forestry-dependent communities in Alberta.
- 90,000 hectares of watersheds, including 8,000 hectares of primary sources for drinking water in southern Alberta and another 5,000 hectares of secondary drinking water sources.

The Alberta Chambers of Commerce supports the goals and directions of the Pine Beetle Action Plan and would like to make the following recommendations to ensure that our provincial government addresses the range of priorities that are critical in continuing to effectively address this issue.

**The Alberta Chambers of Commerce recommends the Government of Alberta:**

- Continue its current funding commitments and at a minimum lobby the Government of Canada for similar funding to address mountain pine beetle along the leading edge in our province, to contain farther eastward spread and protect the long-term health of the forests and the industries that are reliant on them.
- Develop strategies to rehabilitate the areas affected by mountain pine beetle in a timely manner.
- Form alliances with other provinces to mitigate the impact of mountain pine beetle on our province and provinces eastward moving into the future.
- Work with non-governmental fish-and-game and environmental associations in addressing this epidemic and its impact on natural resources and the environment.
Assess the epidemic’s impact on communities that are dependent on harvesting pine, and develop economic and social strategies to diversify the economic base of the affected communities to ensure that they continue to be strong and viable.
Lobby the Government of Canada/Parks Canada to better manage forests within national parks and help to mitigate problems coming out of the parks.
Work in cooperation with the forestry industry to quickly adapt and approve harvest plans and coordinate efforts to quickly address mountain pine beetle
Regulatory Approval for Soil and Water Technologies

Issue

There are approval mechanisms in place for drinking water and wastewater plants, and for Alberta transportation usage as well as across Canada. However, there is currently no existing mechanism for product approval for industry in Alberta for water or soil chemical usages that supports best available technologies. Current acceptance only requires that a material safety data sheet and toxicology report be provided; however, there is no minimum/maximum threshold guidance, and there is broad acceptance of products that still pose significant risk.

Background

There are approval mechanisms in place for drinking water and wastewater plants, and for Alberta transportation usage as well as across Canada. However, there is currently no existing mechanism for product approval for industry in Alberta for water or soil chemical usages that supports best available technologies. Current acceptance only requires that a material safety data sheet (MSDS) and toxicology report be provided; however, there is no minimum/maximum threshold guidance, and there is broad acceptance of products that still pose significant risk.

Many of the products used today also pose a risk via the carrier/distribution means (e.g., surfactants, etc.). There are limited guidance and decision-making tools available to regulatory staff in accepting the best product (via the current system – MSDS/toxicity report, yet no range/thresholds). Although regulatory fines are starting to become more significant, enforcement capabilities are still limited, and toxic products and dated processes are still heavily used.

Many effective products cannot find their way to market easily because end users typically request approvals letters from the regulators before they will change a product, regardless of cost. Regulators, such as Environment Canada or Alberta regulatory groups such as AEP (Alberta Energy and Parks), AER (Alberta Energy Regulator), state that they are unable to provide such approval. The cost to bring a new technology or product to market is prohibitive enough without having to compete with the very regulations, or lack thereof, that should be supporting more environmentally friendly solutions.

Existing products are allowed to continue due to “grandfathering in” and are not required to provide any similar types of letters of approval. This gives existing technologies, regardless of their impact on the environment, a definite advantage over any newer, better, and more environmentally friendly technologies. In some cases, existing suppliers are able to avoid not having to provide toxicity reports. Instead they utilize MSDS sheets as a toxicity report and they are being accepted because their products are grandfathered in. Total cost to the end user with newer technologies in many cases can potentially be more cost effective than existing technologies due to increased quality of water and increased efficiencies, reduction in post-application costs, reduced maintenance costs, fewer monitoring requirements, simpler and more passive operations, and reduced labor costs. For instance, a fish kill at a local mine could have been avoided as the company was informed of alternatives, yet did nothing to change products or processes. Enforcement officers for the regulatory departments are also frustrated, along with new technology companies due to the lack of approval mechanisms being in place.
Municipal requirements do not match provincial requirements, which do not match federal requirements. This results in companies that have proven their products/technology to one provincial department, such as Transportation and Infrastructure, having to prove it again to the provincial environment regulators or the municipal regulators or the federal regulators, such as the Department of Fisheries and Oceans, even though they may be working on the same road but just in a different jurisdiction. This absence of a coordinated regulatory approval process greatly hinders the development of better technologies which are made to improve our environment.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- With consultation from stakeholders, develop consistent requirements for regulations within the environmental sector;
- Ensure that the regulations apply to any new products, processes and technologies, as well as all existing products, processes and technologies;
- Ensure that toxicological studies have been performed on all products being used and are available on request (new and existing) in addition to the provision of MSDS sheets;
- Work to ensure that regulations municipally, provincially and federally are streamlined, consistently applied and have a coordinated regulatory approval process; and
- Implement a product-review standard between the various regulators. If the product or technology meets the criteria, then it passes for all the regulators.
Small-Scale Renewable Energy

Issue

AESO (Alberta’s Electricity System Operator) is pursuing a complex transition to move Alberta’s energy market from an EOM (Energy Only Market) to a CM (Capacity Market). One of the goals of this new market is to achieve 30% renewable energy generation by 2030. The chief obstacle to encouraging the kind of growth and diversification of generation required to move the energy market away from traditional carbon-based generation systems to renewable sources is a historically low market price for electricity combined with a government commitment to cap consumer power prices at 6.8 cents per KwH for the foreseeable future. (The pool price for generators is currently about 1/3 of this). This challenging price market has made it difficult for small-scale renewable energy projects to enter the market. However, there are distinct advantages to promoting the growth of small-scale renewable energy projects across the province. This paper will argue in favor of measures which will enable that growth.

Background

Due to new initiatives by the Government of Alberta, the province’s electrical systems are facing major changes over the next decade, changes that bring with them their share of challenges, as well as opportunities. Acting on the recommendations put forward by the Climate Change Advisory Panel, the government has directed AESO to pursue a target of “30 by 30”, or 30% renewable electricity generation by 2030, with the goal of eliminating coal-generated electricity by 2030. Furthermore, the very structure of the electrical market will be changing from an Energy-only Market, a market model where power plants are paid only for the energy they actually produce, to a Capacity Market Model, where generators are paid for having generation available to supply, whether or not any energy is actually produced and supplied. This market change is being made in the expectation that it will develop an energy grid that is more reliable and resilient.

These changes are being made in a very challenging environment. For one, the operator is looking to phase out coal-generation, while growing renewable capacity, in a rapid-growth market. According to AESO, the demand for electricity in Alberta is projected to grow by 2% per year, for the next 20 years. That’s equivalent to adding a city the size of Red Deer each year. Furthermore, Alberta is coping with a historically low energy price, a situation that is great for consumers, but which makes attracting investment – especially small-scale investment – a real challenge. In November 2016, the provincial government also capped energy prices at 0.068$ per KwH (about double what it is now) in order to provide consumer protection in the event of rising prices.

The result is that while the government is looking for new renewable energy generation projects to diversify the market, add capacity, and offer clean alternatives to traditional Firm Generation methods, market forces make it infeasible for new projects to be pursued. Even utility-scale projects cannot be attracted without the supports designed into the current Renewable Electricity Program to make them viable. The result is that investment is constrained and will be isolated into a small number of large-scale projects rather than diversified into numerous smaller projects.

There are distinct advantages to encouraging the development of small-scale renewable energy projects through regulatory means. First, most large-scale renewable energy projects are Intermittent Generation facilities, meaning that they do not generate energy continuously, but rely on environmental factors such as wind or sunshine to produce electricity. With a growing portion of the electrical grid relying on these generation methods, and insufficient battery facilities available to distribute power production over time, it is important for AESO to explore ways to encourage Firm Generation methods that rely on renewable
technologies. These facilities do exist in the form of biogas generation plants, geothermal generation, and several others, however they are relatively expensive to construct and operate, are more difficult to scale up, and most fall in the range of small-scale renewable energy projects (up to 5MW). However, encouraging the development of these facilities and technologies will build reliability, stability, and capacity into the electrical grid, while contributing to the ‘30 by 30’ target. Investments in this sector will also encourage innovation in renewable energy production, as enterprising operators seek ways to make the processes more efficient, scalable, or pursue new methods of renewable production. Smaller generators such as these will necessarily be distributed more evenly around the province, creating local system dependability, relieving capacity pressure on expensive long-range transmission systems, and building firm generation capacity into local grids to offset dependency on Intermittent Generation.

In the current policy environment, while investment money exists in public coffers, it only makes sense to hedge our public bets by diversifying into the small-scale renewable energy market.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Create a program or carve-out for small-scale renewable electricity generators (0.1MW - 5MW) to specifically address the gap in market regulations and programs for renewable electricity generators exporting to the grid with a plant capacity of < 5MW.

Use a levelized cost approach to subsidize electricity prices at a fixed price for these small generators in order to make the industry viable, as an investment in capacity building and innovation within the sector. The carve-out would allow project developers to apply to sell electricity at this price, within this carve-out, which would be fixed and guaranteed for 20 years in order to provide the necessary investor confidence. This fixed price system within the carveout would foster investor confidence, ensure investment return and continued plant operation, while allowing small-scale renewable generators to operate, innovate, and contribute to the climate leadership plan and AESO’s ‘30 by 30’ targets.

Grandfather existing small-scale renewable generators into the new program or carve-out to support their continued operation.

Prioritize grid connection for small-scale, renewable (low-carbon) generation capacity. Grid connection costs, metering and infrastructure costs should be reduced or subsidized.

Fund this program through an appropriate source, such as revenue generated from the Climate Leadership Plan.
Species at Risk: Albertans Working Together to Strike a Balance

Issue

Woodland caribou are a threatened species in Canada. By October 2017, each province and territory are required to meet federal government requirements to develop caribou range plans that restore and protect, over time, 65 percent of their habitat. In Alberta, this is a dramatic increase in habitat protection, and will have a significant impact on Alberta industries that operate in the ranges, the communities they support and the province’s economy. Currently, range plans are evaluated based on ecological or environmental criteria, and do not provide for a socio-economic impact analysis prior to submission to the federal government.

Background

Recovery Strategy for the Woodland Caribou

In 2003, Woodland caribou were federally listed as a threatened species in the Species as Risk Act (SARA). Under the federal “Recovery Strategy for the Woodland Caribou,” all provinces are required to produce range plans that outline how 65 percent of boreal woodland caribou habitat will be restored to undisturbed habitat and maintained undisturbed over time, and how the land and activities within the range will be managed for habitat protection. These provincial range plans are due by October 2017. The range plans are to support a working landscape where species at risk and industrial activity co-exist.

In May 2016, the Alberta Government accepted recommendations from a report developed by an external consultant, “Setting Alberta on the Path to Caribou Recovery,” which states that 1.8 million hectares of land be designated as permanent protection areas for caribou recovery in northwestern Alberta.

The Province used these recommendations as a basis to complete the first draft range plan for the Little Smoky and A La Peche ranges in northwestern Alberta. This plan is currently under revision.

Forestry allocations, by way of land and volume-based tenures (Forest Management Agreements (“FMAs”), quotas and permits), and oil and gas allocations, by way of petroleum and natural gas (“PNG”) leases or oil sands leases, are present in every boreal woodland caribou range. As the range plans are being developed, it is clear that there is potential for sustainable timber supply in the region to be significantly impacted. The combination of additional species at risk plans, as well as a new structure retention directive and other government policies all have the potential to decrease wood supply, increase costs and result in lost mill production or even closures. The carbon tax, with an estimated cost of $27 million/year to the forest industry, places an additional burden on the sector. With caribou herds located where the highest value of

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74 http://albertaforestproducts.ca/
Alberta’s oil and gas resources are situated, including the Montney Formation – one of the top natural gas basins in the world – the energy industry faces the potential of significant restrictions on development.

Range plans developed under the current federal process are evaluated based on ecological or environmental criteria, as the process does not allow for a socio-economic analysis to be conducted concurrent to plan development; rather, this analysis occurs after plan submission to the federal government. As such, range plans submitted to the federal government are missing key social and economic considerations about impacts to industry, local municipal governments and to Alberta communities and families – considerations that, if known earlier, could lead to different, more balanced solutions.

In addition, the current process takes a one-species approach. A multi-species approach, the strategy being taken in Southern Saskatchewan, recognizes that these species do not exist in isolation of one another and, as such, makes for a more practical and efficient path for planning.75

Striking a Balance

Alberta is recognized as a global leader in forest stewardship and management. The industry is committed to the protection of the environment and wildlife species, and has already invested millions of dollars into research and measures around the protection of caribou.

Approximately 58 percent of the province is forested, helping to not only maintain a healthy environment, clean water, diverse wildlife habitat and a backdrop for tourism, but also to support the continuity and further development of forestry, one of the cornerstones of Alberta’s economy.76 The forest industry employs 15,000 Albertans directly and creates an additional 30,000 jobs, contributing over $4 billion to the province’s economy.

A pillar of Canada’s and Alberta’s economies, Alberta’s oil and gas sector accounts for about 19% of the province’s Gross Domestic Product (GDP). In 2015, Alberta produced about 80% of Canada’s crude oil and 68% of its natural gas, with much of the development and activity situated in caribou ranges.

These industries are a vital source of jobs for Albertans and economic activity in our communities and in the province. The Alberta Chambers is confident that, by adopting a collaborative approach that draws from the expertise of a range of stakeholders across the province, Alberta will be able to strike a balance between the protection of critical (extirpated, endangered, and threatened) species, and the viability and sustainability of Alberta industry, jobs and communities.

The Alberta Chambers of Commerce Recommends the Government of Alberta and the Government of Canada work together to:

- Complete a socio-economic impact assessment prior to listing the species and in conjunction with a scientific assessment being conducted.
- Consider a multi-species approach to planning.
- Ensure stakeholder interests are understood and considered and inform the development of the plan and its implementation. Stakeholders include all those impacted, including, but not limited to: industry, ENGO’s, First Nations and Metis, municipal governments and community-based organizations.

76 https://www.albertacanada.com/AlbertaForestSector-2012EconomicImpact.pdf
Striking a Balance Between a Healthy Economy and Low Carbon Emissions

Issue

The Government of Alberta has announced their Climate Leadership Plan, which is comprehensive and ambitious in its goals. Government needs to strike a balance between achieving its emission reduction goals and preserving the competitiveness of the economy using pragmatic, flexible and innovative solutions.

Background

On November 22, 2015, Premier Notley unveiled the Climate Leadership Plan, based on recommendations put forth by the Climate Change Advisory Panel. The plan is one that covers all sectors, is far reaching, comprehensive and includes the following pillars to achieve the reduction of greenhouse gas emissions (GHG): implementing a new carbon price on greenhouse gas emissions; ending pollution from coal-generated electricity by 2030; developing more renewable energy; capping oil sands emissions to 100 megatonnes per year; and reducing methane emissions by 45% by 2025.

We also recognize through the panel’s report that Alberta’s emissions are challenging to reduce for three primary reasons. First, our population and economic growth rates, as well as our incomes, have grown faster than other provinces, and emissions tend to be correlated with population, income and wealth. Second, our large, anchor industries are emissions-intensive and consist of long-lived assets (oil sands plants, gas plants, chemical production, refineries, etc.) which can improve performance over time, but not as rapidly as other sectors with shorter asset lives. According to Canada’s Ecofiscal Commission, 18% of Alberta’s economy would qualify, under internationally recognized standards, as being both emissions-intensive and trade-exposed (compared to 2% in B.C. and Ontario and 1% in Quebec). Finally, our choice of fuels for electricity generation drives emissions. The Climate Change Advisory panel’s policy architecture is expected to reduce emissions from current trends by approximately 20 Mt by 2020, and approximately 50 Mt by 2030. This would roughly stabilize emissions, by 2030, just above current levels at approximately 270 Mt. However, would not meet the targets set under the Paris Agreement to reduce emissions in Canada to 30 percent below 2005 levels by 2030.

On October 3, 2016, the Government of Canada proposed its pan-Canadian approach to pricing carbon pollution in order to achieve its commitment under the Paris Agreement. Under the new federal plan, all Canadian jurisdictions will have carbon pricing in place by 2018. For jurisdictions with an explicit price-based system, the carbon price is set to start at a minimum of $10 per tonne in 2018, and rise by $10 per year to $50 per tonne in 2022.

Since Alberta’s economy is particularly sensitive, there is concern that unduly aggressive actions taken to reduce emissions in Alberta may not lead to real emissions reductions. Instead investment may just shift to other jurisdictions without stringent GHG policies, negatively affecting Alberta’s economy and not ultimately impacting global greenhouse gas emissions due to carbon leakage. Insuring that our economy and small businesses remain vital and competitive is imperative as small businesses makes up 95% of all businesses in the province and are responsible for 35% of all private sector employment in the province. Government

78 https://ecofiscal.ca/reports/provincial-carbon-pricing-competitiveness-pressures
needs to strike a balance between achieving its emissions goals and preserving the competitiveness of a “vital lynchpin” of the economy.\textsuperscript{79}

The measure most anticipated to have an adverse effect on small business is carbon pricing. To mitigate the effects of the increased cost to run businesses the government has announced a tax cut from 3\% to 2\% for small business and a commitment of $645 million in incentives through Energy Efficiency Alberta. The small business tax deduction is in place for the first $500K of active income, meaning a 1\% rate cut is a maximum benefit of $5000, which will not be sufficient for businesses that may be facing major costs from the new carbon levies. Initial energy efficiency programs have indicated items such as free installation of residential energy efficiency products and rebates for residential energy efficient appliances, lighting and insulation. The only incentives mentioned for business include high-efficiency retrofits of lighting, heating, cooling and hot water systems for business, non-profits and institutions, which are not believed to be significant enough to offset the costs of the new carbon pricing model.\textsuperscript{80} In an effort to achieve cost neutrality for the business sector as a whole, levies paid by the business community should be returned through Energy Efficiency Alberta programs or other tax reduction measures to preserve the business climate while also encouraging the goal of reducing carbon emissions.

There are many businesses, industries and municipalities that are looking to reduce their carbon footprint by converting to natural gas as an alternate energy source. While still a source of GHG emissions, in comparison with other fuel sources natural gas is less carbon intensive, relatively clean-burning, abundant, safe, reliable and efficient. Burning natural gas gives off much fewer toxic emissions than coal or oil and for the same amount of energy produced; gas emits 30\% less carbon dioxide when burned than oil, and as much as 45\% less than coal.\textsuperscript{81} Despite this known benefit, natural gas still has significant carbon pricing applied. When looking at the chart below, the unit of measure is different for natural gas, as its energy content is typically measured in Gigajoules (GJ), whereas other fuels are measured in litres. We do know that one GJ of natural gas has the same amount of energy as 27 litres of diesel, 39 litres of propane, 26 litres of gasoline or 277 kilowatt hours of electricity. Taking these conversions and applying the levies to the same units of energy, there is very little difference between the costs for the various fuel types. Moving towards natural gas conversions, as in the case of fleet vehicle conversions, while still implementing a carbon levy in this manner seems to be counter-productive given the costs and the benefit that natural gas has over the other fuel types. As natural gas is the obvious alternative to coal and has been used to power transit and fleet vehicles in various municipalities, it seems that only when a less carbon intensive and cost-effective solution is available to take the place of natural gas should a levy be placed on this energy source.

\textsuperscript{79} http://www.albertacanada.com/files/albertacanada/SP_EH-SmallBusProfile.pdf
\textsuperscript{80} https://www.alberta.ca/energy-efficiency-alberta.aspx
\textsuperscript{81} http://naturalgas.org/environment/naturalgas/
Carbon levy on major fuels

<table>
<thead>
<tr>
<th>Type of Fuel</th>
<th>January 1, 2017</th>
<th>January 1, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel</td>
<td>5.35 c/L</td>
<td>2.68 c/L</td>
</tr>
<tr>
<td>Gasoline</td>
<td>4.49 c/L</td>
<td>2.24 c/L</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>1.011 $/GJ</td>
<td>0.506 $/GJ</td>
</tr>
<tr>
<td>Propane</td>
<td>3.08 c/L</td>
<td>1.54 c/L</td>
</tr>
</tbody>
</table>

The Climate Leadership Plan is partially built on the premise that new technology and innovations will achieve the transition to a lower carbon economy. In keeping with this train of thought businesses should be rewarded for innovative solutions that keep their carbon footprint small. Businesses that face a levy issued against them because of their use of carbon may be motivated to take steps to be more energy efficient, but with the right incentives they could also be motivated to mitigate their total output of carbon into the atmosphere. If the goal is a low carbon and low emissions economy, conceivably rewarding companies for using innovative approaches to accomplish this goal should be recognized and encouraged. This measure will drive innovation, create new jobs in the economy and will have the ultimate goal of shifting the behavior of businesses to be more efficient and environmentally conscious.

An additional consideration should be measuring the total net contribution of GHG and rewarding those companies and industries who aim to mitigate their output. For example, the greenhouse industry, while consuming large amounts of natural gas, also grows plants that absorb carbon dioxide from the atmosphere. Compound the carbon absorption with innovations like green carbon capture and the environmental impact in the form of GHG is very low. Taking the final net carbon footprint as a benchmark for levies will serve the dual purpose of keeping industries competitive and innovative while also promoting tangible and measurable emissions reductions.

The goal of any climate policy is to change behavior and drive businesses and consumers to make choices that support low or zero carbon products. The provincial government must allow for the most effective way to encourage these new patterns of behaviour. There must be a recognition that a mix of pragmatic, flexible regulations and meaningful incentives may be effective in the initial transition to a low carbon economy and a reliance solely on carbon levies may actually not result in sustainable behavioural change and measurable results. Government should recognize that providing incentives through tax credits to emerging alternative energy innovations may provide more wide spread and supportable long-term acceptance of a low carbon economy. Flexibility to allow businesses to use innovative solutions while using market driven solutions to fill the gaps between conventional and renewable forms of energy must be encouraged. Offering equal tax incentives between emerging technologies and those alternative energy sources already established, like solar and wind, will insure that the government is not dictating “winners and losers”. Alternatives and solutions must be driven by consumers and businesses and not dictated by government to ensure the best overall result.

The balance between preserving the economy while converting to low carbon emissions requires policies that are effective while also politically palatable. If policies and programs are applied ineffectively or seem to be incomplete and unduly punitive their chances of being successful and leading the charge to change
behaviour will be unsustainable. Climate change is not possible in a single political cycle and needs buy in from society and government as a whole. Any policy implemented needs to be meaningful, pragmatic, sensible and flexible in order to achieve the final goal of emissions reductions and environmental preservation.

Additionally, when measuring the success of the Climate Leadership Plan all costs (direct and indirect) need to be considered so that the real impact on business and the economy can be assessed and policy adjusted to strike the balance between a healthy economy and reduction of emissions.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Not exceed other jurisdictions on carbon pricing and regulations and maintain competitiveness with neighbouring or like jurisdictions in Canada and the United States that have similar investment interests.

Communicate the goals of the Climate Leadership Plan; the timelines for benchmark goals to be met; how it will be measured, and amendment or modifications plans if the goals and timelines are not met.

Ensure there is cost neutrality within the business sector and that carbon levies collected from the business community are available and cycled back to the business community through other tax reduction measures or energy efficiency Alberta initiatives.

Only implement a levy on natural gas when a less carbon intensive and cost-effective solution is available.

Implement options to measure net carbon impact of a company and its activities and only apply levies to the net amount, taking into account the measures used to mitigate the total carbon footprint, including absorption of carbon dioxide and technologies such as green carbon capture.

Provide pathways for market driven solutions through tax incentives to all emerging technologies for carbon reductions to allow consumers and businesses the freedom to drive the choices towards preferred lower carbon options.

Measure both the direct and indirect cost impacts of the carbon levy.
Water for Sustainability

Issue

The Canadian Chambers of Commerce is concerned about how best to deal with the significant pressures Canada is facing on its water resources, both surface and ground water. There are ever-increasing demands for the water resource. The limits of available water have been reached in the southern portion of the province, and concerns are rising about the adequacy of water resources to support continued economic development in the central and northern parts of the province.

Background

The past several years has provided us with numerous examples of the need for better water management throughout Canada. The floods, the droughts, the pollution problems in Canada’s rivers and lakes, the waterborne infectious diseases, the issue of water exports, the variability of our climate and the impact of human activities on the climate all speak to the need for federal, provincial and municipal governments to develop appropriate and integrated strategies for managing one of our most precious resources. Towards this end, and to sustain quality of life, healthy water quality and economic well-being, the Canadian Water Resources Association (CWRA) has circulated “sustainability principles” for water resources management. In addition, CWRA has also created a roadmap report titled Toward a Canadian National Water Strategy, illustrating a method to develop a Canada-wide water strategy.

Historically and economically Canada has been shaped by our waterways and infrastructure. The benefits we have derived from water are diverse. Canada has more lakes than any other country. We have more water per capita than any other large country. Unfortunately, we tend to take water for granted and undervalue it. Canada’s per capita water withdrawals are among the highest in the world, and twice as much as the average European.

Despite the fact that Canada possesses nine per cent of the world’s fresh water supply, Canada is not necessarily a water-rich country. Viewed globally, Canada’s land mass is proportional to its water supply. Approximately 60 per cent of Canada’s fresh water drains north, while 90 per cent of our population lives within 300 km of the 49th parallel. Recent droughts and shortages indicate the relative scarcity of water in some regions at certain times of the year and demonstrate the importance of developing strategies to minimize the adverse effects of potential future shortages.

In 1987 the federal fresh water policy was tabled in Parliament. This policy outlined five strategies: water pricing, science leadership, integrated planning, legislation and public awareness. Since 1987, water quality has become an important issue and it should be added as a sixth strategy.

It is time to revisit and update the federal water policies to identify how the federal government can better work with provinces and territories to identify and achieve common water management principles, objectives and/or outcomes, especially for watersheds that cross provincial boundaries, or whether there is a joint federal-provincial interest.

The following is a quote from a report prepared by CWRA and released in the fall of 2010:

"Recognizing the need for an integrated and over-arching national water strategy, Canada’s water stewards are initiating the development of a vision-based strategy aimed at harmonizing policy and management objectives across jurisdictional divides, enhancing the effectiveness of management at all levels, selecting the
priority actions requiring immediate attention and strengthening local watershed-based water management to deal with these issues.

Sectors that are encouraging increased co-ordination, collaboration and integrated resource management include:

- International and bi-lateral organizations i.e., U.N., International Joint Commission;
- Council of Great Lakes Mayors;
- Federal Agencies – Agriculture and Agri-Food Canada, Department of Fisheries and Oceans, Environment Canada, Health Canada, Transport Canada, Natural Resources;
- National Governmental Collaborations and Councils – e.g. CCME, Federation of Canadian Municipalities;
- Provincial and Territorial governments and agencies;
- Canada’s Aboriginal leadership;
- Watershed organizations (e.g. Watershed Authorities, River Basin Councils, Ontario Conservation Authorities);
- National and local non-government organizations;
- Business, Industry and Labour Organizations and Corporate Champions; and
- Transboundary Watershed Management – e.g. Prairie Provinces Water Board.

Each sector is contributing independently to this National Water Agenda. It is timely to put our minds together to develop this essential overarching strategic framework or Vision of a Canada Wide Water Strategy.

Significant threats to water resources exist across Canada. Climate change is an emerging challenge in all parts of the country, but numerous long-term problems also exist, with serious implications for Canada’s environment, economy and society.

Canada does not currently have an overarching national water strategy that facilitates more effective responses to current and emerging challenges and threats. The benefits of having such a strategy are numerous. Examples include the following:

- More consistent and effective responses to concerns with national dimensions, such as water exports and climate change;
- Increased accountability due to broader stakeholder participation in governance;
- Enhanced environmental protection and a stronger foundation for economic productivity;
- Stronger national capacity to respond to threats and crises;
- Better positioning to meet growing international expectations and obligations; and
- Greater public acceptance and support for water management decisions.

The Canadian Water Resources Association (CWRA) believes that a Canada Wide Water Strategy (CWWS) is an effective way to address the water management challenges we face, and that such a strategy is within reach.
CWRA supports a CWWS that has the following broad characteristics:

A CWWS for Canada must be developed and implemented through the participation of all stakeholders. The federal government must be a full and active participant, as must all the provinces and territories. However, initial lack of participation by some provinces/territories should not preclude initiation of the process. Indigenous people should have leadership roles.

Common goals and principles endorsed by all participants should be at the core of a CWWS. These should be comprehensive in their scope and should be sufficiently specific that they can guide the policies and actions of participants.

Water touches all our lives and is a significant factor in the economy of all sectors, but good information about the water resource base and various uses as well as economic value is lacking. The development of an effective water policy and strategy can only be undertaken with full knowledge of the quantity and quality of total water supply along with comprehensive information on water use. As well as knowing the value of water and its contribution to the Canadian economy. Reporting of water impacts, uses and return flows is an essential part of adopting a watershed approach to water resource management.

The Alberta Chambers of Commerce recommends that the Government of Canada:

- Participate in any national initiatives that bring the provinces and territories together in addressing water issues of national importance. These initiatives should be undertaken by the Canadian Council of Ministers of the Environment.
- Continue work with the provinces, territories and the United States to ensure there is consistent and effective management of watersheds that cross provincial and international borders, including agreements on water sharing and water quality.
- Continue to provide expertise and financial requirements to Watershed Planning and Advisory Councils for developing and implementing water management plans for each basin and ensuring that these costs are not downloaded as primary responsibilities of municipalities.
- Take a proactive role with respect to feasibility studies, infrastructure development, water supply, and conservation projects.
- Support research and data collection for proper forecasting of stream flows and possible long-term flow changes, which may impact development activities in the areas of water management.
- Encourage all federal government departments with an interest in water to participate in any activities related to the development of a Canada-wide water management strategy and to use a cross-ministry team approach to develop such a strategy.
- Continue to communicate and promote conservation measures and watershed protection, and to increase public awareness of the water management roles and responsibilities of municipalities, provinces, territories, irrigation districts, basin councils and watershed groups throughout the country.
- Continue to use partnerships and provide funding that will support and promote regional, place based, stakeholder-driven solutions.
- Encourage a nation-wide database of water risk information and an eco-service asset assessment.
Wood Recycling: Turning Waste Problem into a Resource Solution

**Issue**

Post-consumer wood waste is an underestimated source of bioproducts and bioenergy. Fostering wood recycling can help Alberta’s businesses to create more jobs, significantly lower the cost of disposing and encourage product innovation. In addition, it promotes green, sustainable and diversified economy through bio-industrial innovation and can be an alternative for Alberta’s dependency on fossil fuels.

**Background**

According to the World Bank report titled *What a waste* (2012), the OECD countries generate 44% of global waste. Canada ranks first of the 34 countries participating in this organization, generating almost 780 kg of waste per person as compared to an OECD average of 578 kg per person. At the same time, Alberta generates the most waste among all Canadian provinces, almost 40% more (1100 kg per person) than an average Canadian. Managing these amounts of waste creates a burden for Alberta businesses and municipalities, but it also represents an opportunity to more effectively utilize Alberta’s resources and create new sustainable business opportunities.

Currently, Canada ranks the 3rd in total global wood production and utilizes almost 99% of its manufacturing inputs (pre-consumer recycling) at sawmills and at secondary wood processors (e.g. furniture). The challenge lies in increasing utilization of wood classified as post-consumer, including waste from Municipal Solid Waste (MSW), comprised by Construction, Renovation and Demolition (25% of all waste in Alberta), and Industrial Commercial and Institutional materials. The main types of post-consumer wood waste include crates, poles, boards, wood shavings, sawdust, beams, pallets and cut-offs. The volume of available post-consumer wood disposal in Alberta is difficult to estimate. However, the Natural Resources Canada estimates that on a national level unrecovered wood debris in MSW reaches 1.75 million metric tons per year which is 7% of the total annually disposed and unrecovered waste stream.

As reported by Statistic Canada, in 2009 forestry biomass was the second, after agricultural biomass, source of bioproducts production and accounted for 16 million metric tonnes. The wood waste can be used as animal bedding, mulch, soil amendment, compost, ground cover, dust control, pellet plants or an ingredient to manufacture pulp and paper products. There is also a growing market of green buildings and products made with reclaimed wood (e.g. doors, floors, furniture). Wood waste and fiber that cannot be recycled into new products may be better used to support bio-fuels and bio-energy. Reduced use of fossil fuels would

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help Alberta meet its growing electricity demand, diversify and green the power supply. Nonetheless, continued support from the Government of Alberta for this transition is needed.86

Since 1972, when the first provincial recycling program called Beverage Container Recycling Program was established, Alberta has been continuously working on developing waste management best practices and has been a leader in implementing waste management legislation on a national scale. It was a pioneer in introducing Hazardous Chemicals Act (1985) and Electronics Recycling Program (2004) as the first province in Canada. However, the wood waste management has never occupied a central position in provincial strategies.87 As of now, there are only five regulated stewardship wastes programs introduced in the province and they encompass used tires, electronics, beverage containers, used oil and the new paint and paint container programs.88

Moreover, in 2011 the Government of Alberta closed two of three grant programs introduced by Nine Point Bioenergy Plan (2006), called Biorefining Commercialization and Market Development Program (BCMDP) and Bioenergy Infrastructure Development Program (BIDP). These two grants helped to fund, among other projects, a commercial scale plant that uses forestry wood waste to generate thermal and electrical power.89 They have also partially funded Waste-To-Biofuels facility in Edmonton that is able to convert 100,000 tonnes of municipal solid waste into 38 million litres of biofuels annually.90 91 The third grant, called Bioenergy Producer Credit Program (BPCP) has been discontinued by Budget 2013.92

Last but not least, for many businesses the wood recycling is still not an option worth considering since the majority of landfills in Alberta continue to accept wood waste. It is particularly surprising given the fact that the price of wood waste recycling is lower than dumping it in the landfill. As estimated by one of the main recycling wood waste companies in the province, the Greater Edmonton and northern Alberta landfill costs reach $68 per metric tonne plus roll-off container, rental, fuel surcharge and haulage transportation. At the same time, the average rate for wood waste recycling services is $40 per metric tonne and includes scaling fee, unloading and wood waste grinding.93

The Alberta Chambers of Commerce recommends the Government of Alberta:

Set recovery targets for wood and other materials along with the reliable reporting systems and information collection to allow for appropriate measurement and analysis.

Develop a stewardship program dedicated to post-consumer wood recycling and promote creativity in finding end markets for recycled wood.

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87 The main documents that should be taken into consideration are the Alberta’s Environment waste strategy titled Too Good To Waste (2007), an energy strategy Launching Alberta’s Energy Future – Provincial Energy Strategy and Alberta Climate Change Strategy, both published in 2008. At present, the main provincial document that regulates the waste management is the Alberta Environmental Protection and Enhancement Act (EPEA), updated in December 2013.


91 Full list of BCMDP and BIDP recipients is available here: http://www.energy.alberta.ca/BioEnergy/1636.asp.


Reopen grants for businesses that are interested in developing bioproducts or bioenergy projects based on wood recovery. Encourage partnerships between municipalities, businesses, academics and engineers to promote development of bioproducts and bioenergy based on wood waste.

Address wood waste issues through awareness campaigns that promote community benefits of wood recovery as well as indicate development opportunities for businesses in this field. Introduce measures that would limit the landfills' access to wood waste and that would promote the utilization of wood waste management centres. The only exception would be if a landfill has a wood waste recycle program or hires a contractor who offers recycling services.
Finance & Treasury Board
Reduce Alberta Corporate Income Tax Rates

Issue

Since corporate income tax represents a very large percentage of pre-tax income, decision-makers are highly sensitive to corporate income tax rates. It is in Alberta’s best interests to reduce and keep corporate income taxes low to attract business to Alberta and retain them in our province.

Background

Corporations seeking to expand or relocate examine many factors; often the projected “after-tax” return on investment is one of the primary considerations. Since corporate income tax represents a very large percentage of pre-tax income, decision-makers are highly sensitive to corporate income tax rates.

Corporations have learned to be internationally mobile to gain both marketing and financial advantages, including tax advantages. It is well proven around the world that creating a low corporate tax environment attracts investment in capital, growth in trade and commerce, as well as the relocation of corporate head offices and wealthy/high-income individuals.

Corporate Tax Rates by Year

<table>
<thead>
<tr>
<th></th>
<th>Rate in 2005</th>
<th>Rate in 2015*</th>
<th>Rate in 2016</th>
<th>Rate in 2019</th>
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<tr>
<td>General</td>
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<td>2.0 %</td>
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</table>

*Rate changed from 10% to 12% and Small Business 3% to 2% effective July 1, 2015

Within Canada, there are now two provinces with lower tax rates for small businesses than Alberta and three other provinces that have a lower general rate.

The fact is that many potential investors and corporations looking at new business investment or expansion in Alberta have chosen not to invest nor locate here due to our high-tax regime (both provincial and federal); there are low-tax/no-tax alternative jurisdictions within other parts of Canada, the United States and elsewhere. We have seen examples of this happening with large oil and gas companies which considered building plants in Alberta then chose to build in other parts of Canada or the United States.

Alberta will get more attention from potential business investors when the general and small business corporate tax rates are lower and when the opportunity to enhance after-tax return on their investment is greater.
The Alberta Chambers of Commerce recommends the Government of Alberta:

Immediately reduce the general and manufacturing-and-processing corporate income tax rate to ten per cent; and

Ensure that the Alberta small business corporate tax rate applicable to Canadian-controlled private corporations does not exceed the lowest tax rate in other Canadian provinces or territories.
Removing Provincial Excise Tax on Medicinal Cannabis

**Issue**

On October 17, 2018, Alberta implemented an excise tax on all cannabis products, including medical cannabis authorized by a physician. These new taxes will amount to a 24.3% tax from the province and 2.5% from the federal government, increasing the tax burden on medical cannabis by 26.8%.

**Background**

With the legalization of cannabis, an excise tax has been placed on all cannabis products, including medical cannabis authorized by a physician. This new tax disproportionately effects patients who can least afford this increase and who are the most vulnerable Albertans. Medical cannabis requires a prescription like other medications but is subjected to a different tax treatment. Removing the punitive and unfair excise tax on medicinal cannabis would encourage and incentivize patients to maintain interaction with their physicians as opposed to ‘self-medicating’ or substituting other prescription pain killers with significant harms, such as opioids.

Medical cannabis users are provided authorization and oversight from registered physicians. In Alberta, these patients are required by the College of Physicians and Surgeons to follow-up with their physicians every 3 months. Physician oversight is beneficial to positive health outcomes, harm reduction, and treatment plans among medical cannabis patients.

Prior to October 17, 2018 over 112,000 registered medical cannabis patients in Alberta only paid GST on their products to relieve symptoms from various conditions, including chronic pain disorders, arthritis, insomnia, multiple sclerosis, Crohn’s disease, and epilepsy. Many of these patients are often economically disadvantaged due to enduring chronic and/or debilitating illnesses which make them unable to continue regular employment. Companies such as Aurora and MedReleaf provide 21% of their patients with compassionate pricing for low-income households, provincial or federal disability assistance recipients, and Canadian Veterans to help offset the current federal tax applied. Through its subsidiary CanniMed, Aurora subsidizes cannabis for members of Canadian Association of Retired Persons (CARP).

Applying any tax to medically prescribed cannabis is inconsistent with the taxation of all other prescription medicine, which are tax exempt and patients already pay sales tax on medical cannabis and aren’t eligible for reimbursement under most insurance plans in Canada.

As of October 2018, Albertans have experienced the largest tax increase on medical cannabis among all provinces.
<table>
<thead>
<tr>
<th>Province</th>
<th>Federal Ad Valorem Rate</th>
<th>Provincial Ad Valorem Rate</th>
<th>Additional Rate + Sales Tax + Adjustment (if applicable)</th>
<th>GST/PST/HST Combined Tax Rate</th>
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<td>15%</td>
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<td>5%</td>
<td>15%</td>
<td></td>
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</tbody>
</table>

**Sources:**

94 [https://www.fin.gc.ca/n18/data/18-084_2-eng.asp#_ftn1](https://www.fin.gc.ca/n18/data/18-084_2-eng.asp#_ftn1);


96 Navigator, February 2018. An online, national quantitative study was conducted among a representative sample of 1,200 Canadian adults, 19 years of age or older. Quota sampling was employed to ensure that the
Rather than seeking ways to increase revenue from a product that has already been medically available prior to October 2018, the Alberta Government should be exploring ways to ease the financial burden of Albertans who use medicinal cannabis. Unfortunately, costs will increase for these patients, many of whom are the most vulnerable Albertans (seniors, disabled, veterans, and the severely ill). The Alberta Government has no regulatory or distribution touchpoints to the medical cannabis system and does not incur costs related to it, therefore should not be imposing a new tax on the medical cannabis market.

**The Alberta Chambers of Commerce recommends the Government of Alberta:**

Revert to the medical policy that existed before October 2018 and exempt medical cannabis from any excise or revenue generating taxes.

composition reflects that of the actual Canadian population in terms of age, gender, and province, according to the latest StatsCan findings.
Rethinking the Boundaries: Capturing Data that Reflect a More Accurate Picture of Alberta’s Diverse Economies

Issue

In 2015, Statistics Canada combined two Alberta economic regions (ER): Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River to make improvements to Labour Force Survey data. The new economic region, however, encompasses nearly all of the western half of Alberta and links together economies that are vastly different. This has resulted in data that are neither useful nor reliable. The data neither reflect the realities of the vastly different economies within the combined ER, nor highlight the dynamics within Alberta’s economy. In the absence of data that do not identify the real strengths and challenges of these varied economies, communities/regions within this combined ER face an economic disadvantage, and policy-makers/decision-makers are unable to take meaningful actions to foster growth and address challenges. This has implications for Alberta and Canada as the economies in this region are a vital source of economic activity provincially and nationally.

Background

Economic Regions: Their Purpose

In Canada, an economic region (ER) is a grouping of complete census divisions (CDs) created for the analysis of regional economic activity. According to Statistics Canada, “such a unit is small enough to permit regional analysis, yet large enough to include enough respondents that, after data are screened for confidentiality, a broad range of statistics can still be released.”

Over the years, the boundaries of the regions have been redrawn, most recently “adjusted to accommodate changes in census division boundaries and to satisfy provincial needs.” In 2015, ER 4840 (Banff-Jasper-Rocky Mountain House) was combined with ER 4870 (Athabasca-Grande Prairie-Peace River) for the purpose of obtaining better data. ER 4840 was identified as small by population, making it difficult to achieve variance (quality) targets. Statistics Canada (in consultation with the Alberta Government) made the decision to combine ER 4840 with 4870 “because both [ERs] are rural and have similar economies.”

Labour Force Survey (LFS): Measuring Economic Performance

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97 [https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/introduction#a5.3](https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/introduction#a5.3) The regions are based upon the 1950s work of Camu, Weeks and Samtz.

98 [https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/introduction#a5.3](https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/introduction#a5.3)


100 LFS uses 35,000 dwellings as a quality threshold. ER 4840 had <35 000 occupied dwellings

101 Statistics Canada email to Grande Prairie & District Chamber of Commerce January 9, 2019
The LFS is a household survey carried out monthly by Statistics Canada and "is among the most timely and important measures of the overall performance of the Canadian economy... It is the only source of monthly estimates of total employment, including self-employment, full- and part-time employment, and unemployment. It publishes monthly standard labour market indicators such as the unemployment rate, employment rate and participation rate. In addition, the LFS provides information on the personal characteristics of the working-age population including age, sex, marital status, educational attainment, and family characteristics. Employment estimates include detailed breakdowns by demographic characteristics, industry and occupation, job tenure, and usual and actual hours worked."102 LFS data estimates are produced for Canada, the provinces, the territories and a large number of sub-provincial regions.103

Data drive decisions

LFS data are a crucial tool. Data inform local and global investors and entrepreneurs considering businesses opportunities in communities and regions; can create incentive or hindrance that impact behaviour (i.e. investment) and decision-making; and help inform governments (federal, provincial, local) so they are able to develop meaningful policies and strategies to foster growth where it is flourishing, and help ignite it where it is languishing.

One data set, vastly different economies

While LFS data are designed to provide key labour market estimates for ERs and must be sufficiently reliable to support the various uses of the data,104 some data for this newly combined ER region (4840 and 4870) present an inaccurate picture of this ER’s economies. Not only does the ER encompass almost all of the western half of Alberta, but there are significant differences in the economies and labour forces between some areas in ER 4840 (which includes two national parks and is tourism-based) and ER 4870 (which includes economies based on a foundation of world-class natural resources including oil, natural gas, forestry and agriculture). Building in other factors has in some cases resulted in an economic analysis that is not representative of the true nature of the different economies and labour forces within the combined ER; as such, some data is neither reliable nor useful, and in some cases, is detrimental to economic development.

In the Grande Prairie region, for example, the ER’s unemployment rate (derived from the LFS) is typically 1-2 percent higher than the reality in the region’s economic landscape (estimates based on previous years’ data when labour force data for Grande Prairie (CA) were available, combined with current data on local spending figures, hotel stays, rental vacanices, etc.). Economic Development Officers in the region report that this elevated Statistics Canada unemployment rate is deterring potential investors from investing in the region105, as unemployment data is an important indicator of the economic potential of an area. In turn, this presents barriers and additional challenges for northwestern Alberta and its ability to compete on a provincial, national and global scale. This also has implications beyond regional borders, as the Grande Prairie region is noted for its economic contributions to the provincial and national economies due to its proximity to the prolific world-class Montney-Duvernay shale gas play, its global reputation for agricultural and forest products, and its trade area of over 280,000 people.

102 https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm
103 www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3701#a1
104 https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm
105 Economic Development Department, City of Grande Prairie
To the south of the combined ER, the Towns of Jasper and Banff, located in the Canadian Rockies and in national parks, as well as Canmore, have an economic landscape, and unique labour force and labour force challenges distinctly different from the Grande Prairie region and the rest of Alberta. Recent research\textsuperscript{106} has highlighted that these municipalities, which rely on tourism, face unique pressures in their efforts to provide effective and sustainable service delivery and quality infrastructure to large numbers of domestic and international visitors. Combining economic data for this region with areas that have distinctly different economic drivers does not reflect the economic realities in these mountain park communities, and as such, is not an effective tool for understanding and addressing the challenges associated with being major international tourist destinations. This, too, has important implications beyond this region, as the ability of these communities to attract and serve visitors benefits Alberta as a whole, other Alberta communities, and Canada.

Reliable data to effectively inform
While the economic regions (4840 & 4870) were combined to capture a more reliable figure about its labour markets, this change has produced LFS data that, in some cases, are neither useful nor reliable, and have even been detrimental to economic development. Ensuring the boundaries of Alberta’s economic regions allow for reliable LFS results that reflect the dynamics and differences in the economic landscape is necessary to foster resilient communities and robust local economies, and drive vitality and competitiveness within Alberta’s economy.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

Through the Alberta Office of Statistical Information, work with Statistics Canada to develop a model of decision-making to define the boundaries of Alberta’s economic regions (ERs) that ensure ERs produce robust and reliable Labour Force Survey data that best reflect the economic landscapes and labour forces across Alberta.

\textsuperscript{106} 2016 Banff, Jasper, Canmore Tourism Economic Impact Study \url{http://banff.ca/DocumentCenter/View/5550} and economic development data
0% Financing for Commercial Building ‘Green’ Retrofits

**Issue**

The carbon levy incurs a cost on businesses that rely on commercial properties for production. As buildings are one of the biggest sources of carbon emissions, it is wise to provide incentives and the financial capability to improve building efficiency.

**Background**

As part of Alberta’s Climate Leadership Plan, the Carbon Levy has instituted a cost on carbon emissions. This will represent an increase in utility and transportation costs for businesses.

As of 2011, buildings represented 11% of greenhouse gas emissions in Canada with commercial property representing nearly half of that amount. At this time the cost-value proposition of ‘green’ retrofits on existing buildings is predominantly uneconomical thanks to high upfront costs and a long payout period. This leaves ‘green’ retrofits an impractical or even impossible option for most small and medium enterprises (SMEs) leaving Alberta businesses in the difficult position of being burdened with the additional cost, yet have limited capability to reduce emissions.

If government is serious about reducing emissions and incenting change, there needs to be a mechanism that allows for small and medium enterprises to undertake ‘green’ retrofits.

As part of their platform the NDP announced in the spring of 2015 that they would implement a loan program for families and small businesses wishing to make “green upgrades and cut costs.” As outlined in the release the plan would provide a fund of $125 million per year in 0% financing and create 2,750 jobs. Similar program that have been implemented have helped achieve priorities such as increasing competitiveness, enhancing environmental stewardship, and energy efficiency.

If a loan program were made available to SMEs, it would align with the government’s goal of reducing emissions, while stimulating construction, and redirecting SMEs funds away from high utility and carbon costs to more productive means.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Develop and implement a program that will allow lending institutions in Alberta to provide 0% financing for ‘green’ retrofits to small and medium enterprises upgrading their commercial property.

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108 “Rachel Notley’s NDP to promote energy savings for Albertans,” [http://www.albertandp.ca/rachel_notley_s_ndp_to_promote_energy_savings_for_albertans](http://www.albertandp.ca/rachel_notley_s_ndp_to_promote_energy_savings_for_albertans)
Add Consistency to the Tax Act Through Indexing

Issue

The Canadian Department of Finance began indexing the tax brackets on every Canadian’s tax return in 1988. However, the Finance Department has failed to index a number of deductions which, in effect, has Canadians paying unfair taxes in certain areas. Two specific examples that affect the business community are the deduction of child care costs and Canada Pension Plan contributions.

Background

The practice of indexing was implemented to prevent “bracket creep” where, as a result of a cost-of-living increase, the taxpayer was bumped up into the next tax bracket and, as a consequence, took home no additional monies.

Current deductions for child care, only applicable for children under six years of age, are capped at $8,000 per year. While this deduction limit was recently increased from the 1998 level of $7,000 per year, the amount of the increase is neither in line with inflation figures nor the substantial rise in child care costs. (Average national annual rate of inflation 1998-2017 – 1.91%)\(^\text{109}\). A parent returning to the work force must make a financial decision of how much their take-home income is benefiting the family versus the cost of being away from the children and paying for care.

Canadian Centre for Policy Alternatives reported “child care fees in much of Canada are too expensive for many, if not most families – low – and middle income alike.” Median monthly fees for child care are $980 in Calgary, $885 in Edmonton, and have similar costs in rural parts of the country.\(^\text{110}\)

The net cost to families for child care leaves little incentive for parents to enter the workforce unless absolutely necessary. With chronic skilled labour shortages across Canada persisting, it is incumbent upon government to make workforce engagement as appealing as possible for young parents.

There are many tax credits that are indexed, along with the tax brackets, yet a number of glaring areas that are not. This inconsistency adds to the complication of the Canadian tax system, costs business, and weakens Canada’s workforce by discouraging labour force participation.\(^\text{111}\)

The Alberta Chambers of Chamber of Commerce recommends that the Government of Canada:

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Apply indexing to all exemptions, deductions and contribution limits applicable in the *Income Tax Act* and the *Excise Tax Act* so Canadians and businesses are not unfairly taxed.
Consolidating the Administration of the Provincial and Federal Corporate Tax Compliance and Collection

Issue

Alberta is one of two remaining jurisdictions in Canada that has not consolidated its corporate income tax with the federal government. The duplication of filing requirements imposes an additional tax compliance burden and creates unnecessary compliance risks for Alberta businesses. Currently, an Alberta corporation must file one return with the Canada Revenue Agency and another with the Alberta Tax and Revenue Administration division of Alberta Finance. It was only last year that Alberta started permitting companies to file electronically under certain circumstances – making it the last provincial jurisdiction to do so in Canada. Online filing has simplified certain tax compliance functions, but there remain nine schedules which cannot be filed electronically, resulting in added complexity since certain returns can be electronically reported while others must be mailed or faxed. From a tax compliance perspective, this continued duplication of functions, including reporting, auditing, and returns, is a source of frustration and red tape that cannot continue within the current environment of spending restraints and austerity.

Background

A competitive tax system is essential to attract and retain business investment, as well as fostering economic growth in a highly competitive global economy. Improving our tax competitiveness, including simplification of compliance, continues to be a matter of crucial importance.

Since 1962 tax collection agreements (TCAs) have provided an administrative and legislative framework for the harmonization of tax structures, while respecting provincial and federal governments’ rights to impose personal and corporate income taxes.

The TCAs do not prevent the provinces from continuing to establish their own tax calculations independently of the federal tax calculations. The agreements assign responsibility to the Canada Revenue Agency (CRA) to collect provincial corporate taxes and administer provincial taxes on behalf of the provinces. In 2006, Ontario signed a memorandum of understanding with the federal government to consolidate its corporate income tax system by December 31, 2008, leaving Alberta and Quebec as the only jurisdictions without TCAs.

According to a 2006 Ontario Fiscal Review, consolidation of the corporate income tax was expected to save Ontario businesses $90 million annually from a consolidated tax base and an additional $100 million annually in compliance costs. In a 2008 report, PriceWaterhouseCoopers indicated that consolidation would significantly reduce the compliance burden of tax filers. The benefits of moving ahead with eliminating the duplication of corporate tax collection are proven with 11 out of 13 jurisdictions in Canada taking advantage of the cost savings and compliance efficiencies it creates.

The Alberta Chamber of Commerce recommends that the Government of Alberta:

   Work with the Government of Canada to consolidate the collection and administration of its provincial corporate income tax.
Off-Road Fuel Rebate

Issue

Some businesses whose operations use licensed vehicles off public roads pay fuel taxes intended for the maintenance of infrastructure they don’t use. A rebate for these inappropriate taxes would support the growth of industries such as oil, gas, and logging.

Background

In 2011, Alberta eliminated rebates for fuel purchased for off-road purposes in licensed vehicles. This rebate provided relief for businesses who drove their vehicles predominantly off public roads during exploration or on private roads. Extraction industries, particularly mining and logging were particularly impacted by the change. In addition, businesses operating in non-urban and northern areas of the Province are disproportionately affected given that non-maintained roads vastly outnumber maintained roads and highways in those regions.

By allowing businesses to claim back a portion of the taxes paid at the pump, the Alberta government had demonstrated a long-term commitment to ensuring fairness, by rebating the portion of taxes collected on fuel that is not expended on the roads these taxes are meant to maintain. When the Province announced its elimination of former rebate programs, it cited abuses by subscribers who drove their licensed vehicles on publicly-maintained roads and highways. While most licensed vehicles are operated in part on public roads, an effective rebate could account for this by requiring applicants to account for the extent of their off-road use in applications. This proportion would ensure that appropriate and fair taxation is extracted from all users. Similar accounting and rebating methods are already implemented for many businesses regarding the use of vehicles used for both personal and business purposes.

Four other provincial counterparts currently offer rebate programs for licensed vehicles used in mining operations. With businesses located in other provinces eligible to claim upwards of 11.5 cents per litre on clear diesel and gasoline, Alberta businesses are at a significant disadvantage.

If Alberta is to maintain and strengthen its position as a global energy leader, it must restore the competitiveness of and fairness for its businesses by developing a rebate that directly impacts their operations.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Implement a rebate on fuel taxes for licensed vehicles to the extent they are used for business purposes off publicly-maintained roads.
Fully indexed tax-deductible contributions of 20 per cent of earned income up to the top tax bracket, with matching grants for non-deductible contributions earmarked for education and disability care, tax-free withdrawals of contributed capital, and tax-deferred withdrawals of growth for qualified purposes will allow the funding of various expenses throughout a Canadian’s lifetime.

There is no question that this streamlining process would represent challenges, but it is clear that the ultimate benefits of such an outcome, such as a reduction of government overhead costs and an increase in ease and appeal for the saving consumer, would far outweigh any difficulties associated with implementation.

The Alberta Chambers of Commerce recommends that the Government of Canada:

  Encourage Canadians to maintain a “culture of savings” through refining registered savings plans.
  Restore Tax Free Savings Account annual contribution limits to 2015 levels.
Returning Alberta to Balanced Budgets

Issue

The Government of Alberta’s Budget 2018 puts forward a path to return to balanced budgets by 2023. However, this plan is predicated on factors outside provincial control, and will leave Alberta with a debt of $96 billion. The Province needs to establish a credible plan to restore fiscal stability and balanced budgets.

Background

Dependence on Oil & Gas Revenues

Provincial revenues, like the Alberta economy itself, are heavily dependent on oil & gas. Resource revenues represented nearly 20% of total revenue in 2014/15. The decline in global oil prices between 2014 and 2016 saw non-renewable resource revenue drop from $8.9 billion in 2014/15 to $2.8 billion in 2015/16. While prices have rebounded slightly since their February 2016 low of $16.30, Alberta’s oil still sells for roughly 30% less than its five-year average price.

Operational Spending

Budget 2018 represents a 4.3% increase in operating expenses compared to Budget 2017. This continues the trend of growing government operating expenses well above population growth and inflation, which is forecast at 3.5% for 2018/19.

If the Province continues down the path set out in Budget 2018, Alberta’s debt will reach $96 billion in 2023. Alberta’s debt servicing costs will reach $2.9 billion by 2020. This is larger than ministry budgets for Energy, Culture and Tourism, Environment and Parks, Economic Development and Trade, Labour, and Infrastructure combined.

This continued trend of growing government spending without a clear plan to address the deficit was a major factor in Alberta’s credit rating being downgraded by credit rating agency Standard and Poors. With little fiscal restraint, the absence of a credible plan to end deficits, and no path forward on how the growing debt will be repaid, Alberta’s current fiscal path is not sustainable.

Back to Balance

Considering local and global factors and the cumulative impact of policy decisions influencing Alberta in the coming years, the Alberta Chambers of Commerce urge the provincial government re-examine its
fiscal priorities. The Province should focus on long-term economic sustainability, enabling businesses to remain competitive and confidently plan for the future.

Budget 2018 set out a plan to return to balanced budgets in 2023-24. This plan, however, depends heavily on factors outside the Province’s control, including the completion of Trans Mountain and a resulting increase in royalties paid to the Province. Given the vocal and ongoing opposition to this project, and continued uncertainty surrounding future oil prices, growing oil royalties should not relied-upon for increasing public spending.

The Province should instead focus its path to balance on factors which are within government’s control, like the growing operating costs of government. To that end, the Alberta Chambers of Commerce recommend the government consider all options for an appropriate mix of revenue tools and a sustainable program of expenditures without disadvantaging businesses. This begins with a review of programs and services. While results-based budgeting and other internal processes have been conducted in the past, with mixed results, municipalities are showing a new path forward.

Cities including Edmonton, Medicine Hat, and Calgary have undertaken extensive reviews of their programs and services. These reviews are aimed at ensuring municipal services are well-run, providing quality public services for residents while remaining cost-effective. When cost-saving measures are found, City administration is expected to implement those measures. A key element to this process is the inclusion of external stakeholders to participate in reviewing and improving City services. The Alberta Chambers of Commerce recommend the Province undertake a similar review.

The Alberta Chambers of Commerce recommends the Government of Alberta engage in meaningful consultations and work collaboratively with chambers of commerce and other relevant business, industry, community organizations, and municipalities to develop a fiscal plan that meets the following objectives

- Establish a long-term plan to achieve a balanced budget by eliminating operational expenditure growth.
- Adopt an ongoing position of fiscal restraint and controlled spending by launching a full program and service review, including input from external stakeholders, as is being done in Alberta’s largest cities, and report publicly on the results of this review.
- Consult broadly with external stakeholders regarding the optimal approach to stabilize government revenues and expenditures, including an assessment of all available revenue options and tools, as well as cost containment, service level examination and fiscal restraint measures.
- Negotiate government labour agreements due for renewal with a target of no staffing increases and zero percent increases in salaries until the currently depressed labour market has turned positive and rebounded sufficiently to justify wage growth.
Securities Regulation

Issue
Since the Supreme Court of Canada ruled that the Federal Government does not have the jurisdiction to implement a National Securities Regulator, vast opportunity has emerged for implementation of an inclusive and harmonized passport system of securities regulation that includes all provinces and territories.

Background
On December 22, 2011 the Supreme Court of Canada released its unanimous decision in the Federal Government’s reference on the constitutionality of the proposed legislation to create a National Securities Regulator. The legislation was found to be in pith and substance legislation relating to “property and civil rights” and therefore ultra vires the federal Government’s powers.

While ruling that the proposed legislation was not constitutional, the Supreme Court of Canada did not completely close the door to a role for the Federal Government in a cooperative scheme of securities regulation. The Court stated:

[130] While the proposed Act must be found ultra vires Parliament’s general trade and commerce power, a cooperative approach that permits a scheme that recognizes the essentially provincial nature of securities regulation while allowing Parliament to deal with genuinely national concerns remains available.

[131] The various proposals advanced over the years to develop a new model for regulating securities in Canada suggest that this matter possesses both central and local aspects. The same insight can be gleaned from the experience of other federations, even if each country has its own constitutional history and imperatives. The common ground that emerges is that each level of government has jurisdiction over some aspects of the regulation of securities and each can work in collaboration with the other to carry out its responsibilities.

[132] It is not for the Court to suggest to the governments of Canada and the provinces the way forward by, in effect, conferring in advance an opinion on the constitutionality on this or that alternative scheme. Yet we may appropriately note the growing practice of resolving the complex governance problems that arise in federations, not by the bare logic of either/or, but by seeking cooperative solutions that meet the needs of the country as a whole as well as its constituent parts.

[133] Such an approach is supported by the Canadian constitutional principles and by the practice adopted by the federal and provincial governments in other fields of activities. The backbone of these schemes is the respect that each level of government has for each other’s own sphere of jurisdiction. Cooperation is the animating force. The federalism principle upon which Canada’s constitutional framework rests demands nothing less.

Following the decision, former Federal Finance Minister Jim Flaherty stated his desire to make arrangements with the provinces to proceed with a Canadian securities regulator to deal with those aspects of the securities market that are interprovincial and global. Mr. Flaherty also stated it was clear in the Supreme Court of Canada judgment that the day-to-day regulation of securities will remain with the provinces.

As the Supreme Court of Canada recognized:
Since 2008, all provincial and territorial jurisdictions except Ontario participate in a “passport regime” based on harmonized rules that allow issuers and market intermediaries to engage in activities in multiple jurisdictions while dealing with a single principal regulator.

The passport model has been a confidence-building step towards a complete and expanded fully national version of the system. Previous arguments to the Wise Persons’ Committee that reviewed the issue still hold true: “Local securities regulators tend to be well attuned to the strengths, weaknesses, needs and resources of their local capital markets and local market participants (issuers, investors and intermediaries). Just as our economy exhibits strong regional characteristics, with certain industrial or economic sectors being particularly prominent in some provinces and territories and much less so in others, so our securities commissions have developed strong and complementary local expertise.

The reformulation and harmonization of policy instruments, a process now well advanced, has considerably diminished differences in the legal framework between jurisdictions”

Given the Supreme Court of Canada’s rejection of the proposed National Securities Regulator, a renewed effort should be made to bring Ontario into the Passport System and to continue to harmonize provincial regulation through National Instruments developed in that system. The Passport System should be the model for harmonization of Canada’s securities regulatory regime into a coordinated national system.

Sound and effective securities regulation is critical to fostering investor confidence and attracting capital. Access must be as cost effective and convenient as possible while providing an exemplary level of investor protection. To date, the passport system appears to be effective in achieving these goals for participating provinces and territories.

The Alberta Chambers of Chamber of Commerce recommends that the Government of Canada:

Work with the provinces and territories to maintain and support the Passport Agreement, build on securities passport improvements that have already been made by participating provinces and territories, and move towards national harmonization by way of a well-designed, well monitored, nation-wide passport system for securities regulation that includes all provinces and territories.

The Alberta Chambers of Chamber of Commerce recommends that the Government of Alberta and the Governments of all Provinces:

Cooperate with the federal government to provide a role for the federal government in the enforcement of securities regulation and in other areas of federal jurisdiction, in order to enhance the functionality of a nation-wide passport system.
Tax Agency Accountability

Issue
Small businesses and accountants report frustration and a need to commit significant time, often at considerable expense, to deal with taxation and filing issues with the Canada Revenue Agency and the Alberta Tax and Revenue Administration.

Background
As small business accounts for 98 per cent of business in Canada, employing 71 per cent of the labour force in the private sector, it is apparent that small businesses are the backbone of Canada’s economy. There are few businesses that at some point in time have not had to correspond with the Canada Revenue Agency (CRA), or Alberta Tax and Revenue Administration (TRA) over some matter related to their business, whether by letter, fax, telephone, online or in person. Inquiries typically centre around issues related to corporation income taxes, the goods and services tax, payroll taxes, customs and excise taxes, or even personal income taxes.

Although there is one basic number for business inquiries and one for inquiries regarding personal income tax, which should make for efficient, effective interaction with the CRA and TRA, many small businesses find themselves spending exorbitant amounts of time dealing with them. When a business makes an error in filing, there are strong timelines placed on correction and response; however, when the tax agency is in error, a small business person may invest significant amounts of time communicating or attempting to communicate with them and being transferred from department to department. In many cases an accountant is required to handle the matter, creating more cost and more red tape.

The CRA has held a number of consultations through 2012, 2014, and 2016 with the goal of reducing red tape and improving service for small and medium businesses. Across the country and through the years the feedback provided to the CRA has remained remarkably consistent. Businesses want to:

- Reduce the frequency of small business interactions with the CRA
- Improve how and when it communicates with small businesses
- Make “burden reduction” systemic within the CRA

In the fall of 2017, the Auditor-General tabled a report in the House of Commons that found the CRA actively blocked calls from taxpayers in order to falsely say it met its service standards of keeping people waiting less than two minutes. Between March 2016 and March 2017, the CRA answered only 36 per cent of calls. The report also found that the number of errors made by CRA agents was drastically underreported. The CRA reports a 6.5 per cent error rate compared to the 30% error rate observed by the Auditor-General’s office.

Despite ongoing efforts at reducing red tape and improving service, frustration and complaints about dealings with the CRA and TRA remain. Reports of significant administrative burden, lack of timeliness,

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http://www.ic.gc.ca/eic/site/061.nsf/eng/h_03018.html#point2-1

Professionalism and predictability when dealing with regulators, lack of coordination between regulators, and a lack of fundamental understanding of the realities of small business continue to hamper business prosperity and growth.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

- Incorporate flexibilities into the Alberta Tax and Revenue Administration to allow frontline staff to manage communications between TRA streams on behalf of small business owners and take initiative to resolve issues in a timely fashion, maintaining with proper technical supervision a client-oriented, customer-service approach.
- Implement a case management process for small business in order to improve communications flow and make compliance faster, cheaper and simpler.
- Hold the TRA accountable for its actions and decisions by implementing open government practices, and by correcting and corresponding regarding TRA errors within 30 days of notification by the taxpayer or taxpayer’s representative.

The Alberta Chambers of Commerce recommends that the Government of Canada:

- Incorporate flexibilities into Canada Revenue Agency (CRA) systems to allow frontline CRA staff to manage communications between CRA streams on behalf of small business owners and take initiative to resolve issues in a timely fashion, maintaining with proper technical supervision a client-oriented, customer-service approach.
- Implement a case management process for small business in order to improve communications flow and make compliance faster, cheaper and simpler.
- Hold the CRA accountable for its actions and decisions by implementing open government practices, and by correcting and corresponding regarding CRA errors within 30 days of notification by the taxpayer or taxpayer’s representative.

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CRA maintains regular updates of “ongoing action items” which it updated in November of 2009. No further updates have been published since that time.


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Health
Better Health Care

Issue

Health-care costs have consistently escalated in Canada, with health expenditures in Alberta increasing on average by 10 per cent in the last decade. As costs continue to grow, there is an increasing need to review and revise health care policy to ensure Canadians receive cost-effective and high-quality health care, considering the need for alternative delivery models.

Background

In Alberta, health spending represents close to 40 per cent and continues to claim a larger portion of the budget year after year. Unfortunately, large year over year increases in health care spending have not been matched by comparable increases in value through better outcomes and services. In fact, Alberta ranked second to last in access to primary care in several key indicators. 126 Under current structures, reducing the health-care budget for publicly delivered and funded health-care programs and services through drastically cutting programs and services, in effect, further restricts and rations health care services.

Albertans are continually and increasingly voicing their concern about access and availability of needed health-care services, while simultaneously expressing concern over consecutive provincial deficits and a ballooning debt.

The current health care system is unsustainable and delivering subpar results relative to the money spent. Albertans spend $5,097 per capita compared to the national average of $4,389. 127 Despite this spending, Alberta is a middle-of-the-pack performer relative to our provincial peers, and severely lacking relative to top-performing peer countries in a number of key indicators, but especially that of infant mortality. 128

Fundamental changes to how Alberta Health Care functions are required to ensure Albertans receive the best quality care and best value for their tax dollars.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Implement the recommendations of the Auditor General’s 2017 report on Alberta Health Services; and

Execute and implement the recommendations of a third-party review of system delivery and spending of Alberta health care services with the goal of increasing efficiency and delivery of services.


Public Space for Public Good

Issue

Public buildings utilized for the delivery of healthcare currently do not permit private advertising or sponsored art work on buildings. This underutilization is a lost opportunity to attract much needed revenues to support local delivery of healthcare while promoting community content and culture.

Background

Cost for health care in Alberta is currently 39% of our provincial budget and has grown an average of 4% each year over the last three years\(^\text{129}^{,} \text{130}\). With a provincial economy challenged by factors of increasing demand and higher tax burdens on ratepayers, becoming more creative in finding resources for health care operating costs and expanding or maintaining facilities has reached new heights in urgency.

Public health facilities in our communities across Alberta are critical to the vibrancy and attractiveness to both existing and potential residents. The ability to attach a corporate profile or visible support for these treasured resources serves both community and business.

These spaces are an asset that can be more fully utilized as is common practice in Light Rail Transit and airport infrastructure. Allowing and creating advertising spaces through sponsored community focused content in hospitals and on hospital grounds will serve to create stronger connection between community and business. Financial contributions made through these opportunities could be dedicated to support local facilities, contributing to more sustainable community service delivery.

Current policy regulations do not expressly allow the creation of advertising on public buildings and access to information regarding the opportunity of advertising space on public buildings is difficult to obtain. Clear guidelines allowing private advertising on public buildings would address a lack of available information.

Allowing private advertising on public spaces will allow private investment to play a greater role in offsetting the growing costs of publicly funded healthcare.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

Permit private advertising on public Healthcare Services buildings or grounds managed by a third-party contractor or a hospital foundation with funds received going back to front line health care services and/or equipment required by the health foundations;

Develop clear guidelines on appropriate advertising or any restrictions while communicating advertising opportunities; and

Develop criteria such that only advertisers at arms-length to the health care profession would be eligible.


\(^{130}\) https://open.alberta.ca/dataset/8beb5614-43ff-4c01-8d3b-f1057c24c50b/resource/68283b86-c086-4b36-a159-600bcac3bc57/download/2018-21-fiscal-plan.pdf
Indigenous Relations
Indigenous Labour Force Strategy — Tapping into an Underutilized Pool of Labour Supply

Background

In Alberta the Indigenous population represents the largest untapped labour force in the province. The Indigenous population is younger than the population at large; in 2012 close to half (46%) of Indigenous people in Canada were under the age of 25, compared with 30% of the non-Indigenous population. In Alberta, though Indigenous people exhibit similar participation rates in the labour force (70.3 per cent versus to 72.6 per cent), there is a lack of success in securing and retaining employment. In 2016 Alberta Indigenous employment rates were 6.2 percentage points below the population at large.

The economic slowdown that hit the global economy in 2008 has had a substantive impact on the demand for labour in Alberta. However, over the long term, demographic changes and economic expansion will continue to drive demand for labour in Alberta. It is imperative, therefore, that Alberta position itself to tap into existing underutilized pools of labour in anticipation of the next economic surge.

Recognizing the necessity of addressing this issue, the Calgary Chamber of Commerce completed an in-depth report entitled Completing the Circle: Realities, Challenges and Strategies to Improve Indigenous Labour Market Outcomes in the Calgary Region. The following resolution is itself informed by this report.

A compelling case for business

Fully engaging Indigenous people and communities in the economy and labour force creates a compelling case for Canadian businesses.

The combination of underemployment, a younger than average population, and individuals rooted in the local community makes the Indigenous population an ideal pool of talent for long-term engagement.

Employing Indigenous people in the workplace creates genuine business advantages, such as access to the growing Indigenous market and improved market knowledge of the local consumer base.

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133 Ibid.


Indigenous engagement and employment programs help gain public and regulator support for projects, alleviating avoidable project delays and establishing a reputation for corporate social responsibility.

Improving Indigenous employment outcomes will increase employment income tax revenues and reduce excess government spending on remedial health and social support programs, while also engaging business in the ongoing process of reconciliation being embarked on by all levels of government.

Strategies to improve Indigenous labour market outcomes

Poor Indigenous education and labour market outcomes can be directly linked to decades of publicly recognized repressive government policies and systemic racism, a legacy in which Canadian businesses played a part. The Albertan business community recognizes that we have a moral obligation to actively participate in reconciliation. Taking positive steps to improve Indigenous labour market outcomes can be a part of this effort.

Culturally, Indigenous people have unique histories, customs, values, and protocols that impact how they interact in the workplace. Consensus building as an approach to decision making; working and learning styles that emphasize oral techniques and hands-on instruction; and a flexible approach to scheduling and task management are all characteristics that can influence an Indigenous person’s approach to the workplace.

Because of the societal repressions that they faced for much of the history of our nation and our province, statistics indicate that many Indigenous people exhibit poorer health and higher rates of homelessness, addiction, and poverty than non-Indigenous peoples. Indigenous people are also statistically more likely to come from single parent households. These factors adversely impact many Indigenous individuals’ ability to successfully secure and retain employment.

Due to the restrictive dictates of the Indian Act, many Indigenous people were limited to reserve communities that are separate and distinct from the mainstream. As a result, Indigenous people in reserve communities have faced structural barriers to employment due to a lack of economic and educational opportunities in those communities, and those who move to urban areas often experience difficulty in adapting to the very different market and social conditions present in urban centres while still having to toil against ongoing systemic racism which continues to limit their opportunities.

In light of this, the Calgary Chamber of Commerce’s report entitled Completing the Circle has identified four overarching strategies to improve Indigenous economic and labour market outcomes:

Align business, government, and Indigenous priorities

Businesses and government agencies seeking to work with Indigenous communities need to align their objectives with those of Indigenous communities. This means approaching issues in a manner that considers the perspectives, interests, and culture of the community, and then assessing how the business opportunity can align with these values.

Single access point for Indigenous employment services

Multiple Indigenous career and employment service providers exist to service particular client groups; however, these organizations do not fully coordinate in linking and referring clients to services. What is needed is an integrated access point to connect Indigenous people to the services, training, programming, and employment opportunities they need to succeed in the workplace. In particular, the process for connecting employers to prospective employees needs to be as streamlined, accessible, and coordinated as possible.

Workplace preparation and support
Cross-cultural awareness training is critical to Indigenous employment success. For employers, this means learning how to harness the unique advantages of a diverse labour force while being sensitive and accommodating to the cultural needs of employees from all cultural backgrounds. For employees, this could involve pre-employment preparation training regarding workplace etiquette and expectations, and multicultural awareness training. Indigenous awareness training for employers is a particularly effective approach to improve Indigenous employee retention and success in the workplace.

Skills development and business capacity building

Education is strongly linked to employment which is why innovative thinking, such as provincial involvement in Indigenous education through tripartite agreements, increased use of new media (i.e., e-learning) and high school equivalency or literacy programs, is essential to improving Indigenous educational attainment. Similarly, a more accepting and inclusive work environment which offers its employees applied skills development and upgrading programs can prove rewarding for both the employee and employer.

Finally, the lack of economic development in Indigenous communities as a result of decades of systemic marginalization continues to be a major barrier to improved Indigenous labour market outcomes. It is imperative that government, Indigenous communities, and businesses work together and adopt business-friendly, flexible approaches to improve access to economic development opportunities in Indigenous communities.

The Alberta Chambers of Commerce recommends that the provincial and federal governments work with the business community, Indigenous communities, and Indigenous service providers to:

- Coordinate efforts to improve First Nations economic and labour market outcomes on- and off-reserve, and strengthen off-reserve network linkages to better connect clients to services and employers.
- Develop and market accessible, competency-based Indigenous awareness programming to small- and medium-sized businesses, and that this training serve as recognition of these organizations as Indigenous employers of choice.
- Continue to support industry and service providers in the delivery of Indigenous workplace preparation, education, and safety programs.
- Continue to work through tripartite agreements between the federal government, the provinces, and Indigenous communities to achieve meaningful gains in Indigenous kindergarten to Grade12 outcomes.
- Prioritize high school upgrading and literacy as key components of federal Indigenous human resource programs.
- Develop business-friendly governance and regulatory practices within Indigenous communities, and adopt flexible funding approaches that encourage successful economic development partnerships.
- Continue to develop programs to address socio-economic transition needs from Indigenous to urban communities under an appropriate funding model.
- Invite business associations, such as the Alberta Chambers of Commerce and their members, to participate meaningfully in reconciliation efforts.
Infrastructure
The Future of Public Private Partnerships (P3s) in Alberta

Issue

Alberta is at a crossroads with respect to how it implements and administers infrastructure projects. The Province’s current fiscal deficit, infrastructure deficit, and growing population are exerting pressure on how Alberta will finance its future. Alternative financing arrangements such as P3s offer the Province a smart debt solution.

Background

The scale of Alberta’s infrastructure deficit is difficult to estimate precisely. In the 1950s, Canada spent more than 3 percent of GDP on infrastructure. By 2015, spending had fallen to 0.4 percent of GDP. There currently exists no bone fide source on the stock and condition of infrastructure assets in Alberta. However, a number of prominent think tanks and thought leadership institutions have attempted to size Canada’s infrastructure deficit. Estimates range from $50 billion to $570 billion with most averaging between $110 billion and $270 billion, but the consensus opinion is that Canada should be investing significantly more capital in infrastructure.

Over the past 10 years, the federal government has responded by increasing investments in infrastructure and launching targeted initiatives such as creating the Canada Infrastructure Bank. However, the federal government is not able to tackle this issue alone. Sub-national governments also need to play prominent roles in forming Canada’s infrastructure. Now, more than ever, the Government of Alberta needs to explore all options for leveraging budget dollars to address infrastructure needs.

The traditional procurement model for public infrastructure has been the “design, bid, build” model where, on a project-by-project basis, the Province solicits bids to build a school, hospital or courthouse. Not only are the costs of construction borne by the Province, but the long-term cost of maintenance is borne by the associated government agency (e.g., school board or health authority). The public private partnership (P3) model combines the design and construction costs with the long-term maintenance and/or operating costs, as well as the financing of the costs. This model allows the Government of Alberta to privately finance certain portions of its social infrastructure and finance only where the project can demonstrate cost and/or schedule savings through a formalized value for money test. This smart debt not only finances infrastructure acquisition, but it also formalizes and commits to the long-term maintenance or operation of infrastructure.

P3s are not well understood by both the general public and the business community, and Albertans are traditionally not fond of the Province incurring long-term debt. As a result, the benefits of the P3 model need to be clearly communicated. It also must be noted that the P3 model is not applicable to every project. The high transaction costs and social service characteristics associated with each individual project create a feasibility hurdle that restricts P3 to only 10 to 15 percent of infrastructure projects. Beyond this, the value for money test applied to project candidates can ensure those projects chosen for P3 will provide value for Alberta’s stakeholders. Therefore, P3 cannot be considered a replacement of traditional procurement, but merely an alternative.

Alberta used to be considered one of the frontrunners P3 provinces in Canada. The first P3s in Alberta saw the creation of a joint task force within the Departments of Transportation and Infrastructure. Most of the P3s completed under this structure won awards and generated praise from industry groups. Although
Alberta has done a superior job closing some of the most successful P3s in Canada, in recent years there has been a lack of commitment on the part of the provincial government to provide long-term support to P3s. Alberta is now falling behind as provinces such as British Columbia and Ontario become leading P3 political entities.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Promote public education and encourage the use of public private partnerships (P3s) as an alternative model for public infrastructure growth and maintenance; and
Provide guidance, information, and support to municipalities in the planning and administration of P3s.
Transportation and Utility Corridors

Issue

Prioritize the creation of transportation and utility corridor (TUC) allowing for an area where projects (such as pipelines, rail, power-lines, etc.) are “pre-approved” allowing project proponents to avoid the rigamarole, cost, and time delay associated with permitting of major projects.

Background

Lack of market access along with the time, cost, and difficulty required to take a project from the stage of inception to “shovels-in-ground” is resulting in Alberta and Canada being left behind.

In the mid-1970s, the Government of Alberta established Restricted Development Areas (RDAs) around the cities of Calgary and Edmonton. Designated uses include the ring roads, major power lines, pipelines, and linear municipal utilities. The foresight of the RDAs proved successful in its purpose of developing major linear projects such as Anthony Henday Drive and Stoney Trail.

The ongoing struggle for Canada to see the completion of major projects proves the need to replicate the success of the RDAs throughout the provinces and across the country. This will help ensure new projects can be done in a timely and economic sense and that there be unthrottled access for the flow of people, goods, and services.

Kinder Morgan’s attempt to expand the Trans Mountain pipeline is a good example. If no TUC is properly designated, project proponents face numerous and often insurmountable obstacles. Had the corridor for the pipeline been designated as a TUC, construction of the expansion would be underway and possibly completed.

With Canada being a nation dependent on the export of our goods, it is imperative we have the capacity to do so.

In discussion with business, market access is often cited as a top obstacle for growth and unfortunately attempts to increase market access capacity are faced with incredibly long timelines and substantial costs. Two of the most significant examples affecting Western Canada are rail access for the export of agriculture crops and pipeline capacity for oil and gas.

Severe backlogs caused by railcar constraints and competition for them regularly results in Western Canadian farmers receiving less for their product due to missed and lost sales, demurrage fees, and lower prices. Similarly, pipeline constraints are estimated to have cost the Canadian energy industry $20.7 billion in foregone revenues between 2013 and 2017.136

As our Country continues to grow with more people and more development, we must ask ourselves what might this Country look like in 50 or 100 years? If major interprovincial projects are already this difficult to complete, how difficult will it be when they must deal with even more competing interests.

Designating TUCs will allow the Canadian government to more easily fulfill its constitutional responsibility of interprovincial transportation which includes pipelines and avoid many of the issues plaguing the approval and construction of major projects.

The Alberta Chambers of Commerce recommends that the Government of Canada:

Establish Transportation and Utility corridors throughout the country that are designated for the construction and expansion of major linear projects.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

Establish a North-South Transportation Utility corridor across the province be designated for the construction and/or expansion of major linear projects.
Preparing for Alberta’s Growth by Securing Transportation /Utility Corridors

Background

By 2041, Alberta’s population of 4.3 million is expected to swell to six million. More residents will generate larger volumes of traffic, boost demand for utility services, and increase the likelihood of inter-municipal land-use conflicts. This is especially noteworthy in the Edmonton-Calgary corridor, as the projected population by 2041 shows almost 8 in 10 Albertans are expected to live in this region.\(^{137}\)

The Alberta Chambers of Commerce believes the province can help pre-empt impending growth issues by acquiring a radiating network of transportation/utility corridors (TUCs) that can serve a multitude of purposes, now and in the future.

TUCs are vital for long-term planning between communities. They provide guaranteed corridors for transmission lines, pipelines, regional municipal utilities, telecommunications, and transportation. A network of TUCs will also reduce land-use conflicts, improve integration of communities, and encourage the development of a single dynamic economic region for Alberta.

A proactive TUC strategy to link all of Alberta’s urban centres and regions will not only help the Alberta government plan for future growth, it will provide the opportunity to develop a world-class provincial network of highways, rail lines, and transit systems designed to ensure the safe and efficient movement of goods and people.

Creating an integrated plan to secure these critical TUC corridors is a fundamental step to proactive provincial planning, and doing so quickly will save significant funds. If the government should fail to act soon, the cost of acquiring TUCs throughout Alberta may become prohibitive and cause our province to forgo the opportunity that exists to shape our province’s future in such a visionary fashion.

The Alberta Chambers believes the Alberta government can provide strong leadership by acquiring all the future corridors needed for the kind of farsighted planning that will greatly enhance Albertans’ quality of life.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Continue to develop a province wide transportation/utility corridor plan that will serve to integrate all urban centres and regions in Alberta.

Implement this proactive plan by securing transportation/utility corridor rights of way throughout Alberta with the potential for inter-urban rapid transit, freight networks, telecommunications, regional municipal utilities, transmission lines, pipelines and the development of a comprehensive transportation system.

Justice and Solicitor General
Increase Small Claims Court Limit and Increase Access to Justice

Issue

The Alberta Provincial Courts generally lack sufficient resources to ensure that Criminal and Civil matters are resolved in a timely manner. The lack of resources is not confined to one particular area. In some jurisdictions, the Court lacks appropriate infrastructure; in others, the Court lacks Crown Prosecutors, Justice of the Peace, Judges and support staff.

In any jurisdiction where resources are lacking, an Albertan facing a Criminal Charge and victims of criminal acts are at risk of being denied timely access to Justice.

The lack of resources is also felt in the context of civil disputes. Due to the cost and time required to navigate the lawyer/rules of the court driven process found in the Alberta Court of Queen’s Bench, the majority of Albertans attempt to resolve civil disputes in Provincial Court. Partially for this reason, the Provincial Government increased the Provincial Court small claims limit to $50,000.00 in 2014. While perhaps not accurately termed an issue of access to Justice, the same insufficient resource issues that affect the Provincial Court in the criminal context, also put Albertan’s access to timely resolution of Civil Matters at risk and threaten to undermine the intent of the recent Small Claims Court increase. Given that the concerns over resource allocation engage the discussion regarding the Small Claims limit, it is also timely to consider a further increase in the Small Claims limit to $100,000.00 since, theoretically, resource allocation issues aside, an increase in the small claims limit should facilitate Court access for Albertans.

In addition, the only way for the Court to adequately address its lack of resources is for the Provincial government to make a budgetary commitment to ensure the current resource allocation is sufficient, including the hiring of more Provincial Court Judges, Crown Prosecutors, Masters in Chambers, and other support staff.

Background

Our court system is critical to the functioning of our democratic society and the well-being of Alberta communities. As our province’s population grows, insufficient infrastructure, and insufficient judicial and support staff within the Courts are impacting the effectiveness of our judicial system. While the system pressures are felt both internally and by the public, accessing data on resourcing, caseload types and caseload increases/decreases is not easily accessible to the public.

Compounding the problem of insufficient resources are increasing crime rates across the province, putting pressure on an already taxed court system. Despite most Canadian provinces and territories seeing reduced crime levels, Alberta’s crime rate continues to rise. Rates vary across the province; some areas are experiencing reductions, others are seeing moderate increases, while some are facing surging rates. As caseloads and demand for justice services increases, additional resources are not being appropriately allocated by the Provincial Government to meet growing pressures on the system.

In 2014 the Small Claims Court limit, which is governed by the Provincial Court Act R.S.A. 2000, c. P-31. Section 9(1)(i), was increased to $50,000.00. It is assumed that the motivating factor behind this increase was that it allowed Albertans better access to Court intervention.
However, a lack of resources and infrastructure are also proving to be an impediment to the average Albertans’ and Alberta businesses’ ability to resolve disputes in Small Claims Court. The greater the Provincial Court limit, the more cases that are before the Court, the greater the backlog of cases to be heard. No matter what the Small Claims limit is increased to it will allow access to Court guided resolution only if it is balanced with a commitment on behalf of the government to provide adequate resources to ensure that there is enough space and personnel to allow resolution of civil matters in a timely fashion. However, regardless of practical realities and concerns, theoretically, a further increase in the jurisdictional limit to $100,000.00 will further aid the ordinary Albertan in being able to settle civil matters in cost effective and timely manner.

**Trends of Crime Severity Index by Year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Crime Severity Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>84.95</td>
</tr>
<tr>
<td>2014</td>
<td>87.02</td>
</tr>
<tr>
<td>2015</td>
<td>103.67</td>
</tr>
<tr>
<td>2016</td>
<td>104.98</td>
</tr>
<tr>
<td>2017</td>
<td>110.09</td>
</tr>
</tbody>
</table>

The Alberta Chambers of Commerce recommends that the Government of Alberta:

1. Implement a change in regulation of the Provincial Court Act to increase the maximum jurisdictional limit in Small Claims Court under Section 9 (1) (i) of the Provincial Court Act, R.S.A. 2000, c. P-31 to $100,000; and

2. Make a budgetary commitment to ensure the current resource allocation is sufficient to address the timely resolution of disputes in small claims court, including the appointment of more Provincial Court Judges, Masters in Chambers, and the hiring of other support staff.

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138 Statistics Canada. Table 35-10-0190-01 Crime severity index and weighted clearance rates, police services in Alberta [https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3510019001](https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3510019001)
Preparing Alberta for the Legalization of Cannabis

Issue

On April 13, 2017, the federal government introduced legislation to legalize cannabis in all provinces and territories by July 2018. This will make the possession of cannabis for personal recreational use legal across the country. Adults will be allowed to possess up to 30 grams of legally produced cannabis and grow up to four cannabis plants per household.

Background

Although cannabis is being legalized by the federal government, many of the regulatory decisions are being left up to the provinces and territories. The Government of Alberta has released its draft Alberta Cannabis Framework, focused on four policy priorities: keeping cannabis out of the hands of children; protecting public health; promoting safety on roads, in workplaces, and in public places; and limiting the illegal market for cannabis. The Framework outlines the Province’s intention to create standalone cannabis retail outlets, but does not indicate who will operate these outlets. Retail outlets might be operated by government, as proposed Ontario and Quebec. Alternatively, Alberta could allow private retail outlets, which would be similar to existing liquor stores in the province.

The Benefits of a Private Retail Cannabis Sector

The pending legalization of cannabis will create business opportunities for those entering the new legal marketplace, especially for small businesses. A private cannabis retail model, based on the model used to oversee Alberta’s private alcohol retailers, would provide Alberta with robust business and job creation while supporting economic diversification.

Evidence from other jurisdictions suggests that a private cannabis retail model represents a huge potential market for Alberta’s entrepreneurs. Denver’s legal cannabis industry now has more than 1,100 business licenses operating out of nearly 500 locations. In 2016 alone, Denver realized more than $500.1 million in cannabis sales ($288.3M in retail and $211.8M in medical). At the state level, Colorado realized over $1 billion worth of sales in 2016, with $875.3 million generated from the private retail sector.139

The overall economic impact derived from the private cannabis model used in Colorado is even larger. It is estimated that legal cannabis activities in Colorado generated $2.39 billion in state output, with over 18,000 jobs (Full Time-Equivalents) created in 2015.140

By allowing private cannabis retailers, the Province can capitalize on the administrative expertise of Alberta’s private liquor model. Unlike those provinces which sell alcohol in publicly operated retail stores, Alberta does not have the infrastructure to efficiently set up and operate a province-wide retail model. Transforming the Alberta Gaming and Liquor Commission (AGLC) into a retail operator would require an extraordinary capital investment and a significant organizational shift. Estimating the precise cost of this transition is difficult absent further information from the Province on its intended retail structure, but existing estimates

139 https://www.denvergov.org/content/dam/denvergov/Portals/782/documents/Collaborative_Approach_PDF.pdf
of these start-up costs range from $168 million to $1.7 billion.\textsuperscript{141,142} This cost would come at a time where the province’s debt is expected to reach $71 billion by 2019-20.

A private retail system could also lead to higher revenues for the Government of Alberta compared to a public system. In 2014, the C.D. Howe Institute reported that provinces with a competitive marketplace for alcohol, like Alberta, saw seven percent higher per-capita provincial alcohol revenues than provinces that had only government-operated retail stores.\textsuperscript{143} In the 2015/2016 fiscal year, the AGLC generated $2.26 in return to government for every litre of alcohol sold, whereas the Liquor Control Board of Ontario (LCBO) only generated $1.80 per litre.\textsuperscript{144,145} This shows the incredible efficiency of Alberta’s liquor system, especially considering liquor-related operating costs of the AGLC are mere $34.9 million, compared to the LCBO’s operating costs of $870 million.\textsuperscript{146,147}

Plainly stated, the AGLC made 26% more money for each bottle of liquor sold, with no AGLC-operated retail locations, than the LCBO did with over 650 retail locations.\textsuperscript{148}

Private retail systems in other jurisdictions have also been highly successful at raising government revenues. In Colorado in 2015, cannabis was the second-largest excise revenue source, with $121 million in combined sales and excise tax revenues being generated. In fact, cannabis tax revenues were three times larger than alcohol revenues and 14 percent larger than casino revenues. This evidence suggests that a private cannabis retail model can be highly successful at raising government revenues, which can then be used to fund other public programs.

When considering Alberta’s lack of public retail capacity, the province’s current fiscal position, and the relative efficiency with which a private retail model can generate tax revenue, it is clear that a private cannabis retail model should be established in Alberta.

**Workplace Safety**

Workplace safety issues continue to be a major concern for businesses in Alberta. A key recommendation from the federally appointed Task Force on Cannabis Legalization and Regulation recommended that the government implement an “evidence-informed public education campaign” as soon as possible.\textsuperscript{149} As stated in our February 2017 policy on this topic, this must include encouraging adoption of workplace drug and alcohol policies.

A considerable concern for employers is the lack of best practices on how to develop and enforce policies regarding workplace impairment. Law enforcement protocols and provincial rules and programs on impairment exist but are not well known. These best practices could help employers to develop policies on

\begin{itemize}
  \item \textsuperscript{141} \url{http://calgaryherald.com/news/politics/alberta-party-says-public-cannabis-stores-too-pricey-for-a-debt-laden-province}
  \item \textsuperscript{142} \url{https://docsend.com/view/k7kxfsk}
  \item \textsuperscript{143} \url{https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed//Commentary_414.pdf}
  \item \textsuperscript{144} CANSIM Table 183-0025
  \item \textsuperscript{145} CANSIM Table 183-0023
  \item \textsuperscript{146} ibid
  \item \textsuperscript{147} \url{https://www.aglc.ca/sites/aglc.ca/files/aglc_files/2015-2016%20AGLC%20Annual%20Report.pdf}
  \item \textsuperscript{148} \url{http://www.lcbo.com/content/dam/lcbo/corporate-pages/about/pdf/LCBO_AR15-16-english.pdf}
  \item \textsuperscript{149} \url{http://healthycanadians.gc.ca/task-force-marijuana-groupe-etude/framework-cadre/index-eng.php}
\end{itemize}
impairment in general, in addition to addressing specific considerations for cannabis-related impairment in the workplace.

The Province’s recent framework lacks detail on workplace policy, education, and other resources to help employers prepare for legalization and to understand their responsibilities and rights in dealing with impairment both generally and specifically regarding cannabis. It also lacks details on how the Province intends to deal with conflicts between employer rights and the privacy rights of their employees. The Framework states that “…before July 2018 we will review occupational health and safety regulations and work with employers, labour groups, and workers to ensure the rules continue to address impairment issues.” The intention to collaborate on workplace safety is appreciated but these intentions need to be put into action now to ensure businesses are as well-prepared as possible and are equipped to guarantee their employees safety.

**Addressing Indoor Growing Operations**

The Province has proposed allowing each household to grow up to four plants. While this is consistent with federal guidelines, it creates considerable issues related to indoor growing in commercial rental units, residential rental units and multi-family units. Growing cannabis inside a unit can create considerable mold-related damage to the property, can lead to the invalidation of insurance or skyrocketing insurance costs, and can create unwelcome odors for neighboring homes and businesses.

The issues related to indoor growing cannot be mitigated by simply growing outdoors, as the proposed Alberta Cannabis Framework prohibits outdoor growing.

The Province has proposed using landlord-tenant agreements and condo bylaws to limit the smoking of cannabis in rented or multi-family dwellings, as is done currently for tobacco. The Province should also allow these agreements to restrict the growing of cannabis in rented or multi-family dwellings. Just as buildings are currently allowed to prohibit pets or smoking tobacco, they should also be allowed to prohibit the growing of cannabis.

**Public Use**

Current regulations on tobacco have helped to create smoke-free work environments across Alberta. This includes smoke-free indoor areas and limits on smoking and vaporizing tobacco within prescribed distances from doorways, windows, and air intakes. The Province should extend these rules to the smoking or vaporizing of cannabis.

**The Alberta Chambers of Commerce recommends the Government of Alberta:**

Create a defined private retail model for the physical and digital sale of legal cannabis in Alberta, with government oversight and consumer education.

Expedite the review of occupational health and safety regulations to ensure businesses can establish workplace safety policies relating to impairment and cannabis use.

Develop policy templates and best practices resources on workplace impairment detection and management in consultation with stakeholders.

Use a portion of revenues from the taxation of cannabis to develop and provide expanded education, resources, and programming to support safe workplaces and impairment policies.

Allow landlord-tenant agreements and condo bylaws to prohibit the smoking, vaporizing and growing of cannabis subject to the Alberta Human Rights Act.

150 https://www.alberta.ca/cannabis-framework.aspx#p6241s8
Excepting appropriately licensed establishments, prohibit the smoking and vaporizing of cannabis in non-residential indoor spaces and within prescribed distances from doorways, windows, and air intakes.
Labour
Canada Alberta Job Grant Needs to Allow for Family Business Applicants

Issue

In its current format, immediate family of company owners are ineligible to receive funding for any training through the Canada Alberta Job Grant. This includes adult children who are actively contributing to the business who may or may not already have a management role, or who intend to take over management or ownership in the future.

Background

The Canada-Alberta Job Grant was created in October of 2014, with the goal of assisting business owners with recruitment and retention of employees through subsidized training. Individual employers have a cap of $300,000 per year, with a $10,000 cap on any existing individual employee. The cap is raised to $15,000 if the employer was hiring an Albertan who was not currently employed.

Since its establishment, an average of 1750 unique employers have accessed the program each year. “In 2017/2018, more than 10,000 Albertans participated in training through the Canada-Alberta Job Grant, which was launched in 2014. In its fourth year, Canada-Alberta Job Grants totaling $19.1 million were committed to 2,140 employers. Of the 10,650 that participated in training, 99 per cent were employed prior to commencing training.”

A statement from the Applicant Guide reads: “The Canada-Alberta Job Grant (CAJG) is an employer-driven program that helps employers invest in training for their current and future employees. The goals of the CAJG are to increase participation of Albertans in the labour force by helping them develop the skills they need to find and keep a job. The CAJG is also an opportunity for employers to invest in training that is better aligned to job opportunities.”

The concern raised by business owners is regarding the eligibility requirements; namely, the exclusion of ‘immediate family of the company owners. This exclusion is prohibitive to many businesses who would benefit from this program. According to research by the Alberta Business Family Institute (ABFI), “family-owned business generates approximately 60% of Canada’s Gross Domestic Product; employs 6 million workers in Canada (both full time and part time); creates 70% of all new jobs in North America and provides 55% of all charitable donations.”

Even though family-owned business has such a large impact on the Canadian (and Albertan) economies, 70% fail before being passed onto the second generation. Would these businesses not benefit from the same program that was developed in order to “help(s) employers invest in training for their current and future employees.”?

After 4 full years and several thousands of employers and employees benefiting from the Canada Alberta Job Grant, it can be said that it is a worthwhile program, but a large segment of Albertan employees does not have the opportunity to further their training or education because they have chosen to be part of their family-owned business and/or succession plan.

As stated in the Diversity and Inclusion Policy found on the Government of Alberta website, the GOA focuses on making equality, fairness and inclusivity within the workplace a primary concern. The proposed changes to this grant are in line with those priorities. All employees are subject to the same requirements when it
comes to taxes, worker’s compensation, and others in the attempt to achieve fairness in the workplace; Family farms are a great example of this after recent changes to the ‘Enhanced Protection for Farm Protection Act’. Our goal simply, is to ensure fairness to all employees by changing the ineligibility clause for immediate family of business owners. We don’t recommend preferential treatment, we recommend fair treatment.

To realize the full potential of this program, there are simple and necessary changes that can be made.

**The Alberta Chambers of Commerce recommends the Government of Alberta:**

Change the eligibility requirements to allow family members who are meaningfully employed and those who are self-employed in a business to access funding for training.
Continuing to Improve Alberta’s Drug and Alcohol Public Policy

Issue

The effects of drug and alcohol use in the workplace can have serious implications for workplace safety and employee health. In the continuing interest of keeping employees from hurting themselves, their coworkers or members of the public while on the job, the ongoing review of legislation that covers implementation and administration of comprehensive drug and alcohol policies will require monitoring and updates. Though most industry and the province are diligent in working with Occupational Health and Safety and Alberta Health Services there remains challenges for all in the understanding and interpretation of human rights legislation in order for industry to implement models to provide a safe workplace. Employers are confronted by litigation arising out of privacy and human rights legislation, as they try to take action to identify and manage the risks of alcohol and drugs in the workplace. The government must continue to act and take action to remove the conflicts and tension between its various bodies of legislation. A balance has to be struck between obligations regarding individual privacy and human rights rules.

Background

Many leading employers have implemented alcohol and drug policies. One such policy, developed collaboratively by a range of stakeholders and commonly applied in construction and maintenance, is the Canadian Model for Providing a Safe Workplace. For drug and alcohol policy to help enhance health and safety in the workplace, it is imperative to take account of new information, technologies and trends.

The use of drugs and alcohol is widespread and according to recent statistics is growing. More prevalent in drug use is the escalation of the use of prescription opioids (oxycodone and hydromorphone) and fentanyl. While the opioid crisis has affected every region of the county, western Canada (B.C. and Alberta) and the northern territories have experienced the highest burden.

The Canadian Tobacco, Alcohol and Drugs Survey (CTADS) reported that the prevalence of past-year use of cannabis among the general population was 15% in 2017, an increase compared to 2015 (12% or 3.6 million) reported in the 2017 Canadian Alcohol and Drug Use Monitoring Survey. Now with the legalization of marijuana and potential upcoming legalization of marijuana edibles, workplace impairment, as influenced by marijuana may be difficult to identify for an employer.

Alcohol was in the past the most common drug used by Canadians. In 2016, an estimated 19% of Canadians aged 12 and older (roughly 5.8 million people) reported alcohol consumption that classified them as heavy drinkers. Canada’s Low-Risk Alcohol Drinking Guidelines were developed under the NAS, as was a website to encourage screening, brief interventions and referrals (SBIR) by primary care professionals to help address

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153 Canadian Centre on Substance Use and Addiction [http://www.ccdus.ca/Eng/topics/Costs-of-Substance-Abuse-in-Canada/Pages/default.aspx](http://www.ccdus.ca/Eng/topics/Costs-of-Substance-Abuse-in-Canada/Pages/default.aspx)
alcohol problems early. Nova Scotia and Alberta have alcohol-specific provincial strategies guiding efforts to address the harm and costs of alcohol.

Costs related to lost productivity amounted to $15.7 billion or 40% of the total cost. In most provinces and territories, lost productivity accounted for the greatest proportion of alcohol and opioid related costs, while health care accounted for the greatest proportion of tobacco-related costs. Workers who struggle with harmful use, abuse and dependence are also workers, that have poorer attendance records, higher turnover frequency and more frequent errors. Canadian employers continue to pay out millions each year for worker’s compensation claims, attributed to alcohol. Having updated clear and reasonable legislation can assist employers in preventing a variety of potential legal issues and save litigation costs for all.

Irrespective of the size of an employer, the employer and its employees have obligation pursuant to Section 2 of the Occupational Health and Safety Act to ensure the health and safety of every worker. Moreover, Section 217.1 of the Criminal Cost states: “....everyone who undertakes, or has the authority, to direct how another person does work or performs a task is under a legal duty to take reasonable steps to prevent bodily harm to that person, or any other person, arising from that work or task”, potentially putting an onerous task on the employer and lessening the responsibility of the employee who may struggle with addiction and/or substance abuse.

Employers have obligations under the Occupational Health and Safety Act to undertake periodic assessments of the workforce for health and safety risks. While drug and alcohol policy have significant benefits for the employer, there continues to be tensions in balancing human rights and privacy against safety concerns. With the recent “Suncor Energy Inc. v. Unifor, Local 707A, 2016 AGQB 269, the Alberta Court of Queen’s Bench confirmed and clarified the test that an employer must meet in order to justify random drug and alcohol testing in a unionized workplace. The takeaways for employers were:

1. Whether random drug or alcohol testing is justifiable in a safety sensitive workplace is assessed on a case by case basis. This sort of testing is not automatically acceptable.
2. An employer must at a minimum adduce evidence of a general problem with alcohol and drugs in the workplace, but the problem does not necessarily have to be “serious”, “significant” or “egregious”.
3. There is no requirement to adduce evidence of the problem specifically in relation to the bargaining unit. Evidence form the entire workplace is relevant and helpful. This is a common-sense approach in modern industrial workplaces where union, non-union and contractor workers work and sometimes live, side by side.
4. There is no requirement to demonstrate a causal connection between a drug and alcohol problem and accident or near miss history at the workplace. This is, however, certainly helpful in demonstrating a problem.

As with alcohol issues, the human rights, privacy law issues and the implementation of rules around the issue of drugs (legal or not) will all need careful consideration. The best big-picture approach is to address the issues of objective impairment and objective job performance, and stay clear of looking to monitor the morality of substance abuse. And perhaps most importantly, any addiction and medically required drugs always need to be placed in a very separate category of disability related steps and policies. Most employers help employees that have violated their alcohol and drug policies to get assessed, diagnosed and assisted.

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154 Canadian Centre on Substance Use and Addiction [http://www.ccdus.ca/Eng/topics/Costs-of-Substance-Abuse-in-Canada/Pages/default.aspx](http://www.ccdus.ca/Eng/topics/Costs-of-Substance-Abuse-in-Canada/Pages/default.aspx)

through treatment programs appropriate to their diagnoses. Education and awareness programs are an integral part of any prevention effort. While the programs can vary, the overall objective should be to create a safe and well-informed workplace where the employees can have access to assistance.

The government of Alberta has taken positive steps to crack down on impaired driving, given the recent administrative sanctions further imposed as of July 2018 and it is time to do the same for impairment in the workplace. Responsible drug and alcohol-free workplaces are a reasonable public expectation, especially when dealing with heavy machinery and other potentially dangerous equipment.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

- Continue to improve supports and provide clarity for employers as to their obligations and responsibilities to a safe and healthy workplace;
- Protect and provide certainty for employers who address workplace risks of alcohol and drugs, while providing assessment and treatment options for employees; and
- Provide education and economical access to new technologies and innovation for employers to be able to assess workplace impairment-associated risk by alcohol and drugs.
The Option of Private Worker Coverage

**Issue**

Employers agree with the objective of protecting workers and their family’s livelihood through workplace insurance. Limitations to coverage and service levels provided by the Workers’ Compensation Board (WCB) leave much to be desired to employers and employees alike.

**Background**

Many Albertan employers are legally obligated to provide their workers with WCB coverage so in the event a worker is injured and unable to work, they will be eligible to receive medical benefits, partial wage replacement, and in the event of death, survivor benefits. Indeed, WCB insurance has helped thousands of workers and families through difficult times.

Unfortunately, WCB is not without shortcomings. In March 2016, the government of Alberta tasked a panel to review the WCB. The panel noted “WCB can be overly efficient and tends to manage the claim in aggressive accordance with strict rules, even when the decisions fly in the face of common sense. This raises frustration among workers and employers alike and it contributes to a perception that the WCB has a ‘culture of denial.’” The panel put forward a series of recommendations to the government with the goal of “greater independence, transparency, stakeholder engagement and accountability.”

One of the biggest faults of the WCB system is when you not satisfied with the cost, coverage, or service provided, there is no other option. As most non-government insurance options are operated by public companies, they are subject to a higher level of public scrutiny, transparency, and accountability. If a provider rejects a claim that may be unjust they risk losing the customer to a competitor or worse, a public flogging and suffering damage to their reputation.

Most employers agree that providing worker insurance is a valuable tool to protect their employees and their families while safeguarding their business from potential liabilities. However, WCB insurance may not be the best solution for Alberta employers or employees. Private insurance options can offer higher levels of coverage for fewer dollars along with a higher level of service, making it a win-win for employers and employees.

Other jurisdictions have found success in utilizing private and/or public insurance. Many U.S. states have a private market where employers purchase workers’ compensation insurance from any private insurance carrier or agency licensed to write in the state. Washington State will employers to self-insure “if they demonstrate they have sufficient financial stability, an effective accident prevention program, and an effective administrative organization for workers’ compensation program.” The relative cost of premiums varies from state to state and depends on the job, private insurance options have proven they can offer lower rates than Canadian WCB.

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The Alberta Chambers of Commerce recommends that the Government of Alberta:

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Set a minimum standard for insurance coverage and provide employers the right to choose between WCB and private insurance as long as it meets the minimum standard.
Workers’ Compensation Board Coverage for Farm and Ranch Workers

Issue

The Enhanced Protection for Farm and Ranch Workers Act (Bill 6) has implemented changes on how farms and ranches operate, specifically mandating coverage from the Workers’ Compensation Board (WCB) for all paid workers. The specified timelines for implementation do not allow these businesses to make the adjustments to their operational structure in accordance with the competitive and volatile nature of this industry.

Background

With 43,000 farms and ranches across the province, these operations are vital to the economic success of Alberta. Aiding in the success of these operations are more than 60,000 farm and ranch workers that have traditionally been exempt from WCB coverage. The variety of operational capacities in farm and ranch work requires specific risk management solutions because of their working environments.

Industry representatives have expressed their concern that the government has not given them adequate information and involvement in the preparation of this mandated transition. These same representatives continually state that insurance coverage for workers needs to be put in place with adequate time for producers to account for these costs. The stipulations of Bill 6 state that all farms and ranches must be registered with WCB by April 30, 2016. This timeline allows for a four-month implementation period, which based on the experiences of other industries in Alberta, most prominently construction, will not be an adequate timeframe.

Industry has repeatedly highlighted the financial pressure that increased regulatory control can put on Alberta farming operations. Additionally, there is concern that some may be required to quickly renegotiate private insurance coverages prior to the April 30th deadline, while others will not be able to meet this target. The costs of allocating additional time and resources further exasperate the abilities for farm and ranch operators to successfully coordinate their yearly operations.

As business operations, farms and ranches are not unique in their need to set long term financial and strategic plans. Pressuring businesses to implement new strategies that affect these outlooks can put a strain on resources. It is important to note that as of November 27, 2015 there were approximately 1,400 farms and ranches registered with the WCB. At this capacity, the rate of registration with WCB would require an increase of 10,400 farms and ranches per month to reach the goal of all 43,000 farms and ranches by April 30. This would require massive administrative mobilization not only for industry, but the WCB regulatory body as well. We are concerned WCB will not be in a position to efficiently process the required volume of new registrations in an effective and timely matter, resulting in the further frustration and distraction for those within the agriculture industry.

Further, in addition to injury prevention, it is understood proper disability management and return to work programs are essential for an employer to effectively manage WCB cost and control premiums.

Currently, throughout the agriculture industry there is a limited understanding of these programs, specifically: the implementation process, available resources, employer obligations and rights, and the financial impact of an unmanaged claim on an employer’s WCB premiums. Starting May 1, 2016, this
sector will not only be required to pay WCB premiums, but also have designed, implemented and begun to manage these programs. Failure to do so, may result in increased premiums for 3-5 years.

Therefore, as the Voice of Business, the Lethbridge Chamber of Commerce understands the strain that increased regulatory control can have on the agriculture sector. These regulations need to account for the time and resources required for successful implementation. The following recommendations are the result of thorough consultation with industry representatives and experts in the fields of WCB coverage.

The Alberta Chambers of Chamber of Commerce recommends that the Government of Alberta:

Amend Bill 6 and launch comprehensive consultation with farmers, ranchers, agricultural workers, and other stakeholders on how best to balance unique economic pressures of farming with a need for a common sense, flexible, farm safety regime.
Addressing the Impacts of Marijuana Legalization on Workplace Safety

Background

As part of his party’s 2015 election platform, Prime Minister Justin Trudeau committed to “legalize, regulate and restrict access to marijuana.” Following through on this commitment, Justice Minister Wilson-Raybould announced the creation of a Task Force on Cannabis Legalization and Regulation (The Task Force), led by former Deputy Prime Minister Anne McLellan. The Task Force published its recommendations to government on December 13, 2016, with legislation expected to follow in Spring 2017.

Prevalence of Marijuana Use

Regardless of its legal status, marijuana use is prevalent in Alberta. Health Canada data shows that 44.3% of Albertans have tried marijuana, with 11.4% having used at least once in the past year. Health Canada data also shows the rapid rise of legal medical marijuana use – from 7,914 individuals in June 2014 to 98,460 by September 2016. While the pending legalization creates greater awareness around the issues with marijuana use in the workplace, these statistics make clear that employers have been dealing with marijuana use for some time.

Safe Workplaces

In safety-sensitive workplaces, drug use can lead to serious injury or death. In its submission to the Task Force, national oil and gas safety association EnForm stated that “marijuana use is incompatible with working in a safety-sensitive environment.” Employers have both a legal and a moral obligation to provide safe workplaces. This legal requirement is enshrined provincially by the Occupational Health and Safety Act, and federally by Section 217.1 of the Criminal Code. Ensuring workers in safety sensitive roles are not impaired by legal or illegal substances is a key component of fulfilling that obligation.

Limitations on Testing

Marijuana is a substance with complicated effects on the body, and legal substances like alcohol do not provide useful comparisons. Testing for alcohol impairment is straightforward – the quantity of alcohol in the bloodstream is a reliable indication of how intoxicated an individual is at the moment of testing. THC, the primary psychoactive component of marijuana, can remain in the blood stream of users for days or weeks after the intoxicating effects have worn off. Furthermore, there is no “breathalyzer” equivalent for marijuana, which would provide a clear indication of current intoxication and impairment. Complicating matters further, there is no “.08” for marijuana, no standard legal limit or cutoff that can be used in impaired driving cases, for example.

The limits of testing technology have significant impacts on Canadian workplaces. Entrop v. Imperial Oil allowed random alcohol testing for safety sensitive positions, but not random drug testing – as a

159 https://www.liberal.ca/files/2015/10/New-plan-for-a-strong-middle-class.pdf
breathalyzer can reliably prove current impairment, whereas drug testing techniques cannot. This is further confirmed by the Canadian Human Rights Commission’s (CHRC) Policy on Alcohol and Drug Testing, which considers random drug testing an unreasonable infringement of privacy rights, as it cannot reliably determine current levels of impairment. Under these guidelines, drug testing can only be carried out as a bona fide occupational requirement in safety-sensitive positions, with reasonable cause or after an accident has occurred.

**Enforcement Measures Needed**

As federal and provincial governments have not yet researched and established legal limits for marijuana impairment, or the necessary testing protocols, the validity of workplace testing has largely been left to the courts to decide. Given the implications that legalized recreational marijuana use will have on law enforcement and impaired driving, it is highly likely that a standard roadside testing protocol, and a legal limit for marijuana impairment will be developed – similar to a 0.08 BAC for alcohol impairment. The Task Force recognized the need for this limit, and recommends further investment and research into both a *per se* impairment limit and the development of a roadside testing protocol. These innovations would serve as a major step towards rationalizing the conflicts that currently exist between an employer’s obligation to provide a safe workplace, and an employee’s right to privacy. We recommend that the research and development of impairment limits roadside testing protocols be used to develop legal limits and testing protocols for safety-sensitive workplaces.

**The Importance of Workplace Drug and Alcohol Policies**

Another key recommendation from the Task Force recommended that the government implement an “evidence-informed public education campaign” as soon as possible. In our view, this must include encouraging adoption of workplace drug and alcohol policies. Given the normalizing effect of legalizing marijuana use, we can expect employers will see increased instances of use in the workplace. This will create difficulty for employers, who have a legal duty to accommodate medical marijuana users, a duty to accommodate individuals struggling with addiction, and a duty to provide a safe work environment. In *Calgary v CUPE, Local 37* management’s poor understanding of medical marijuana considerations, and poor application of workplace drug policies, led to a medical marijuana user being reinstated as a heavy equipment operator. This case demonstrates the importance of a workplace drug and alcohol policy that is reasonable, clearly sets out expectations to employees, and is consistently enforced.

**Intergovernmental Collaboration**

Marijuana legislation will be introduced federally, and occupational health and safety legislation falls under provincial jurisdiction. Both levels of government will need to collaborate with industry to ensure that workplace safety considerations are met. The Task Force highlighted this need for cooperation within its recommendations on workplace safety – which encourage further research on impairment,
collaboration between industry and both levels of government to understand occupational health and safety considerations, and the development of workplace impairment policies\textsuperscript{169}.

The Alberta Chambers of Commerce recommend the Government of Canada and the Government of Alberta:

Create a standard testing protocol to detect marijuana impairment, with legal limits for both traffic safety and workplace safety prior to the legalization of marijuana. Engage in Government-funded education programs for employers, outlining their rights and responsibilities related to marijuana use. Encourage the adoption of workplace drug and alcohol policies. Allow a two-year implementation window to address the workplace safety recommendations contained within the Framework for the Legalization and Regulation of Cannabis in Canada.

\textsuperscript{169} http://healthycanadians.gc.ca/task-force-marijuana-groupe-etude/framework-cadre/index-eng.php
Alberta Labour Relations Code

Issue

Updates to Alberta’s Labour Relations Code should ensure a level-playing field that respects democratic freedoms and the pursuit of opportunity for both employers and employees. The Government of Alberta is currently undertaking a review of the Labour Relations Code. As this code governs how unions, employers and workers interact, Alberta’s business community is concerned with the outcome of this review.

Background

Reform of the labour policy environment in Alberta has been on the legislative agenda for successive governments in recent years. In 2013, a review of the Alberta Construction Labour Legislation resulted in the “Sims” Report and a review of the Employment Standards Code was initiated. In 2015, Bill 6 was introduced to amend the Occupational and Health Standards for Farmers and Ranchers, and in 2016 a review of the Workers Compensation Board was launched.

The last time the Labour Relations Code (the Code) was amended was in 1988. This code represents a significant facet of the labour policy and regulatory framework in the province. The current Code has established a stable regime of peace between employers and employees for nearly 30 years, particularly outside of the public sector. Labour-related conflicts have been rare in the private sector, and created an environment of reasonable dialogue and negotiation. Should updates to Alberta’s Labour Relations code be undertaken, it is important the outcomes of any updates maintain a “level playing field” between employers and employees to ensure economic growth, business viability and democratic freedoms are respected.

There are three areas of concern regarding the Labour Relations Code:

- How employees can unionize and de-unionize through the certification process
- The use of first contract arbitration
- When can employers utilize replacement workers during strikes

If an update were to occur, (a) current issues regarding the code should be addressed to maintain a level playing field and (b) certain changes that have been implemented in other jurisdictions should be avoided as they could negatively impact democratic freedoms and economic growth.

Review Process

The public review period on the Code took place from March 13 to April 18, 2017, and legislation is targeted for introduction in June 2017. Compared with the ongoing Workers’ Compensation Board review, which began in March 2016, the timeline for consultation and legislative changes is very brief. Given the importance of this legislation to Alberta’s economic growth, the Province should provide greater opportunity for consideration and feedback from all stakeholders and the public-at-large.

As noted by Labour Minister Christina Gray in her mandate letter to Mr. Andrew C.L. Sims, QC, “This is not a full-scale review of the Code; something that could not be accomplished within this session.”\textsuperscript{170} Given

\textsuperscript{170} Labour Relations Code Review Mandate Letter, March 13, 2017 (Appendix A)
the Code has not been significantly updated since 1988, a complete review at this time would be preferable to a limited one to ensure a thorough and holistic evaluation. It is unclear how the items included in the review were selected. Labour relations depend on good faith, fairness and balance. The lack of transparency in the review process risks undermining the confidence of Albertans in the outcome of the review.

Mr. Sims has advised the Edmonton Chamber that recommendations being provided to the Province will take the form of advice to the Minister; that is, no written report or publicly-available statement of recommendations will be provided as a result of the Code’s review. This is a significant departure for the Province. The Province has conducted reviews of Alberta’s royalty system, climate regulations, energy efficiency, the buy-out of coal-powered generators, the Workers Compensation Board, amendments to the Municipal Government Act, and the development of city charters for Edmonton and Calgary. For each of these reviews, reports and recommendations have been made available to the public. This is a best practice for government – conduct a review using experts in the field, and provide an opportunity for relevant stakeholders and the public-at-large to comment on findings prior to introducing legislation. Prior work with the Province on essential services legislation in 2016 and construction industry labour relations in 2013 included publicly available reports.

If the Province does not provide a report of findings and recommendations, trust in the process will be eroded. Providing a report and recommendations that are available to the public demonstrates respect for the principles of good faith, fairness and balance, which lie at the heart of labour relations.

**Card Check Certification**

Alberta, alongside most other provinces, requires a two-step process to certify a union as the exclusive bargaining agent for a unit of workers. First, a union must show evidence that at least 40% of workers in the unit support certification, usually through workers holding union membership cards. If the 40% threshold is reached, the Alberta Labour Relations Board (ALRB) conducts a secret ballot vote. If a majority vote in favour, the union is certified.

A likely proposal is to amend the current system, eliminating the need for a vote if a significant percentage of workers buy membership cards. This is commonly known as card check certification, and most provinces have at some point used this system.

Maintaining the secret ballot vote protects the right of workers to make their decision anonymously, as is done with other democratic decisions in Canadian society. As pressure can be applied when workers are urged to sign a membership card by union organizers and co-workers, the secret ballot vote ensures workers can vote their conscience with anonymity. Furthermore, legislation already exists to prevent employers from using coercion, intimidation, threats, promises or undue influence to prevent certification. Maintaining the secret ballot is also consistent with mainstream Canadian policy on labour relations, with six of ten provinces using a mandatory secret ballot vote. Many of these provinces have used card check certification in the past and have returned to a secret ballot vote.171172173174

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173 [https://www.fraserinstitute.org/article/should-bc-revert-back-card-check-procedure-certifying-unions-no](https://www.fraserinstitute.org/article/should-bc-revert-back-card-check-procedure-certifying-unions-no)
However, if the Province decides to move to a card check model, we recommend the membership threshold for automatic certification be set at 65%. This threshold would be consistent with both the Manitoba and Newfoundland card check systems, which were in place until 2016 and 2014, respectively. We also recommend that the ALRB conduct a secret ballot vote in instances where support lies between 40% and 65%, and in instances where there is cause to question the validity of membership support.

Also, changes made to the certification process should be mirrored with changes to the revocation process.

**First Contract Arbitration**

It is likely that the *Code* will be amended to require arbitration for first contracts that cannot be reached within a certain timeframe, as opposed to using mechanisms such as strikes or lockouts to break intractable disputes. The Edmonton Chamber of Commerce does not support the use of arbitration for first contracts.

As the first contract reached through collective bargaining sets the “floor” for all future negotiations, employers are rightfully concerned about having arbitrated decisions imposed on them. It is always preferable for both sides to come to an agreement on the first contract, as opposed to having one imposed.

If the Province decides to require arbitration for first contracts, we recommend that this be used as a tool of last resort. The ALRB should be the decision-making authority on applications for arbitration and should only approve applications if intensive mediation has already taken place. The ALRB should only consider applications for arbitration after both sides in the dispute have rejected a mediator’s recommended terms for settlement as per section 65 of the *Code*. This will ensure that first contract arbitration is only used when all other options have been considered.

**The Role and Authority of the Alberta Labour Relations Board**

Currently, the Board has discretionary authority on certain matters. This authority creates uncertainty for employers and inhibits the ability for businesses to plan for growth. Moreover, this discretion seems to favour the facilitation of certification rather than maintaining a neutral position.

As an example, the Board may reduce the mandatory 90 day waiting period for unions making a second application for certification after their first application was dismissed or withdrawn. This allows for applications aimed at harassing employers and disrupting worksites.

Some Board rulings have indicated that employers are not allowed to communicate the impacts they perceived certification could have on their business, even when this information is honest and factual. If such communication is deemed to be an unfair labour practice, employers’ ability to maintain business viability following certification is significantly reduced.

**First Contract Arbitration**

Once a union is certified, it must negotiate a collective agreement with the employer. Under the current provisions of the Code, employers and unions who reach an impasse in the negotiation of a first contract must use the traditional tools of a strike or lockout to break the impasse. Furthermore, the employees are able to decertify the union on the basis that it has failed to negotiate a collective agreement.

Some jurisdictions have implemented legislation which imposes mandatory arbitration on an employer and union in cases where the union becomes certified to represent employees, but the parties are unable
to negotiate a collective agreement. First contract arbitration undermines the competitiveness of businesses while also limiting the rights of employees to sober-second thought regarding certification.

Replacement Workers

“When a trade union is unable to negotiate a collective agreement, they sometimes choose to strike an employer... Similarly, employers may choose to lockout their workers... Strikes and lockouts are often accompanied by picketing at the employer’s place of business.”\(^\text{175}\)

When a union commences a strike, employers are currently permitted to hire temporary replacement workers in order to ensure that the business is able to continue operating. Employers are not permitted to permanently replace striking workers with replacement workers and must guarantee striking workers their positions once a settlement is reached.

This fallback position ensures that a business’ viability is maintained while it negotiates with its broader workforce and therefore, maintains employment levels. Studies have shown that legislative bans on the use of replacement workers have a negative effect on employment levels.

It is important for the long-term competitiveness of Alberta’s economy that labour legislation and regulation maintains a balance between employer and employee’s rights and freedoms.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Protect an individual’s right to vote their conscience by maintaining a secret ballot vote in the certification process.
- Should the Province introduce first contract arbitration, grant the Alberta Labour Relations Board decision-making authority to consider applications for arbitration from either unions or employers.
- Maintain that portion of current legislation that precludes the use of first contract arbitration.
- Require both unions and employers to participate in mediation, including consideration of a mediator’s recommended terms of settlement, prior to either party applying for arbitration.
- Amend the code to clarify that employers can freely distribute information on how to revoke a certification without violating the code.
- Require the board to apply the same “free and voluntary” rules to both revocation and certification applications.
- Eliminate board discretion to revoke a certification if employers have had no employees for three years.
- Prohibit new applications for certification for a fixed and longer period after the first one is dismissed or withdrawn.
- Amend the code to make it clear that the board cannot relax the “appropriate bargaining unit” rules merely to facilitate certification.
- Make the code clear on the fact that employers can communicate the impact of certification on their business without committing an unfair labour practice, as long as their comments are honest and factual.
- Prevent business closures and job losses by maintaining the employer’s right to hire temporary replacement workers during labour action.

Provide the Alberta Labour Relations Board with marshalling powers to direct labour complaints to the appropriate forum.

Provide the Alberta Labour Relations Board with new powers to address nuisance and vexatious duty of fair representation complaints.

Extend the *Labour Relations Code* review timeframe to ensure affected stakeholders can participate in a thorough and transparent consultation process.

Publicly disclose recommendations made to the Minister as part of the *Labour Relations Code* review.
Clarity Needed in Employment Standards Averaging Agreements and Treatment of Statutory Holidays

Issue

*Bill 17: The Fair and Family-friendly Workplaces Act* was first read on May 24, 2017, receiving Royal Assent on June 7, 2017 with the final regulations being passed in early December 2017 with a number of changes coming into force on January 1, 2018. One of the primary reasons for this bill being introduced was due to the fact that the rules that govern our workplaces had not been updated since 1988. The purpose was to provide Albertans with modern, balanced workplace legislation that protects the rights of hardworking Albertans and helps businesses to stay competitive. However, due to the lack of consultation on the legislation leading up to and after it was introduced, there were some gaps identified by employers, particularly related to averaging agreements and the treatment of statutory holidays. Further amendments need to be made in order to clarify the implementation of these standards to ensure employees continue to benefit from averaging agreements and flexible work environments, as well as to help businesses better understand the legislation and remain competitive.

Background

Alberta’s Employment Standards Code provides minimum standards of employment that applies to approximately 85% of all employment relationships in Alberta. Alberta’s workplaces have evolved since the Employment Standards Code was last updated in 1988, including growth in part-time jobs, shift work and flexible schedules. According to the Government of Alberta, the changes made to the Code have been passed to support family-friendly workplaces, modernize legislation, and align the minimum employment standards with the rest of Canada.

However, since the legislation was passed there have been a number of concerns expressed by employers about the lack of clarity in certain areas, particularly those related to averaging agreements and the treatment of statutory holidays. Ultimately these changes could be interpreted to provide less flexibility for employees and higher costs for employers, resulting in unintended consequences for many Albertans.

Previously, compressed work week arrangements were used to allow for fewer work days in a work week, but more hours of work in a work day, paid at the employee’s regular wage rate. Additionally, overtime agreements were previously used to allow an employer and an employee to enter into an agreement whereby an employee would take time off with pay at their regular wage rate, in place of overtime. This time would be taken at a time the employee otherwise could have worked and received regular wages from that employer.

As of January 1, 2018, compressed work week arrangements have been renamed “Averaging Agreements”. Any banked time is earned and taken at time and a half, rather than straight time if there is not an averaging agreement in place. Employers and employees will now be allowed to agree to average

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work hours over a period of one to 12 weeks for the purpose of determining overtime eligibility. Work weeks may also be compressed as part of these agreements with employers that require longer cycles requiring a permit.

There are two types of averaging agreements that now exist as of January 1, 2018:

- hours of work averaging agreements (HWAA)
- flexible averaging agreements (FAA)

These agreements allow employers to schedule an employee, or group of employees, to work longer hours per day paid at the employee’s regular wage rate. The employer will average an employee’s hours of work over a period to determine overtime pay or time off with pay. Employers would use an hours of work averaging agreement (HWAA) for any averaging agreement between 1 and 12 weeks. HWAA can be between groups of employees and an employer or an individual employee and employer. Conversely, FAAs between the employer and employee can be entered into only at the employee’s request and can only be used for a two-week period. FAAs also can only be entered into if the employee works at least 35 hours per week.

While HWAA and FAAs provide more flexibility than was originally anticipated under the revised employment standards, there are still gaps and a lack of clarity that exists in the employment standards regulations, in addition to increased regulatory and administrative burden for business to interpret and implement these changes.

Currently there is uncertainty around the term limit of two years for HWAA. If an averaging agreement can only be over 12 weeks, there is uncertainty if this can be a repeated cycle of agreement that cannot exceed 2 years unless it is part of a collective agreement and if a predetermined schedule must be set up for each of the 12-week periods. There is also uncertainty around when overtime would actually apply in an averaged period and how an HWAA is applied for employees whose regular work week is less than a typical 40 or 44 hour work week. The Code is also silent regarding how time is earned and given if an employee works a standard typical work week that is less than 8/44, but wishes to bank time that would still fall under the typical overtime threshold. For example, if an employee regularly works 6 hours per day, but some days works 7 or 8 hours and wishes to bank those additional hours at straight time to be used at a later date, there currently isn’t any information that clarifies if this is permissible under the Code.

Within FAAs, the same confusion exists with employees who work under 40 or 44 regular hours or even those under a 35 hour per week work week and whether they are able to have flexible hours banked up to the 8/44 threshold. Additionally, the website states that the daily overtime threshold cannot exceed 10 hours, yet it states that the daily and weekly hours of work must not exceed 12 hours per day or an average of 44 hours per week under the same FAA section.

Clarity is also needed to define whether or not the “normal” overtime rules of 8/44 are presumably ignored in an averaging agreement situation, whether an HWAA or FAA.

Concern has also surfaced regarding Employment Standards silence on the issue of how general holiday pay is treated on a day that is typically not a regular work day, when an employer would typically provide an employee with a paid day off in lieu of the general holiday. It can be standard practice for many employers to provide employees a paid regular work day off in lieu of a general holiday falling on a weekend or non-regular work day, whereas under the Employment Standards currently, that employee must be paid on that general holiday regardless of whether it is a work day. The code remains silent on an employer’s ability to provide a paid work day off in lieu of the general holiday when it falls on an unscheduled work day.
In the labour survey conducted by Employment and Social Development Canada in 2016, Canadians and stakeholders alike indicated that flexible work arrangements are available in many workplaces across Canada through employer human resource policies, informal workplace practices and collective agreements. Over 73 percent of those who responded to the survey question about whether they had asked for flex work in the past five years, said that they had, and flexible scheduling and flexible work locations were said to be the top two types of flex work requested. Survey respondents and stakeholders recognized that flex work is—and should be—part of today’s workplace reality. They generally agreed that flex work has advantages for employees and employers and pointed to a wide variety of benefits including reduced absenteeism and “presenteeism” (i.e. a drop in work activities while at work); workers who are healthier and feel they are better able to support their families and friends; more effective recruitment and retention, especially among millennials, workers with care responsibilities and older workers; more diverse, inclusive, engaged and healthy workplaces; increased labour market participation by workers with chronic illnesses, disabilities and mental health issues; and greater productivity and more innovative, more effective ways of working.

There was also general agreement that flexible work arrangements have real, positive impacts for many different types of workers (e.g. workers with care responsibilities, millennial and older workers and workers with disabilities) and that realizing these benefits requires not seeing flexible working as a one-size-fits-all solution. Building on the theme of “one size does not fit all,” several employer and labour organizations and at least one think tank highlighted that the need for flex work is often unpredictable and that it is important for workplaces to have flexible work arrangements that respond to episodic, short-term and longer-term flexibility requirements. It was also noted that it is important for employees, employers and policy-makers to recognize that flexibility in work arrangements is related to but distinct from flexibility to take leave from work.

Overall, stakeholders and survey respondents agreed that the process for making requests should be as simple and straightforward as possible; clear about the conditions under which a request can be made (and the reasons for which a request can be denied); well documented and transparent; and handled fairly and without reprisal.

As such, we recognize that there is still much work that can be done to ensure that both employers and employees have the flexibility and clarity to enter into work arrangements that are beneficial to both an employer and employee for their respective workplace situations and environments. A one-size fits all solution is not the best solution and any further amendments should be simple to understand and easy to administer. If policy on flexible arrangements is seen to be too much of a cost or administrative burden for employers, less flexibility for employees will ultimately be the result for many.

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178 Flexible Work Arrangements: What was heard Employment and Social Development Canada: http://www12.esdc.gc.ca/sqpe-pmps/servlet/sqpp-pmps-pub?lang=eng&curjsp=p.5bd.2t.1.3ls@-eng.jsp&curactn=dwnld&pid=51394&did=4875
The Alberta Chambers of Commerce recommends the Government of Alberta:

- Evaluate the cost and administrative impact that legislated labour changes have on employers;
- Evaluate how the legislated changes within averaging agreements will positively or negatively impact flexible work environments for employees by consulting with employer groups;
- Work with employer and stakeholder groups to find a more flexible solution to averaging agreements that will not result in more cost and administrative burden for employers and result in more flexible work environments for employees;
- Ensure there is clarity in the regulations so that changes are easy for employers to interpret and implement;

Revise the code to clearly indicate that employers can provide a paid work day off in lieu of the general holiday that an employee would not regularly be working.
Impacts of Significant Minimum Wage Increase

Issue

In the Alberta NDP election Platform section 1.3 it was stated that the NDP Government “would ensure the benefits of better economic policies are more widely shared, by increasing the minimum wage to $15 per hour by 2018”. However, there are inconclusive studies regarding minimum wage in relation to the overall, long term economic benefit. The goal of poverty reduction is commendable and widely supported, but attempting to resolve this complex issue by simply implementing minimum wage increases is not the most effective solution. A more robust solution should be applied, taking into consideration living wage variances across the province, rates of taxation on low income earners, as well as recognizing the need for special minimum wage rates for workers such as students under the age of 18. By solely focusing on minimum wage as a solution to reduce poverty and a one size fits all solution, this type of public policy endeavor has the potential to result in unintended consequences to both employers and employees.

Background

All Alberta employers must pay their employees, including liquor servers, adolescents, youth and disabled persons, at least the minimum wage. The minimum wage in Alberta is set out in the Employment Standards Regulation and as of October 1, 2017 was set at an hourly minimum wage of $13.60 for most employees; a weekly minimum wage of $542 for many salespersons, including land agents and certain professionals; and a monthly minimum wage of $2,582 for domestic employees who live in their employer’s home.

The table below shows the minimum wage rates across the provinces, including an after-tax comparison. Interestingly, Alberta has a higher minimum wage by $2.25/hour at $13.60/hr. compared to the next highest minimum wage earners in Canada in BC earning $11.35/hr. The before tax income of that difference based on 2,000 hours would result in a $4,500 difference, however in after-tax income, minimum wage-earning Albertans receive an extra $3098.76 per year from that amount compared to their counterparts in BC. This essentially means that nearly $1,500 in additional income from Albertans is actually going toward provincial and federal tax revenues.
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**Note:** Monthly salary is based on 2,000 hours.
Using the same modelling as above, if you kept minimum wage at $13.60 per hour and only increased by an estimated 2% per year, but eliminated personal income tax for wage earners under $30,000, workers would actually end up making more net income at a lower minimum wage rate, than if they earned $15.00 per hour with the current tax regime.

The law of demand dictates that when the price of labor rises, the quantity demanded will fall. That same law tells us that quantity demanded will decrease more in the long run than in the short run, as employers switch to labor-saving methods of production.

Workers who retain their jobs are made better off by increases to minimum wage, but only at the expense of unskilled or youth workers who either lose their jobs or can’t find a job at the legal minimum. If the minimum wage exceeds the prevailing market wage (determined by supply and demand), some workers will lose their jobs or have their hours cut, as employers will not pay a worker $15 per hour if that worker cannot produce at least that amount. If a worker loses a job or can’t find one, their earning income potential is zero. There is evidence that a 10 percent increase in the minimum wage leads to a 1 to 3 percent decrease in employment of low-skilled workers in the short run, and to a larger decrease in the long run.

The reduction in youth unemployment also has long term repercussions as low-skilled jobs are an important introduction to the workforce and, more important than the actual job skills that are learned, are the behaviours that are encouraged through being employed. Work can be seen as another extracurricular option that is developmental and educational in nature and is proven that youth who work are more likely apt in time management skills and can secure higher income jobs later on. First jobs teach important lessons such as punctuality, time management, handling competing priorities and responsibilities, and allowing youth to gain financial literacy. These crucial learning opportunities will be diminished leaving the workers of tomorrow at a disadvantage and unprepared in a job environment that is becoming more and more competitive.

Governments continue to promise low-skilled workers a higher wage; however, that promise cannot be kept if employers cannot profit from retaining those workers or hiring similar workers. Jobs will be lost, not created; and unemployment will rise as more workers search for jobs but can’t find any at the above-market wage. Additionally, most employers cannot simply raise prices to cover the higher minimum wage, particularly in the competitive services sector or in industries that are price-takers. Moreover, if the minimum wage cuts into profits, there will be less capital investment and job growth will slow.

Advocates of increasing the minimum wage rely on the idea that businesses are able but unwilling to pay higher wages to their employees. The hope is that these businesses will simply bear the increases in their profits, while employment and prices are negligibly affected. Unfortunately, most minimum wage earners work for small businesses, rather than large corporations. Small businesses face a very competitive market and often push profits as low as they can go to stay open. Minimum wage earners employed by large corporations would also be affected, because these corporations are under tremendous pressure from shareholders to keep costs low.

One of the primary reasons that minimum wage increases are typically considered by Governments, is to address living wage or poverty issues. Minimum wage is defined as the lowest amount employers can pay their employees by law, whereas living wage is an estimate of what workers need to earn to cover the actual costs of living in a specific community. However, minimum wage alone fails to alleviate poverty because it fails to address unemployment. Recent studies have shown that there is little to no relationship between an increased minimum wage and reductions in poverty. These studies find that, although some lower-skilled workers living in poor families see their incomes rise when the minimum wage increases, others lose their jobs or have their hours substantially cut.
Living wage rates in Alberta vary across the province with higher rates being found in large urban areas while smaller cities have lower rates. Interestingly, as an example, with the minimum wage increase on October 1, 2017, Medicine Hat has now achieved its living wage rate and yet poverty in the Southeast Alberta region is still a pressing issue and only highlights the need for a more robust and comprehensive strategy to address poverty reduction.

Most experts agree that a multi-pronged and multi-level process is needed to address and combat poverty, a task that cannot be addressed solely by increases to the minimum wage rate. Research and conclusions on the link between poverty and minimum wages are also highly contentious, with various arguments for and against a link. For this reason, any linkage between the minimum wage and poverty needs to be situated within the context of various other measures to address poverty, including but not limited to changes to taxation, social policy, housing, and skills training, etc. Additionally, the most recent Thrive7 report solidifies that minimum wage should not be tied to “living wage”, as the living wage in each region in our province is drastically different, varying from $18.15 in Calgary to $13.65 in Medicine Hat.

As such, the minimum wage should be set to the minimum standard in Alberta to ensure a level playing field within all regions, so that our regions can remain competitive and that there isn’t a disparity created in the province due to unfairly legislated costs to the regions. It is not reasonable to equate that the same minimum wage will result in the same net impact across jurisdictions, nor is it reasonable to embark on decisions under the supposition that all regions in the province operate under the same “living wage” standard. There are varying factors in costs of living, benefits, subsidies, and levels of taxation that are not accounted for in just a basic minimum wage comparison.

There must be a more robust conversation to ensure that a disproportionate burden on employers or other groups is not an unintended consequence of public policy and that a stronger framework for addressing low wages and poverty in Alberta is created.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Maintain the current minimum wage rate as of January 1, 2018 and only revise the rate by a maximum percentage equal to the percent change in the Alberta Consumer Price Index, after conducting an annual assessment based on employment and economic conditions in Alberta;
- Recognize that each region has a different living wage rate by ensuring that minimum wage is not tied to living wage and set the minimum wage rate standard accordingly and fairly to all jurisdictions;
- Implement special minimum wage rates for students under 18;
- Review personal provincial income tax for Albertans earning less than $30,000 per year;
- Continue to provide a minimum of one years’ notice on any minimum wage changes implemented;
- Establish an ongoing research program for data and information gathering and its subsequent analysis to address policy-relevant minimum wage issues, as well as alternative poverty reduction strategies;
- Restore a wage differential for those earning tips and/or commissions.
Mandate the Worker’s Compensation Board to Ensure Compliance

Issue
The Worker’s Compensation Board does not currently have a mandate to ensure employers comply with registering for WCB Insurance. This leaves unaware businesses vulnerable to the back payment of premiums, administration fees, and penalties.

Background
Workers' compensation is the name of legislation designed to provide benefits, medical care and rehabilitation services to individuals who suffer workplace injuries or contract occupational diseases. Workers' compensation Acts now exist in all Canadian jurisdictions and provide medical rehabilitation services as well as financial benefits.

Legislation has stipulated that WCB Insurance is mandatory, however there is a list of exempt industries. Currently the only means that WCB uses to provide information to employers is a letter that goes out to the registered office after registration with provincial registries. Failing to register within 15 days of the first employee being hired leaves an employer liable for penalties effective that day.

As with any form of communication, there is a variety of reasons why an employer may not receive the appropriate information and be genuinely unaware of their responsibility to WCB. WCB’s position that they simply trust employers to comply leaves uninformed businesses liable for all past premium’s dues, hefty fines, plus administration fees. As WCB is a federally mandated insurance program their mandate should be to ensure compliance not to wait and punish unexpecting employers later on. If WCB has the information required to contact the business after corporate registration they should be able to follow up with non-compliant businesses within a reasonable time frame.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Provide businesses with an initial notification letter including a specified timeframe of no less than 60 days for compliance and payment of existing premiums with non-compliance addressed after that timeframe through a secondary notification to the directors of the company together with their registered office if applicable setting out potential penalties and fees due.

Direct the Worker’s Compensation Board to improve engagement with the business community with an intent to improve education and transparency related to employer obligations.
Measuring the Effects of Increased Minimum Wages in Alberta

Issue

The Alberta NDP platform states that an elected government “would ensure the benefits of better economic policies are more widely shared, by increasing the minimum wage to $15 per hour by 2018”. However, studies are inconclusive regarding minimum wage increases having a long-term economic benefit for addressing poverty. Alberta businesses are concerned with the operative outcome of this policy. The Government of Alberta has moved forward with the implementation of these increases without clear measurements in place for the effects on business, employment and poverty.

Background

Employers in Alberta are mandated by the Employment Standards Regulation to pay a minimum wage. Anything below this limit is unlawful and anything above this limit is the decision of the employer. Currently the hourly minimum wage in Alberta is set at $12.20 for most employees, with a weekly minimum wage of $486 for salespersons, inclusive of land agents and certain professionals; and a monthly minimum of $2,316 for domestic employees.

An overview of minimum wages across Canada will show that Alberta has the third highest minimum wage, next to Nunavut and the Northwest Territories. With the scheduled increases to Alberta’s minimum wage, employees across the province are soon going to be the benefactors of the highest minimum wage mark across the country. This is a troubling fact for Alberta businesses, especially as the province is facing a further estimated 2.9% retraction in its already contracted GDP and is further compounded by rising unemployment rates in Alberta. In October of 2015, when minimum wage increased to $11.20 per hour, unemployment sat at 6.6%, which rose to 8.5% by October 2016, when minimum wage became $12.20 per hour. The law of demand states that the demand for a good or service will fall as its price increases. This can be applied directly to the current minimum wage structure in Alberta.

The Alberta Chambers of Commerce released the findings of the second phase of its Minimum Wage survey in March of 2016. Through nearly 800 qualified respondents, 80% of Alberta businesses indicated negative direct impacts from the October 1, 2015 wage increase. These impacts were identified as: reduced profits, increased prices, reduced workforce, increased pay for those earning more than minimum wage, and limited advancement or promotions of existing employees.

This survey also showed a dramatic difference in the number of respondents in rural areas where cost of living is lower, and the impact of minimum wage increases immediately translates to a small business’s bottom line. Vacancies have also increased in positions that have typically been paid more than minimum wage, but now are experiencing ride up effects.

From the study compiled by the Alberta Chambers of Commerce, respondents indicated an average cost increase to their business of $21,456.05, with an average cost per employee of $835.76 per employee. For those with 50 or fewer employers, the cost per employee is $1,224.91. This figure is projected to grow by 285% at a $15 per hour minimum wage. This alone can be interpreted as a direct hit to the bottom line, and overall viability, of every employer that has to increase their wage structures to meet legislation. Introductory economics states that businesses that have higher costs are overall less competitive. It has been suggested that competition ensures a fair market for consumers. Whether reducing labour costs, or
increasing the cost burden on the consumer, employers will look for ways in which they can remain competitive, while reducing their cost burden.

Defined as “the state of one who lacks a usual or socially acceptable amount of money or material possessions”, poverty is a complicated combination of economic, social and political elements. Together, these inputs play against individuals, preventing their wider participation in society. Currently the minimum wage discussion in Alberta, and various other jurisdictions around the world, pull on the idea that those earning a minimum wage should be able to live an adequate lifestyle.

As of September 30, 2016, it was approximated that 296,000 Albertans earned below $15 an hour, which represents the lowest percentage of low wage earners across Canada. Considering this number, it is important to assess the end point of the Alberta minimum wage discussion. The plan of the Alberta Government to implement a minimum wage of $15 an hour is to reduce poverty throughout the province, while simultaneously ensuring that unemployment does not rise. However, data and research do not indicate that this is possible. In the Alberta Chambers of Commerce Phase II Minimum Wage Survey, “a majority of respondents indicated that they will have to lay more employees off” should their labour costs continue to increase. Less opportunity for work, increased unemployment and competition for the remaining employment all run contrary to the goal of a minimum wage increase.

Academics David Neumark and William Wascher have studied the cumulative effects of minimum wage increases on employment extensively. Through the plethora of data and analysis from decade’s worth of research on increases to minimum wage, they conclude “the literature – when read broadly and critically – [is] largely solidifying the conventional view that [increasing] minimum wages reduce[s] employment”. Further, they state that the “weight of evidence [on increasing minimum wages] points to disemployment effects”. As was stated above, unemployment in Alberta has risen to the highest levels since the mid-nineties.

Employers are concerned with the impacts that this legislation will have on their ability to remain viable. Increased costs across all levels of government have layered increasing pressure on all businesses, without a reduction in demand. Policies such as increased minimum wage attempt to solve social issues that are more complex than just a minimum wage increase. With a 17.6 % increase in food bank usage from 2015 to 2016 and a projected national increase of 3-5% in 2017 food costs for the average family, Albertans are feeling the cumulative effects of low oil and commodity prices, and increased taxation.

To achieve the government’s social goals without disrupting business competitiveness it would be better to use an outcomes-based approach to position Alberta as the national minimum wage leader by enhancing the Alberta Family Employment Benefit and implementing a provincial version of the federal Working Income Tax Benefit. This approach would raise the effective minimum wage for adult earners and enable job creators to focus on addressing other pressures hurting Albertans’ labour market outcomes.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Halt all further increases to Alberta’s minimum wage until a system of metrics has been implemented to measure the impact of minimum wage increases since October 2015 in areas such as, but not limited to the following:
Poverty in Alberta,
Cost of Living in Alberta,
Food Bank Usage across Alberta,
Unemployment across Alberta,
Cost of doing business,
Employment vacancies, and;
Business start-up and closure ratios.
Provide an alternative plan to the scheduled Minimum Wage increase for 2017 (at $13.60 per hour, Alberta will have the highest minimum wage in Canada) and 2018 if the Provincial economy, measured in GDP, does not meet a scheduled level. This should be a percentage equal to the percent change in the Alberta Consumer Price Index.
Consider a regional minimum wage based on cost of living to allow for differences in rural and urban areas, to allow doing business in all regions to remain viable.
Collaborate with business to establish an ongoing research program for data and information gathering and its subsequent analysis to address policy-relevant minimum wage issues, as well as alternative poverty reduction strategies.
Modernizing the Workers’ Compensation Board

Background

In March 2016, Alberta Labour Minister Christina Gray announced a formal review of Alberta’s Workers’ Compensation Board (WCB). This review is being carried out by a three-person review panel (the panel), and is expected to present a final report in Spring 2017. The panel released a progress report (the progress report) in November 2016, outlining the issues being examined.

Alberta’s WCB system functions well in many aspects. In 2015, 93.4% of injured workers returned to work, while surveys show that 92.6% of workers reported feeling respected by their case manager.\(^{179}\) Financially WCB is very well funded, having posted surpluses every year since 1994.\(^{180}\)

Board Governance Structures

The progress report outlines a potential policy shift which would see members of the Board of Directors selected from stakeholder groups, like unions or employer associations.\(^{181}\) This could lead to an adversarial, employer-vs-worker, Board of Directors. We strongly recommend that members of the Board be selected according to their abilities and competency – not to represent the perspective of a specific stakeholder group. This will allow them to participate in a manner that adequately balances worker and employer interests, within a holistic context of the WCB’s operations.

Reform Vocational Rehabilitation

When a worker is injured, and the nature of their injury prevents that worker from returning to their date-of-accident position, WCB will pay for vocational rehabilitation to train the worker for a new position.\(^{182}\) If the new position pays less, WCB will provide a top-up to cover the salary difference until the worker reaches retirement age. The panel identified vocational rehabilitation as a major issue its progress report, as injured workers tend to be retrained in the same limited number of occupations. As noted by an anonymous WCB staff member in the progress report, “we deemed more workers as dispatchers each year than there were dispatchers in the province.”\(^{183}\) This model leaves little flexibility for workers and employers to collaborate and find a new career path whether within or outside the original workplace. Furthermore, if workers can find more meaningful and higher-paying work, the long-term wage supplement payments paid by WCB could be decreased. We encourage the WCB to implement practices that allow workers to better explore their skill sets and to create more choice and flexibility in retraining, thereby providing greater opportunity for both employers and workers.

Mental Health


\(^{180}\) ibid


\(^{182}\) [https://www.wcb.ab.ca/assets/pdfs/workers/WFS_Vocational_rehabilitation.pdf](https://www.wcb.ab.ca/assets/pdfs/workers/WFS_Vocational_rehabilitation.pdf)

The progress report also suggests that WCB could do more to address the mental health aspects of workplace injury, such as depression due to injury and the resulting loss of employment. In some instances, these psychological difficulties can pose a serious roadblock for injured workers, who could otherwise find gainful employment. Addressing the mental health aspects of workplace injury in these instances would reduce workers’ long-term reliance on wage top-ups, and lessen the burden on WCB.

Expand Employer Support for Small Businesses

While large employers often have dedicated staff and resources to navigate the WCB process, small businesses have neither the time nor the necessary financial resources. If a small business has a serious workplace accident, the costs resulting from the WCB process may seriously hamper their ability to continue to operate. The Employer Appeals Consulting Service is an important service for small businesses and should be expanded to ensure that small businesses can access this service when they need it.

Maintain Current Premium Levels

Alberta businesses are already facing cost increases from higher taxes, the carbon levy and minimum wage increases, all during an economic downturn. Now is not the time to further undermine Alberta’s competitive advantage. Given that the WCB is already well-funded, with annual surpluses spanning over two decades, policy changes should be achieved through a re-allocation of existing resources, not by increasing premiums.

The Alberta Chambers of Commerce recommend the Government of Alberta:

- Select members of the Workers’ Compensation Board of Directors according to their abilities and competencies – not to represent the perspective of a specific stakeholder group.
- Improve the clarity and frequency of communication between employers and the Workers’ Compensation Board.
- Reform vocational rehabilitation services, allowing more choice and flexibility in retraining.
- Expand supports for small businesses, including the Employer Appeals Consulting Service.
- Maintain current employer premium levels and limit the direct costs that are assessed back to an employer when a claim is made.

\(^{184}\) ibid
Municipal Affairs
Amending the Municipal Government Act

Background

Alberta’s Municipal Government Act (MGA), and its constituent regulations, serves as the legal framework for how every city, town, village, hamlet, summer village, county and municipal district operates in Alberta. It determines how municipalities function, how they can raise revenues, what services they provide, and much more. It is a large and complex piece of legislation and has been under review for a number of years.

In December 2016, the Legislative Assembly of Alberta passed Bill 21: Modernized Municipal Government Act, which amended the MGA significantly. Following the passage of Bill 21, the Province released a document entitled Continuing the Conversation, which outlined further proposed changes to the act.

Off-Site Levies

When land is purchased for the creation of a new residential subdivision, commercial property, or industrial site, municipalities incur costs to provide roads, sewers and other utilities to service the site. Generally, developers will pay the relevant municipality for their share of this infrastructure through an off-site levy. As part of Bill 21, off-site levies can now be charged for libraries, rec centres, police stations and fire halls. At the time, many Chambers expressed concern on the cost increase this would mean for developers – and the resulting increase to housing costs. Since the passage of Bill 21, the province has applying off-site levies for provincial infrastructure, like highways and interchanges. At a time when all levels of government are focused on housing affordability, policies like this that increase costs would be counter-productive.

Taxation Ratios

Non-residential taxation rates, as they compare to residential rates, varies widely within the province. The Town of Morinville, for example, has a 1:1 non-residential to residential tax rate – the rate is the same. In contrast, Ponoka County has a roughly 10.8:1.7 ratio. As part of Bill 21, municipalities are limited to maximum a 5:1 ratio, although provisions were made to grandfather those which were above 5:1 prior to Bill 21’s passage. A new proposal has been put forward to require these grandfathered municipalities to come into compliance with the maximum 5:1 ratio. This would provide greater consistency of taxation across the province and should be pursued.

Inter-Municipal Collaboration Frameworks

As part of Bill 21, the Province is requiring bordering municipalities to enter into inter-municipal collaboration frameworks (ICFs). These ICFs will set out growth planning and establish how any relevant service delivery is shared between municipalities. A further proposal has been made to include ICFs between municipalities and Indigenous communities. This requires further clarification and explanation. Would these ICFs be mandatory for municipalities adjacent to Indigenous communities? Furthermore,

185 http://www.municipalaffairs.gov.ab.ca/cfml/MunicipalProfiles/index
186 Ibid
would ICFs be complicated by the federal jurisdiction of First Nations? Prior to enacting this proposal, we need to fully understand whether or not these ICFs are achievable within the mandated two-year timeframe.

Municipal Purpose
Currently, the municipal purposes listed in the MGA are:

- to provide good government;
- to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality; and
- to develop and maintain safe and viable communities.

Proposals have been made to enshrine environmental stewardship as a municipal purpose. It is preferable to maintain environmental regulation at the provincial and federal levels, ensuring that the same standards apply to every community within Alberta. If environmental regulation is not consistent and coherent among communities, it creates issues between municipalities competing for business attraction and investment dollars. Furthermore, encouraging municipalities to develop their own environmental standards could cause conflicts between duplicate sets of environmental regulation. As such, we caution against including environmental stewardship as a municipal purpose.

Ecological Designations
One proposal contained within Continuing the Conversation is to amend s.664(1)(a) of the MGA, changing the reference from “swamp” to “wetland”. While this may appear to be a technical amendment, it may have significant unintended implications. Under the Alberta Wetland Classification System, wetlands are broken down into a number of different categories, including swamps, with a number of subcategories for each.187 Furthermore, not all categories of wetland are treated equally under overriding environmental protection and land-use legislation. By changing the language from “swamp” to “wetland” in the MGA, the Province is widening the scope of environmental reserve considerably, while describing the change as a “technical amendment” in Continuing the Conversation. Prior to pursuing this proposal, the Province must determine and explain the unintended effect of changing this language.

Electricity Generation
A positive development of Continuing the Conversation is cementing the Electric Energy Exemption Regulation as part of the larger MGA. When businesses invest in rooftop solar panels, geothermal or wind generators, combined-heat-and-power installations, or district energy projects, they generally see an increase to property taxes as the value of their property increases. This regulation gives the Minister authority to exempt these kinds of installations from the Provincial portion of property taxes, which removes a major barrier for many businesses. By enshrining this regulation into the MGA, the Province is sending a clear signal that these barriers should be addressed. This is a positive step forward, however, it only addresses one barrier.

Most major cities in the world enjoy the benefits of district energy systems (DES), also referred to as district energy heating and cooling systems (DEHCS). These systems, including distributed and integrated energy systems, promote increased efficiencies, resilience of the energy supply grid, reduced environmental footprints and reduced requirement for infrastructure in building design and energy

supply. In Alberta, many communities are experiencing significant growth. A broader adoption of DECHS in both greenfield and, where viable, brownfield development, represents a significant opportunity for encouraging sustainable growth, communities and cities in the long term.

Section 30(2) of the MGA requires that any proposed agreement between a municipality and an electric power provider, that extends beyond five years, must be approved by the Alberta Utilities Commission (AUC). The extended approval process timelines of the Alberta Utilities Commission diminish the attractiveness of DEHCS to private investors. Because investors are unable to secure long-term service agreements with communities prior to project approval, the capacity of the project proponents to go to market to raise capital is impeded. This barrier was highlighted by the Alberta Energy Efficiency Advisory Panel in its 2017 report to government, saying that these projects have “limited access to financing mechanisms to spread the up-front costs over the life of the investment.”  

Without the security of confirmed supply contracts, the investment attractiveness of DEHCS projects decline, which discourages implementation.

DECHS, alongside other community energy systems, can help Alberta combat global climate change. The Province should review Section 30(2) to ensure it aligns with the Province’s overall strategy on alternative and renewable electricity.

The Alberta Chambers of Commerce recommend the Government of Alberta:

- Protect housing affordability by avoiding off-site levies for provincial infrastructure.
- Create consistency in taxation by requiring all municipalities to come into compliance with the maximum 5:1 tax ratio in a timeline that ensures the economic stability of the community.
- Clarify the possible unintended consequences of requiring inter-municipal collaboration frameworks with Indigenous communities, given the federal government’s jurisdiction in matters relating to Aboriginal peoples.
- Maintain the current municipal purposes as set out by Section 3 of the Municipal Government Act.
- Maintain the current scope of environmental reserve under Section 664(1) of the Municipal Government Act.
- Facilitate investments in community energy systems by amending Section 30(2) of the Municipal Government Act, allowing councils or municipal public utilities to make long-term agreements regarding the supply of electric power with rights of renewal without approval of the Alberta Utilities Commission.
- Encourage the use of cost-recoverable community energy systems through a municipally focused awareness program.

Municipal Funding

Issue

Businesses across Alberta are growing increasingly concerned about municipal tax burden and the state of municipal infrastructure. Municipal governments are heavily reliant on transfers from the provincial and federal governments to cover the cost of replacing local infrastructure, which businesses rely on for transportation, water services and drainage services. Alberta’s primary infrastructure funding to municipalities, the Municipal Sustainability Initiative (MSI), is currently set to end in March 2019. Without a replacement, Alberta’s municipalities are more likely to rely on local property taxes to fund the replacement of infrastructure or not do the work at all.

Background

According to a 2016 survey completed by the Canadian Federation of Municipalities (FCM), municipal governments own nearly 60 percent of Canada’s core public infrastructure. The value of these core municipal infrastructure assets is estimated at $1.1 trillion.

Municipally owned infrastructure assets include but are not limited to:

- water systems;
- roads and bridges;
- buildings;
- sport and recreation facilities; and
- public transit.

FCM estimates that the backlog of upgrade and expenditure of the existing municipally owned infrastructure in Canada will exceed $123 billion.

Communities also face financial challenges from increasing standards and regulations without adequate financial mechanisms to pay for them. The primary revenue resource at the municipal level is property tax. Canadian businesses pay a much higher property tax rate than residential taxpayers. Significant increases in property taxes are not affordable either for Canadian businesses or for residents.

Today communities only collect eight cents on every tax dollar collected by all levels of government, significantly down from 24 cents a decade ago. Communities, industry and businesses rely on utilities, transportation and power systems to sustain business operations. Business interruptions due to broken water mains, poor roads, inadequate transit and other disruption causes economic loss to businesses and limits our ability to attract new businesses to communities.

Municipal built environment or infrastructure is critical to the economic capacity and livability of communities and the viability of Canadian businesses within them. Government support at all levels is

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190 Federation of Canadian Municipalities (2016) Informing the Future: Key Messages, page 2
required to renew public infrastructure as well as assist with paying for new and increased regulations and standards\textsuperscript{193}.

In Alberta, beyond property taxes, municipalities are reliant on MSI to fund capital infrastructure. MSI was launched in 2007 to deliver $11.3 billion to municipalities over ten years. At the end of ten years, the province had only delivered $7.53 billion of MSI funding and opted to extend the program two more years to end in March 2019.

The Alberta Urban Municipalities Association (AUMA) has been calling on the province to develop a new model for municipal funding. AUMA emphasizes the importance of predictable and adequate funding to address municipal infrastructure needs, and the recognition that funding levels must be responsive to the growth and realities of the province’s own revenue streams. Predictability is particularly important since the new Municipal Government Act (MGA) requires municipalities to adopt three-year financial plans and five-year capital plans. As well, the new MGA outlines requirements for Intermunicipal Collaboration Frameworks (ICF) which will have a component relating to cost-sharing for common infrastructure. As such, a new funding model must allow municipalities to forecast their funding levels on a rolling five-year period.

The Federal Government is currently committed to providing $180 billion over the next 12 years for five key infrastructure priorities: public transit, green infrastructure, social infrastructure, trade and transportation infrastructure, and rural and northern communities’ infrastructure. The Federal Government is currently proposing a 40/33/27 federal/provincial/municipal split on projects under the funding. AUMA and FCM have both advocated for a 40/40/20 federal/provincial/municipal split. This split is based on municipalities collecting a significantly smaller percentage of taxes and are responsible for considerably more infrastructure. The province is currently in bilateral negotiations with the federal government on what that split will look like and how funding will be decided.

Given municipalities would have to turn to property taxes to cover their share of infrastructure funding, it’s important that the province meet the 40 per cent commitment proposed by AUMA and FCM.

The Alberta Chambers of Commerce recommends the Government of Alberta:

\begin{itemize}
\item Develop a new overall funding formula for municipalities that is dependent upon rigorous budgeting principles that produce transparent, accountable, long term, predictable, and sustainable funding for municipalities.
\item Maintain municipal funding at such a level that municipalities can fully take advantage of the Investing in Canada money being made available by the Federal Government.
\item Support the 40/40/20 federal/provincial/municipal funding split proposed by the Alberta Urban Municipalities Association for the Investing in Canada fund.
\end{itemize}

\textsuperscript{193} Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 6
Service Alberta
Builder’s Lien Act Review

Issue

Alberta Builder’s Lien Act needs to be reviewed. There needs to be modern mechanisms where disputes in the construction industry are resolved in a timely and expeditious manner so as to better protect the most vulnerable parties, being subcontractors and contractors who do not have privity of contract or the ability to bring a claim against a project owner.

Background

Two issues which should be reviewed by the Alberta government are;

A. Prompt Payment

All too often delays in payment in construction contracts can cause cash flow problems which lead to financial strain on contractors or subcontractors who have not been paid for work completed. If a project owner is late or delays payment to a contractor, the payment due to a subcontractor can also be delayed, which can lead to the subcontractor being late in payment to employees and suppliers. This delay in the chain of cash flow can have a serious impact on the operations of small and medium sized businesses. Alberta’s current legislation does not adequately address this issue.

As such, a comprehensive review of Alberta’s builder lien legislation should be completed by the Alberta government to determine the feasibility of incorporating the principles of ‘prompt payment’ into legislation so that all of Alberta’s subcontractors, contractors and suppliers can benefit.

The Government of Canada identifies the following as ‘prompt payment’ principles:

Prompt payment principles

Public Services and Procurement Canada advocates that construction-related payments should follow these 3 principles:

Promptness:

The department will review and process invoices promptly. If disputes arise, Public Services and Procurement Canada will pay for items not in dispute, while working to resolve the disputed amount quickly and fairly

Transparency:

The department will make construction payment information such as payment dates, company names, contract and project numbers, publicly available; likewise, contractors are expected to share this information with their lower tiers

Shared responsibility:

Payers and payees are responsible for fulfilling their contract terms including their obligations to make and receive payment, and to adhere to industry best practices

The principles of ‘prompt payment’ have been endorsed by the Alberta Construction Association. As part of a dialogue between the Alberta government and the Alberta Construction Association, the Alberta

194 https://www.tpsgcpwgsc.gc.ca/biens-property/divulgation-disclosure/psdic-ppci-eng.html#a2 – Prompt Payment in the Construction Industry – May 5, 2018
government has changed their Alberta Infrastructure contracts to address the issue of ensuring ‘prompt payment’. The changes include the following:

The contract specifies a maximum of 30 calendar days after the initial receipt of the application for payment, provided the contractor has properly completed their claim. Infrastructure will verify the invoice and adjust if necessary, advise the General Contractor within 14 days of the amount to be paid. Infrastructure has modified the Statutory Declaration so that the General Contractor must confirm that they paid their subcontractors within 10 days of receipt of payment from the Government.

Their contracts specify that amounts which are not in dispute will be paid. Disputed amounts will be resolved during the next invoice period. Alberta Infrastructure has committed to publicizing the date of payment so that subcontractors and suppliers will be aware of when the prime contractor was paid (see contact info below).

Upon appropriate application, holdback funds will be released once the portion of the work is complete. The contractor will submit their certificate of substantial performance for their portion of the work performed, and follow normal procedures of posting the certificate at the job site. Infrastructure will verify substantial performance. After the 45-day period, the contractor then applies for release as part of the next progress claim. Warranty will still be from the date of Interim Acceptance. 195

In Ontario, the Construction Lien Amendment Act (the “Act”) received Royal Assent on December 12, 2017. The Act overhauled Ontario’s existing Construction Lien Act to incorporate the principles of ‘prompt payment’, including minimum timelines for payment and a procedure for adjudicating disputed payments.196

Similarly, in British Columbia, with the encouragement of the Ministry of Justice and Attorney General197, the B.C. Law Institute is currently undertaking a review of British Columbia’s Builder’s Lien Act with the view to implementing ‘prompt payment’ principles into legislation.

The Alberta Government should follow suit. The principles of ‘prompt payment’ (i.e. proper invoicing, timely payment and a procedure for adjudicating disputed payments) should be incorporated into Alberta legislation so as to protect the most vulnerable parties, being those lower down on the chain of payment.

B. Eliminating Multiplicity of Actions

The Alberta Provincial Court is the court where civil claims which do not exceed $50,000.00 can be heard. The Court of Queen’s Bench has no financial limits on the matters that are heard. Provincial Court is generally more accessible and cost effective due to its simplified procedures than the rules based/procedure driven Court of Queen’s Bench. However, some matters can only be heard before the Court of Queen’s Bench including matters where title to land is at issue. As a result, a subcontractor or contractor who wants to register a builder’s lien against land where work has been completed must take the following steps:

a contractor or subcontractor is required to file a builder’s lien within 45 days of the last time improvements were made to a property; and

196 Construction Lien Amendment Act, 2017, S.O. 2017, c. 24 - Bill 142
197 https://www.bcli.org/project/builders-lien-reform-project - Builder’s Lien Reform Project
within 180 days after a lien is registered a Statement of Claim must be filed at the Court of Queen’s Bench and a Certificate of Lis Pendens (a certificate of pending litigation) must be registered on title to the lands where the work was completed.

If a contractor or subcontractor wants to have the security of having a lien registered it must commence proceedings in the Court of Queen’s Bench. A subcontractor or contractor cannot file a Civil Claim in Provincial Court and then subsequently file a Certificate of Lis Pendens (as required to be done within 180 days as referenced above). The claim must be made in the Court of Queen’s Bench, thereby engaging a more complex and potentially expensive time-consuming process.

As such, contractors and subcontractors are often left in dilemma requiring them to decide whether to file a builder’s lien and enforce it in the Court of Queen’s Bench or suing for damages in Provincial Court, without protection. The decision to proceed at the Provincial Court level is appealing when considering costs and timelines. However, losing the ability to register a lien can impact a contractor’s or subcontractor’s ability to get paid. A subcontractor or contractor can file a builder’s lien that would be enforceable in the Court of Queen’s Bench and then subsequently file claim for debt or damages in Provincial Court. However, the cost associated with a multiplicity of actions is dissuading and constitutes an unnecessary burden on the Court system.

Accordingly, the Alberta government should conduct a comprehensive review of the Builder’s Lien Act and the Provincial Court Act, to determine the feasibility of incorporating changes which would permit claimants at the Provincial Court level to obtain and register a Certificate of Lis Pendens at Land Titles. This would allow for a more cost effective and timely remedy for contractors and subcontractors.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Commission a comprehensive review of the Builder’s Lien Act with the view to:

incorporate the principles of ‘prompt payment’; and

incorporate changes to legislation which would enable liens to be enforced in both the Provincial Court of Alberta, where the value is within its jurisdiction, or the Court of Queen’s Bench, where the claims exceeds the jurisdiction of the Provincial Court.
Modernization of Alberta Registry Agents

Issue
The Government of Alberta regulates the Alberta Registry Agents’ (ARA’s) Regulation by capping the fee amounts for most of the services they provide. However, these fees have not been adjusted in nearly 12 years to reflect increases to the minimum wage, utilities or cost of living and inflationary increases in Alberta. In addition, Registry Agents are eager to develop a modernization plan to enhance services, including online registry services to Albertans in conjunction with Service Alberta and other stakeholders. The Government of Alberta should support these modernization efforts and review regulations to ensure Alberta Registry Agents can continue their vital work effectively.

Background
Alberta Registry Agents have been the authorized delivery channel for over 200 products and services on behalf of five government departments – Service Alberta, Justice, Health, Transportation, and Economic Development & Trade – for the past 22 years. There are 206 Agents located in 150 Alberta Communities (32 or 21% are in large urban centers and 118 or 79% are in rural and small urban jurisdictions).

Agents have been offering online registry services to Albertans for over 16 years through their membership with the Alberta Association of Registry Agents (AARA). Registry agents are looking to expand their online services to Albertans.

Importance to Albertans
Virtually every city and town has an Authorized Registry Agent, forming a network that collectively employs close to 1500 Albertans. Registry staff are qualified, trained, and certified to meet high customer expectations. Registry Agents have continued to invest in the industry to meet new technology requirements, population growth, etc. The industry is prepared to and needs to continue to modernize and expand online services to keep pace with market, economic, and political conditions.

Albertans themselves value access to in-person registry services. 92% indicated it was important to have access to government services in their communities and over 90% of Albertans felt that it would have a negative impact on their communities if their local Registry Agent were to close.

But Albertans are increasingly interested in having additional registry services available online. Registry agents support this modernization and are seeking support from the Government of Alberta to expand this level of service.

Importance to Independent Registry Agents
A healthy Registry Agent network is best positioned to serve the diverse needs of all Albertans. A sense of financial stability with long-term assurance of sustainability underpins the Agents’ ability to make solid business decisions. Registry Agents have not received a much-needed capped fee increase in nearly 12 years. This fact limits Agents from keeping pace with the cost of living, natural operational increases and the ever-changing world we live in, and threatens the ability for rural Registry Agents to keep their doors open.
A KPMG study commissioned in 2010 by Service Alberta, AARA, and the AMA indicated that rural registry agents operating in locations where the population is less than 5,000 are losing about $1.35 per capped fee transaction. Overall these locations are operating at a $4,000 annual deficit. Registry Agent capped fees have not been adjusted since 2005.

The registries in the communities of Foremost and Acme have closed in the last 3 years and have not re-opened. The registry in Hines Creek recently closed and it’s doubtful it will re-open. No private sector partner could be found to operate a registry in Swan Hills and Wabasca so in the case of Swan Hills, the municipality is subsidizing these services and for Wabasca, the Indigenous band through its health authority are doing the same.

Importance to the AARA

AARA provides important member services that improve the effectiveness and efficiency of the Registry Agent Network and, by doing so, improves service to all Albertans. These services are dependent on a portion of the revenue derived from online registry services. Agents have annually endorsed this revenue share with their association.

Importance to Government of Alberta

Having a secure healthy private network to be the delivery of Government Services in each community is key to the ease of access for Albertans.

AARA Modernization Plan and requests

The health of the Registry Agent network is threatened if they are kept out of online service delivery and agents cannot earn revenue from these high-volume services. Nor can the Government of the day continue to ignore that no fee model is in place for the registries similar to other regulated industries such as the bottle recycling industry.

AARA is seeking the Government of Alberta’s approval to modernize the Registry Agent industry, expand online services to Albertans through the Registry Agent network, and ensure the long-term sustainability of Registry Agents, including a fair and equitable fee model. AARA is not seeking any grants or financial assistance.

Conclusion

The Government of Alberta regulates the industry through the Registry Agents’ Regulation by capping the fee amounts (as per Registry Agent Product Catalogue. Jan. 8, 2017, Alberta Government) for the largest volume of services provided by the Alberta Registry Agents, but these fees have not been adjusted in nearly 12 years to reflect increases to the minimum wage, utilities or cost of living and inflationary increases in Alberta.

The Alberta Registry Agents offer essential professional, personalized, and secure over-the-counter and online services to clients near their homes, a fact of significant importance to aging rural Alberta clients with distance restricted driver’s licenses and/or without the ability to use the internet for the conduct of personal government business.

Registry Agents are eager to develop a modernization plan to enhance services, including online registry services to Albertans in conjunction with Service Alberta and other stakeholders.

The Government of Alberta should recognize the vital role of Alberta Registry Agents in the delivery of essential government services to all Albertans, particularly their positive impact in rural Alberta communities, and work to strengthen their partnership with the Association of Alberta Registry Agents and local municipalities.
The Alberta Chambers of Commerce recommends the Government of Alberta:

- Support the modernization of the Registry Agent Industry
- Expand existing online services available to Albertans through Registry Agents
- Ensure the long-term sustainability of rural Registry Agents, including a fair and equitable fee model
- Reinstall funding for accreditation certification.
Transportation
Ensure road-weight restriction reflect technology and economic needs

**Issue**

The size and scope of equipment and machinery being used for industrial and agricultural purposes has changed dramatically over the past number of years. Transportation laws need to strike the delicate balance between maintaining public roadways and facilitating business operations.

**Background**

Municipalities, on behalf of the province, are responsible for the maintenance and upgrading of the majority of roads that farmers and industry access. Many of the aging roads were built poorly relative to today’s standard. For example, trees and black dirt were used as fill, and are not constructed to be able to weight-bear today’s large equipment, and are especially vulnerable to road damage during the spring and wet conditions. Unfortunately, most agricultural and many industrial operations are time and weather sensitive, requiring heavy equipment to be moved at times that are not always harmonious with current road conditions. Many of these roads service the rural area and are not a high priority for upgrades.

The permitting and exemption system is a complicated mix of legislation and application processes. Many municipalities have developed over-weight permits to exempt vehicles from road bans by using a bond system where the bond will only be forfeited if damage occurs. Transportation Routing and Vehicle Information System (TRAVIS) is a Government of Alberta system designed to easily achieve necessary permits, but does not function with all vehicle types.

Total axle load, number of axles, distance between axles, number of tires, tire size, tire pressure, steering axles, all affect pressure between the tire and surface. Historically, as equipment weight increased, so has tire size. Larger tires, tires filled with less air (lower pounds per square inch (psi), and more axles spread further apart all reduce the pressure of the tire on the road surface. The tire industry has recently designed radial tires to replace bias ply tires for larger equipment. This has helped reduce tire pressures to almost half the inflation rate of bias tires. The current legislative framework, permitting, and subsequently fining system, does not take fully take technologies that reduce psi transferred to the roadways in to account. The table below illustrates the load index depending on tire inflation and the number of axles.
Load index by axle and tire inflation

<table>
<thead>
<tr>
<th>Size</th>
<th>Inflation</th>
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<tbody>
<tr>
<td></td>
<td>(psi)</td>
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<tr>
<td></td>
<td>6</td>
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<td></td>
<td>24</td>
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18.4
R30

<table>
<thead>
<tr>
<th>Load Index</th>
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<tbody>
<tr>
<td>SINGLE (LBS.)</td>
</tr>
<tr>
<td>NR</td>
</tr>
<tr>
<td>DUAL (LBS.)</td>
</tr>
<tr>
<td>2290</td>
</tr>
<tr>
<td>TRIPLE (LBS.)</td>
</tr>
<tr>
<td>2130</td>
</tr>
</tbody>
</table>

It is important that legislation governing the transportation of equipment reflect the technological realities of the equipment used while protecting roadways from damage and allowing business activities to be completed.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Identify and publish the standards to which roads and bridges have been built and their weight bearing capacity, ensuring that information is used to set weight restrictions. Ensure a legislative mechanism exists for municipalities and the provincial government to waive weight bearing restrictions on a case-by-case analysis for roads that are a low priority for upgrading where the need is time sensitive;
- Identify roads and bridges in need of upgrading to allow for a more efficient heavy load system and provide budgeting based on economic reliance on a particular road;
- Undertake and continue in ongoing research to identify and ensure changes in vehicle and tire technologies reflect pressure transferred through to the roadway and update the legislative, permitting, and enforcement framework accordingly;
- Take into account appropriate exemptions for agricultural and other necessary time-sensitive uses for public roadways;
- Improve communication and education about how to obtain the proper permits; and
- Ensure permit providers obtain the correct and necessary information to make the process standard with minimal red tape.

198 www.goodyear.com
199 http://www.extension.umn.edu/agriculture/tillage/tires-traction-and-compaction/#3b
Benefits of Twinning Highway 3

Issue

Twinning construction of the remaining (approximately) 220 kilometers of Alberta Highway 3 known as Crowsnest Pass Highway, has been a concern for nearly two decades due to safety and efficiency concerns, but also concerns related to stagnating the economic benefits and market access along this corridor. The main benefits that accrue from twinning Highway 3 include not only safety improvements and time savings but also increased social/economic activities, tourism and agricultural needs.

Background

Alberta Provincial Highway 3 was designated as a core of the National Highway System in 1988, an interprovincial route connecting large population centers. Its entire length of 324 kilometers (201 miles) is a highway that transverses southern Alberta, connecting the Crowsnest Pass to the Trans-Canada Highway in Medicine Hat, and it serves as an alternative route to the Trans-Canada from Lower Mainland to the Canadian Prairies.

Highway 3 in Alberta begins in the Canadian Rockies at Crowsnest Pass, parallel to the Canadian Pacific Railway and is part of Alberta’s “Export Highway” - a name given to the southern portion of Alberta’s north-south trade corridor, which is a segment of the CANMEX Corridor that stretches from Alaska to Mexico.

From Fort Macleod to Taber, it is a divided highway (approximately 104 kilometers) with a speed limit of 100-110 km/h through the rural area with the remaining route as an undivided two-lane highway (approximately 220 kilometers) with a speed limit of 100 km/h.

The idea of twinning Highway 3 has been previously discussed and the costs and benefits study have been conducted by the Van Horne Institute, at the University of Calgary under the direction of Dr. Frank J. Atkins in 2002 and 2004 (revised report). The results from the final report show that the benefit-cost ratios vary from 3.03 (using 10% real discount rate) to 3.65 (using 4% real discount rate) indicating the highway 3 twinning is a worthy investment. Those benefit calculations were based on differences between real gross domestic product (GDP) forecasts with and without highway capitals for Southern Alberta region (economic activities).

In the updated 2017 report, results of the cost-benefit analysis demonstrate that the net present value of Highway 3 twinning project over twenty years, using Alberta Transportation recommended real discount rate of 4%, exceed $2.3 billion dollars. Equivalently in terms of benefit-cost ratio, the analysis shows that for each dollar spent on this project, there is $2.97 in benefits, which translates into the internal rate of return of 12.3%. Consequently, for a public infrastructure investment, these results are highly significant and demonstrate the worthiness of the twinning investment project.

The costs of Highway 3 twinning construction include the following:

(a) Direct cost of Highway 3 twinning construction;
(b) Maintenance costs;

It should be noted that the surrounding areas for construction are not all equal as there are approximately 25 kilometers from the B.C. border to the Crowsnest Pass area that are considered to be ‘difficult’ due to
the mountainous terrain. Consequently, the costs of twinning (direct and maintenance) this part of the highway will be higher.

The estimated benefits of Highway 3 twinning construction in this analysis include the following:

(a) Travel time cost savings;
(b) Accident cost savings;
(c) Vehicle operating cost savings and emission cost savings;
(d) Other economic benefits (tourism and agricultural needs).

Summary of Analysis (In Millions of 2016 Dollars) Discount Rate: 4% over 20 years

<table>
<thead>
<tr>
<th>Project Benefits</th>
<th></th>
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<tbody>
<tr>
<td>Travel Time Cost Savings</td>
<td>$1,292.72</td>
</tr>
<tr>
<td>Accidental Cost Savings</td>
<td>$804.64</td>
</tr>
<tr>
<td>Vehicle Operating and Emission Cost Savings</td>
<td>$1,358.62</td>
</tr>
<tr>
<td>Tourism and Others</td>
<td>$94.41</td>
</tr>
<tr>
<td><strong>Total Benefits</strong></td>
<td><strong>$3550.39</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Projected Costs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Construction Costs</td>
<td>-$1,183.38</td>
</tr>
<tr>
<td>Maintenance and Repair costs</td>
<td>-$13.75</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>-$1,197.13</strong></td>
</tr>
<tr>
<td><strong>Net Present Value</strong></td>
<td><strong>$2,353.26</strong></td>
</tr>
<tr>
<td><strong>Benefit-Cost Ratio</strong></td>
<td><strong>2.97</strong></td>
</tr>
<tr>
<td><strong>Internal Rate of Return</strong></td>
<td><strong>12.3%</strong></td>
</tr>
</tbody>
</table>

Source: based on author’s calculations. The data were obtained from Alberta Transportation, Alberta Culture and Tourism, AMA, Alberta Treasury Board and Finance (Southern Alberta Region) and Environics Research/Economic Development Lethbridge.

In terms of benefit-cost ratio, the results show that for each dollar spent on this project there are over $2.97 in benefits. These results translate to an internal rate of return of 12.3%. Thus, for a public infrastructure investment, these results are highly significant and illustrate the worthiness of the project’s investment.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Conduct a study on the financial feasibility to assess the affordability condition with a view to twinning the remaining 220 km of Highway 3.
Investing in Market Access for Southern Alberta Business

**Issue**

Global commerce is increasingly reliant upon the ability for goods to reach local, regional and international markets. As such, it is imperative to consider the crucial role that transportation networks play in economic development. Current infrastructure in and around Southern Alberta requires serious upgrades and advancements to maintain and leverage a competitive edge in advancing business success in Southern Alberta.

**Background**

Recent refocusing of economic priorities within the province of Alberta, combined with a growing international demand for high-quality foods and agri-food products, has positioned Southern Alberta to be a global leader in the distribution of products to local, regional, and international markets. Moreover, the relative economic stability of the region, combined with low infrastructure and land costs, and the proximity for major producers and distributors to raw agricultural products, has cast an attractive light on Southern Alberta as a place to invest. The opportunity currently exists to leverage these advantages to help diversify and grow the Canadian economy by improving local transportation infrastructure.

Located at in Southern Alberta’s agricultural heartland, is a growing network hub for the export and import of large quantities of goods. Goods flow east and west through the region via Highway 3, and connect to Highway 1. Additionally, several major north-south corridors (Highways 6,2,62,4,889, 41 and Interstate 15) move goods through the region, particularly into the United States thru the twenty-four-hour Coutts/Sweetgrass border crossing. Furthermore, an extensive rail network (Canadian Pacific) exists, with lines moving goods both east/west and north/south.

Yet despite this not-inconsiderable network, there is the distinct impression amongst the business community of Southern Alberta that clear opportunities will be missed by not investing now, at this crucial time in redirecting the Province’s economy, in improving or expanding local transportation networks to encourage the growth of key industries. The development of Lethbridge and region as an agricultural and manufacturing hub would be encouraged by the accelerated twinning of major highways that pass through the region (e.g. Highway 3), the development of an inland, intermodal port, which would open new possibilities for producers and industry stakeholders, and significant development to local airports, which would enable new opportunities for international and inter-regional trade and commerce.

These possibilities are real, and are highlighted by several recent large investments in the region, including an expansion by Richardson Oilseed ($120 Million), and by Cavendish Farms ($350 Million). Lethbridge is a growing centre, with a population of almost 100,000, and a larger catchment area of almost 500,000. (EDL Study) Moreover, the recent crash in commodity prices left Southern Alberta largely unaffected, due to the diversified nature of the local economy. Stability, in uncertain economic times, encourage investment, and a commitment from public sources to expand local transportation networks could easily tip the scales for major stakeholders who may be considering this region as a viable option.

The Government of Alberta’s 2016 Capital Plan has earmarked approximately $4.6 billion for roads and bridge networks across the Province – with a clear lack of expenditure on these vital networks in Southern Alberta. Compounding this, five-year funding projections do not show distribution of funds to large-scale
development in the region’s road network. It is the Lethbridge Chamber of Commerce’s view that this represents a critical oversight, which if corrected, would immensely aid the Government of Alberta’s clearly stated mission to invest in the diversification of the provincial economy.

In short, Southern Alberta is well positioned to become a major Agri-food and Manufacturing center, and a global leader in the distribution of goods to local, regional and international markets. With access to major highway infrastructure, extensive rail infrastructure, and growth potential to localized airports, Southern Alberta is ready to become a leading economic force in a retooled and refocused economy.

The Alberta Chambers of Commerce recommends the Government of Canada:

Work with rail operators to ensure open and fair access to rail transportation, through the reduction in regulations affecting wider usages of rail as a preferred form of transportation for Canadian goods to:
- National and International Markets,
- Shipping Ports; and,
- Transportation Hubs.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Expedite the twinning of Highway 3, considering the economic impact and growth-potential of opening up access to Highway 1 and national markets across Canada.

Work towards a plan for sustainable growth in local airports as a portion of local economic progression, with an eye to growing international and inter-regional opportunities.
A Systems Approach for Provincial Transportation Systems

Issue

That transportation systems are intrinsically linked to economic development is a self-evident truth. However, there is a growing trend in the transportation planning literature, and in the developed plans of both national and provincial organizations, to consider best-practice for this discipline in terms of multimodal transportation planning. A cost-effective and efficient transportation network in Alberta requires a systematic planning approach collaboratively directed by a provincial body. Specifically, it requires all key public and private sector organizations in the province to work together in coordinating a holistic transportation system where long-term development objectives that provide an equitable, cost-effective, and reliable means of moving people and goods are examined.

Background

Transportation has long been recognized as playing a critical role in the overall prosperity of a society. It is one of the systems that virtually all Albertans utilize and depend on daily. In a very competitive and integrated world economy, most businesses require access to efficient and cost-effective transportation services to export their merchandise to the market or to access imported goods. More than 2,000 Alberta businesses export goods and services around the world, which means most of Alberta’s Gross Domestic Product (GDP) is dependent on international trade in one fashion or another. Thus, remaining competitive in international markets is essential for maintaining and enhancing the standard of living in Alberta, particularly as our province attempts to diversify our economic base and move away from our long dependence on crude oil exports.200

The opportunities are there. Almost every expert predicts that there are significant opportunities for Canada to increase agri-food exports in response to a growing global demand for high-quality food products, and Alberta is well-positioned agriculturally and industrially for rapid expansion to meet this demand. However, unless significant changes are made, the transportation system in Alberta could be ineffective in meeting the needs of citizens, communities, and businesses to take advantage of this growth. Inefficient transportation means a reduction in competitiveness, and there is a real possibility of our region being sidelined while economic development progresses in more accessible locations with lower transportation costs. The cost of not proactively improving our transportation system could be very high.

In Western Canada, roughly “40 to 45 percent of the unfunded infrastructure needs are in transportation—roads, bridges, interchanges, traffic control devices and public transit.”201 Most of these transportation projects fall under provincial and municipal jurisdiction. Municipal jurisdictions on their own have limited resources: they are expected to meet the unique infrastructure demands of their constituency through a system of competition for limited infrastructure funds between transportation

200 Source: http://www.transportation.alberta.ca/Content/docType56/Production/AEDA2004.pdf
and other municipal projects. If the province were to pursue a combined, multimodal approach to transportation planning, whereby all the relevant stakeholders, modes of transport, and resources are included, it may be possible to alleviate the financial burden faced by individual jurisdictions through the increased efficiency of a centralized, collaborative process.

The Government of Alberta recognizes that a good transportation system is vital to the prosperity of Alberta; however, the province also recognizes that a cost-effective means of improving transportation networks cannot be efficaciously accomplished through project-based planning approaches, since singular projects tend to be an inefficient means of addressing the larger goal of fostering economic growth. Both the province and the federal government have enshrined this thinking into their strategic plans, and consequently all stakeholders can expect the Provincial and Federal governments to favor proposals that take a systems-view of transportation projects and which respond to productivity objectives, consider cross-impacts on land use, urban and community development, and the environment, and demonstrate the capacity to coordinate the disparate goals of individual communities.

In summation, an efficient provincial transportation system, based on multimodal transportation planning, could improve competitive access to global markets, link communities and enable economic growth. A partnership between representatives of public and private sector organizations in the province would pave the way for addressing shared challenges and opportunities while working collaboratively to transform the existing transportation system to foster tangible economic and social benefits.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Adopt a multimodal systems planning approach for a cost-effective and efficient means of transportation in Alberta.
- Encourage the establishment of collaborative regional organizations to conduct regional transportation planning for the inclusion of a provincial plan and explore appropriate funding models to support this initiative.
- Plan and select transportation projects with greater emphasis on their potential economic impacts and their fit within a network that lowers the cost and improves the efficiency of supply chains.

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203 Business Plan 2016-2019 Transportation. (March 17, 2016). Retrieved From [https://open.alberta.ca/dataset/9d234882-5822-4e06-8e08-b00f0a488647/resource/6b517f10-2c7b-45a1-b6f1-b088e78b09cd/download/transportation-2016-19.pdf](https://open.alberta.ca/dataset/9d234882-5822-4e06-8e08-b00f0a488647/resource/6b517f10-2c7b-45a1-b6f1-b088e78b09cd/download/transportation-2016-19.pdf)

Federal Policy
Employment & Social Development (Federal)
Institute an Appeal Process for Labour Market Impact Assessments

Issue

Employers are reporting Labour Market Impact Assessments are being denied for unreasonable and inconsistent reasons. The current process lacks transparency and is leaving employers out thousands of dollars for denied applications.

Background

Labour shortage, skilled and otherwise, continues to be a significant challenge to many Canadian businesses. While attempts to remedy the shortage through skills training programs and immigration programs such as the Expression of Interest system are steps in the right direction, they don’t address the immediate shortage facing employers. Thousands of jobs continue to go unfilled as Canadians are either unwilling or unable to fill these in demand occupations. As a result, Canadian productivity continues to languish far below its potential. The Temporary Foreign Workers Program (TFWP) is the short-term solution businesses need, but suffers from poor administrative standards.

Having a smooth-functioning administrative process with clearly defined rules, regulations, along with predictable outcomes, administrative oversight, and an appeal and/or review process and are key components to the success and ongoing viability of government programs. It ensures applicants to the program receive the desired and deserved outcomes and helps to prevent potential abuses that could be made by applicants or administrators. This is especially important for the TFWP now that businesses are paying $1,000 per LMIA; a fee that is costing businesses thousands of dollars on top of many hours.

When reviewing Labour Market Impact Assessments (LMIA), it is necessary for the administrative decision-makers (ADM) to utilize some level of discretion. Subject to numerous rulings under Canadian administrative body of law, discretionary decisions must be exercised via a standard of reasonableness and subject to procedural fairness.

“The Supreme Court of Canada in Southam [1997] considered the standard of reasonableness applies where a decision is a matter of law, a mix of fact and law or a discretionary decision, it is said that the decision is unreasonable where the decision is ‘not supported by any reasons that can stand up to a somewhat probing examination.”

Discretionary decisions made by the administration should be relevant, reasonable, and consistent, with the process being free of any abuse. Unfortunately, this has not been the case with LMIA’s. It is imperative to the overall success and economic well-being of Canadian businesses, that the ADMs of the TFWP be subject to the standards outlined under Canadian administrative law, and that decisions made be subject to review and appeal when necessary. Decisions subject to review are made with an increased level of consideration.

205 Canada (Director of Investigation and Research) v. Southam Inc., [1997] 1 S.C.R. 748
The Alberta Chambers of Commerce recommend the Government of Canada:

Institute an appeal process for denied Labour Market Impact Assessment applications.

Give clearly detailed explanations when Labour Market Impact Assessment applications are denied.
Agriculture (Federal)
Allow for the Creation of Agriculture REITs

Issue

One of the biggest obstacles to growth of the agriculture sector is the fragmentation and availability of farm land.

Background

Arable farm-land in Canada is among the most productive and expensive in the world. Throughout the years as technology and equipment has evolved the scale of the average farm operation in Canada has grown exponentially as the number of people doing the work has decreased.

In Alberta the majority of high-quality, arable farm-land exists along the QE2 corridor, alongside with most of the province’s population. This combination has resulted in this farm-land being among the most expensive in the world.

According to 2011 census, the 56% of Albertan farmers are 55 years and older. More so than many other industries, Alberta is facing a massive demographic shift as an entire generation of farmers representing more than half the producers in our province will be retiring in the near future.

The ‘family farm’ remains a staple of Canadian agriculture, yet the trend towards large-scale, big-business farming continues to grow as the immense value for land and equipment and difficulties around succession create significant hurdles for younger generations looking to take over the family farm. Alongside the cost increases, advancements in technology and equipment have resulted in fewer farmers harvesting more land. The 2016 census showed there were 5.9% fewer farms and the average area per farm increased by 5.3%.

Real Estate Investment Trusts (REITs) have proven themselves to be an invaluable tool for investors and the renters of the properties they manage. With access to public markets, REITs can raise high levels of capital along with the organization required to provide liquidity in what is typically a non-liquid market. Being listed on public markets requires REITs adhere to the highest standards of governance and reporting, ensuring they remain transparent and accountable to the public.

Canadian REITs were established in 1993 and excluded from the income trust tax legislation passed in 2007. This allows REITs several tax advantages. As of 2016 there were 48 public equity REITs with a market cap of over CAD $50 billion. Canadian REITs exist in the areas of commercial, office, industrial, residential, healthcare real estate, hotels, and even automotive properties, yet remain glaringly absent in the realm of agriculture.

As the boomer generation of farmers continue to retire, they will be looking for options to sell or pass on their land. Selling to an agriculture REIT could be one of those options and would subsequently create a much more robust rental market for new farmers and established looking to expand.

207 https://www150.statcan.gc.ca/n1/daily-quotidien/170510/dq170510a-eng.htm
208 https://ir.lib.uwo.ca/cgi/viewcontent.cgi?article=5530&context=etd
As agriculture REITs will benefit the users of land, they will also benefit Canadian investors looking to invest in land and agriculture.

The Alberta Chambers of Commerce recommends the Government of Canada:

Allow for the creation of Real Estate Investment Trusts and the same access to investment capital that other Canadian industries have, to ensure sustainability of the farming operations for agriculture land.
Finance (Federal)
Comprehensive Income Tax Reform

Issue

The Income Tax Act is becoming more complex every year, adversely affecting Canadian individuals, businesses and Canada’s global competitiveness. A comprehensive review and overhaul of the Income Tax Act, targeting the broadest base possible, with lower rates and fewer preference, would reduce compliance costs and increase transparency while promoting growth, investment, entrepreneurship and job creation.

Background

The Income Tax Act is becoming more complex every year, adversely affecting Canadian individuals, businesses and Canada’s global competitiveness. The Chartered Professional Accountants of Canada (CPA Canada) points out that:

At a time when income inequality is rising, labour force growth is slowing and our closest trading partners are shoring up their tax systems, Canada needs to ensure we continue to create jobs, attract investment and remain competitive. But, on these vital measures, our current tax system is falling short, and Canadians and their businesses risk falling ever more behind their global peers.209

CPA Canada has repeatedly called for the simplification of the Income Tax Act (the Act) to assist taxpayers with compliance. The Royal Commission on Taxation, better known as the “Carter Commission” conducted the last complete review of the income tax system over 50 years ago in 1966. The 1972 Carter Commission report recommended taxation of the family as the basic unit of taxation rather than the individual with the goal of reducing complexity in the Income Tax Act and supporting Canadian families by taking into consideration the reality that the family is the basic economic unit of society.

The evolution of the Act since the recommendations of the Carter Commission, and the system of taxation in Canada as a whole, has not maintained this basic reality. In fact, a review of “where we are today” reveals some very troubling developments:

- Canada has lost its corporate tax advantage as the U.S. and other countries have reduced corporate taxes and improved their own tax competitiveness
- Top personal income tax rates and thresholds in Canada are uncompetitive
- Tax complexity makes it difficult for lower income and other vulnerable Canadians to access much-needed income supports through the tax system.
- Tax compliance is becoming exceedingly difficult for all Canadians, especially small business owners and their advisers, putting the integrity of the tax system in jeopardy
- Many Canadians have lost trust in the tax system, which may contribute to reduced compliance and increased underground economic activity
- Canada’s tax mix is out of sync with international trends and overly reliant on income taxes with high efficiency costs, putting a drain on Canada’s economy.
- Benefits delivered through Canada’s Scientific Research and Experimental Development (SR&ED) program are declining, indicating a need to improve the program’s accessibility, certainty and ease of use

209 CPA Canada report reference – p. 4
Beyond SR&ED, the tax system does not adequately encourage innovation or attract investment in innovation to Canada. Canada’s income tax and GST/HST rules deliver a high number of tax expenditures that greatly complicate the tax system, but it is not known whether they are achieving their aims at an acceptable cost.

Over the past 50 years, the US has undergone several significant measures to reform their tax system – most recently with a lowering of personal and corporate income tax rates that is designed to attract business. The Department of Finance has not proposed any measures to ensure that Canada remains competitive, a good place for entrepreneurs, and attractive for investment in light of US tax reform. Comprehensive tax reform, reduction of taxes and efforts to simplify the Canadian tax system would help make Canada more competitive and improve the lives of all Canadians.

Canada needs a tax system for the 21st century, one that reduces compliance costs and increases transparency while promoting growth, investment, entrepreneurship and job creation. A full review of the tax system is in order to ensure it works well for Canadians by identifying the broadest base possible, with lower rates and fewer preferences.

The Alberta Chambers of Commerce believes it is time for the federal government to consider all aspects of our tax system and answer four key questions:

- Does Canada’s tax system align with international norms and promote global competitiveness?
- Does Canada’s tax system help businesses grow and innovate?
- Do Canada’s tax expenditures achieve their goals at the right cost?
- Does Canada’s personal tax system promote compliance and deliver social benefits efficiently and effectively?

The Alberta Chambers of Commerce recommends the Government of Canada:

Immediately establish a Royal Commission to review the Income Tax Act and Canada’s fiscal framework with the goals of modernization, simplification, and enhancing competitiveness.

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210 CPA Canada report reference – pp. 4-5
Exempt Spouses from Tax on Split Income

Issue

Allowing Canadian-controlled private corporations (CCPC’s) to split income would create consistency within the treatment of income taxes. It would also support the success and enhance the growth of small businesses, especially family-based businesses.

Background

Historically, owners of Canadian-controlled private corporations (CCPC’s) have been able to split income with family members by paying dividends on CCPC shares owned directly, or indirectly through a Family Trust, to family members including spouses and children. Up until 2000, this strategy was available to small business owners with respect to the payment of dividends to all family members including minor children, most often via the use of a Family Trust. The objective, and result, was the mitigation of the overall tax burden of the small business owner by being able to utilize the low marginal rates of tax for all family members by having these dividends taxed in the hands of family members rather than all in the hands of the small business owner.

In 2000, the Department of Finance introduced legislation to ensure that any dividends paid to a minor child (either directly or indirectly) would be taxed in the hands of the minor at the highest marginal rate, thus frustrating access to the child’s low marginal tax rates. These changes were colloquially referred to as the “kiddie tax” but specifically represented the first efforts of the Department of Finance with respect to introducing a “tax on split income” (TOSI). In the Budget releases following the 2000 introduction of the “kiddie tax” the government expanded the reach and application of TOSI by including not only dividends received by a minor from a related private corporation, but also capital gains realized on the sale of shares of a CCPC to a non-arm’s length purchaser, rents realized on real property owned by a non-arm’s length party as well as interest on debt issued to related parties. At the time, adult children and spouses were not subject to the reach of the “kiddie tax” rules as these were specific to minor children.

On July 18, 2017, the reach of the TOSI rules changed dramatically with the release of the Liberal government’s White Paper on the Taxation of CCPC’s. This White Paper formed the basis for legislation announced in the 2018 Budget that sought to treat certain adult children and spouses in the same manner as minor children with respect to the receipt of dividends and other sources of income received from a CCPC. The TOSI rules are very complex and problematic for business owners and their advisors in that they specifically eliminate any opportunity for a CCPC to remunerate spouses of “principal” shareholders of certain businesses with dividends or other sources of income. Because of their complexity and the selective nature of their application, it has become clear that, not only do the rules place certain industries (in particular service-based businesses) at a distinct disadvantage when it comes to tax planning opportunities, it also reflects a distinct gender bias as the vast majority of female spouses who have previously been provided with a source of independently-reported income are now viewed as wholly-dependent upon their male principal-shareholder spouses.

The application of the new TOSI rules to spouses also reflects an inconsistency in the income tax treatment of the individual taxpayer versus the family and, in particular, spouses. The “family unit” has generally been viewed as the appropriate unit of taxation as opposed to the individual. Generally, spouses are considered together as a couple for many income-tested benefits, pension income-splitting and spousal RRSP’s which
highlights the inconsistent approach to enabling principal shareholders to share income with their spouses. Beyond the pure income tax considerations, family law legislation in all provinces generally will recognize that both spouses make equal contributions in a marriage notwithstanding there may not be direct measurable capital contributions to a business. Family assets may be at risk for the purposes of financing CCPC debt, may be used indirectly in the execution of business operations or may form the quantum of funds contributed for business startup.

In addition to the shared-asset argument, spouses of principal shareholders are a critical informal source of support for business operations. A non-active spouse will often act as a sounding board and provide valuable perspective and advice to the active spouse.

The Alberta Chambers of Commerce recommends the Government of Canada:

Department of Finance immediately amend the Income Tax Act to exempt spouses from the application of the tax on split income legislation.
**Restore the Integration of the Corporate and Personal Income Tax**

**Issue**

A fully integrated income tax system, as stated by the Carter Commission Report, would avoid double taxation under the corporate income tax system and the private income tax system, while ensuring that there is relative indifference between earning income through a Canadian corporation, by salary or by dividend. It would also address other distortions in Canadian taxation.

**Background**

The Royal Commission on Taxation, better known as the "Carter Commission", conducted its comprehensive review of the Canadian income tax system over 50 years ago in 1966, rendering its report to Canadians in 1972. The Carter Commission Report introduced, among other recommendations, the concept that income should be taxed at the same rate regardless of whether it was earned in a corporation or personally. This concept has become known as the concept of "tax integration" of the personal income tax system (PIT) and the corporate income tax system (CIT). To accomplish this objective the Canadian Income Tax Act has various tax integration mechanisms. In effect what this means is that the Canadian personal and corporate income tax systems are integrated to yield the same overall tax liability regardless of the structure used to earn the income, which, in theory, should not influence a taxpayer’s decision as to whether the income should be earned personally or through a corporate structure. These tax integration mechanisms have two major components.

The first relates to active corporate income, also called active business income (ABI). There are two stages of taxation of corporate earned business income. For a Canadian Controlled Private Corporation (CCPC) that earns active business income that qualifies for the small business deduction (SBD) there is a low rate of corporate tax charged, which is currently 11% (combined federal and provincial rates) in Alberta. That same income, if earned personally, would be taxed at 48% in Alberta at top personal marginal tax rates. How is this remaining 37% of tax charged to maintain integration? The dividend tax credit mechanism achieves the first element of integration at the PIT level. When a dividend is paid to the shareholder it is "grossed-up" to a taxable dividend and the taxpayer pays tax at full personal marginal tax rates but receives a dividend tax credit more or less equal to the tax the corporation originally paid. As a result (in theory) the overall tax rate is the same and tax integration is achieved.

The second tax integration mechanism relates to passive or investment income earned in a corporation. In this case the objective is to ensure that there is no tax benefit to earning investment income in a corporation by paying a lower rate of tax. This is accomplished by taxing the investment income earned by the corporation at high rates, in past years about the same as would be paid by an individual earning the income directly. However, in this case, part of the tax is allocated to the refundable dividend tax on hand (RDTOH) account with this amount being refunded to the corporation at a prescribed dollar rate for every dollar of taxable dividends paid to a (human) shareholder. Theoretically, this amount is passed to the shareholder to be taxed under the PIT system thereby again achieving tax integration.

Under these mechanisms, personal income tax returns allow taxpayers to gross-up their dividend income and then apply a tax credit to adjust the amount of taxes payable. The rates of gross-up and credit were initially set to achieve the full integration of CIT and PIT for small businesses. Since its creation in 1972, the dividend tax credit as well as statutory corporate tax rates have changed. As a result, in some years...
there has been over-integration for small business in the sense that the dividend credit was generous enough to reduce the combined tax on dividend income below that on other income. With the provinces levying differential rates of corporate tax on small business, and with federal and provincial surtaxes, the situation has become more complex. At present there is consistent over-integration throughout the provinces, with the departures from full integration being most significant for investment income earned by a corporation.

The most recent changes to the Income Tax Act, Canada (the Act) have resulted in dramatic and punitive changes with the way CCPC's are taxed on active and investment income earned. The result has been the absolute decimation of the Carter Commission's objective of integration of the CIT and PIT as we have witnessed the under-integration of all forms of income distributed from a corporation grow dramatically from mere tenths of a percentage point to in excess of 11% per cent in the 2019 taxation year. As recently as 2012, the disparity between earning $1,000 of investment income in a corporation versus earning the same $1,000 personally was a mere $17.20 of additional tax paid. Today that same disparity has grown to $116.20 — a 676% increase in the associated tax cost.

The value of a fully integrated income tax system, as stated by the Carter Commission Report, is to avoid double taxation under the CIT and PIT while ensuring that there is relative indifference between earning income through a Canadian corporation, by salary or by dividend. The full integration of the CIT and PIT has the further benefit of eliminating another non-neutrality of the existing corporate income tax in Canada, the distortion of incorporation decisions. Without full integration, the combined taxation of corporate source income exceeds the taxation of comparable unincorporated businesses.

See Appendix A for a full comparison of the 2012 integration tables to the 2019 integration tables.
## Taxation of Dividends in Alberta - 2012 vs. 2019

### Appendix A

#### 2012 - Income

<table>
<thead>
<tr>
<th>Earned Personally</th>
<th>Earned at SBD rate</th>
<th>Earned as Investment Income</th>
<th>Earned as Capital Gains</th>
<th>2019 and on - Earned Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Income Earned</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Federal Corporate Tax</td>
<td>150.00</td>
<td>110.00</td>
<td>150.00</td>
<td>346.70</td>
</tr>
<tr>
<td>Alberta Corporate Tax</td>
<td>100.00</td>
<td>30.00</td>
<td>110.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Total Corporate Tax</td>
<td>250.00</td>
<td>140.00</td>
<td>260.00</td>
<td>446.70</td>
</tr>
<tr>
<td>After-Tax Cash (Dividend)</td>
<td>750.00</td>
<td>860.00</td>
<td>740.00</td>
<td>553.30</td>
</tr>
</tbody>
</table>

#### 2019 - Income

<table>
<thead>
<tr>
<th>Earned Personally</th>
<th>Earned at SBD rate</th>
<th>Earned as Investment Income</th>
<th>Earned as Capital Gains</th>
<th>2019 and on - Earned Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Income Earned</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Federal Corporate Tax</td>
<td>150.00</td>
<td>100.00</td>
<td>386.70</td>
<td>193.35</td>
</tr>
<tr>
<td>Alberta Corporate Tax</td>
<td>120.00</td>
<td>10.00</td>
<td>120.00</td>
<td>60.00</td>
</tr>
<tr>
<td>Total Corporate Tax</td>
<td>270.00</td>
<td>110.00</td>
<td>506.70</td>
<td>253.35</td>
</tr>
<tr>
<td>After-Tax Cash (Dividend)</td>
<td>730.00</td>
<td>890.00</td>
<td>493.30</td>
<td>246.65</td>
</tr>
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</table>

### Effective Tax Rate

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>25.00%</td>
<td>27.00%</td>
</tr>
<tr>
<td>14.00%</td>
<td>11.00%</td>
</tr>
<tr>
<td>26.00%</td>
<td>20.00%</td>
</tr>
<tr>
<td>0.00%</td>
<td>10.00%</td>
</tr>
</tbody>
</table>

### Personal Dividend received/Income earned

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>750.00</td>
<td>730.00</td>
</tr>
<tr>
<td>860.00</td>
<td>890.00</td>
</tr>
<tr>
<td>740.00</td>
<td>493.30</td>
</tr>
<tr>
<td>820.00</td>
<td>246.65</td>
</tr>
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</table>

### Taxable dividend

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,035.00</td>
<td>1,075.00</td>
</tr>
<tr>
<td>1,021.20</td>
<td>1,023.50</td>
</tr>
<tr>
<td>1,025.00</td>
<td>920.00</td>
</tr>
<tr>
<td>1,025.00</td>
<td>460.00</td>
</tr>
</tbody>
</table>

### Federal tax @29%/33%

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>290.00</td>
<td>300.15</td>
</tr>
<tr>
<td>311.75</td>
<td>317.25</td>
</tr>
<tr>
<td>296.15</td>
<td>332.44</td>
</tr>
<tr>
<td>297.25</td>
<td>337.76</td>
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### Dividend tax credit

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>155.45</td>
</tr>
<tr>
<td>143.33</td>
<td>151.31</td>
</tr>
<tr>
<td>136.67</td>
<td>92.42</td>
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</table>

### Net federal personal tax

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>290.00</td>
<td>330.00</td>
</tr>
<tr>
<td>144.70</td>
<td>332.44</td>
</tr>
<tr>
<td>168.42</td>
<td>337.76</td>
</tr>
<tr>
<td>142.77</td>
<td>153.38</td>
</tr>
<tr>
<td>160.58</td>
<td>136.67</td>
</tr>
</tbody>
</table>

### Alberta personal tax

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>100.00</td>
<td>150.00</td>
</tr>
<tr>
<td>103.50</td>
<td>151.11</td>
</tr>
<tr>
<td>107.50</td>
<td>153.53</td>
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<tr>
<td>114.89</td>
<td>138.00</td>
</tr>
<tr>
<td>102.50</td>
<td>69.00</td>
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</table>

### Dividend tax credit

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>-</td>
</tr>
<tr>
<td>(103.50)</td>
<td>(100.74)</td>
</tr>
<tr>
<td>(37.63)</td>
<td>(20.06)</td>
</tr>
<tr>
<td>(102.12)</td>
<td>(18.03)</td>
</tr>
<tr>
<td>(35.88)</td>
<td>(9.02)</td>
</tr>
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</table>

### Net Alberta personal tax

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>69.88</td>
<td>50.37</td>
</tr>
<tr>
<td>12.77</td>
<td>245.33</td>
</tr>
<tr>
<td>66.63</td>
<td>276.18</td>
</tr>
<tr>
<td>150.00</td>
<td>119.97</td>
</tr>
<tr>
<td>103.50</td>
<td>59.98</td>
</tr>
</tbody>
</table>

### Total personal income taxes

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>390.00</td>
<td>520.00</td>
</tr>
<tr>
<td>144.70</td>
<td>498.50</td>
</tr>
<tr>
<td>238.29</td>
<td>511.20</td>
</tr>
<tr>
<td>155.53</td>
<td>403.85</td>
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</table>

### After-Tax Cash to S/H

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>610.00</td>
<td>520.00</td>
</tr>
<tr>
<td>605.30</td>
<td>498.50</td>
</tr>
<tr>
<td>621.71</td>
<td>511.20</td>
</tr>
<tr>
<td>584.47</td>
<td>403.85</td>
</tr>
</tbody>
</table>

### Effective Rate

<table>
<thead>
<tr>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>39.00%</td>
<td>48.00%</td>
</tr>
<tr>
<td>19.29%</td>
<td>31.71%</td>
</tr>
<tr>
<td>27.71%</td>
<td>42.56%</td>
</tr>
<tr>
<td>21.02%</td>
<td>49.52%</td>
</tr>
</tbody>
</table>

---

211 Dividends received for the purposes of recovering RDTOH are calculated at 2.61 times the dividend refund. In most cases there is insufficient income to recover all RDTOH.

212 Personal effective rate for capital gains earned personally is 24% due to the 50% inclusion rate.
<table>
<thead>
<tr>
<th></th>
<th>2012 - Income</th>
<th>Appendix A (Cont.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Earned</td>
<td>Earned</td>
</tr>
<tr>
<td></td>
<td>Personally</td>
<td>Earned at</td>
</tr>
<tr>
<td></td>
<td>general rate</td>
<td>SBD rate</td>
</tr>
<tr>
<td>Total income taxes paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>250.00</td>
<td>140.00</td>
</tr>
<tr>
<td>Personal</td>
<td>390.00</td>
<td>144.70</td>
</tr>
<tr>
<td>Total tax paid (corporate + personal)</td>
<td>390.00</td>
<td>394.70</td>
</tr>
<tr>
<td>Effective combined tax rate</td>
<td>39.00%</td>
<td>39.47%</td>
</tr>
<tr>
<td>Over/(Under) integration</td>
<td>-0.47%</td>
<td>1.17%</td>
</tr>
</tbody>
</table>
The Alberta Chambers of Commerce recommends the Government of Canada:

Department of Finance undertake a full review of the integration mechanisms that currently exist within the Act, including, but not limited to:
- CIT rates for active small business, general and investment income;
- the additional tax on investment income earned in a corporation;
- the PIT dividend gross-up mechanism; and,
- the PIT dividend tax credit;
- the CIT RDTOH rates;
- eligible dividend PIT rates;
- non-eligible dividend PIT rates; and,
- PIT rates.
That upon completion of this review, the Department of Finance amend the applicable rates and provisions of the Act to ensure the restoration of tax integration as recommended by the Carter Commission Report.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Implement a refundable CIT mechanism to ensure that provincial PIT and CIT systems support the integration of all forms of income earned and taxed in the province.
Restoring Canada’s Innovation Competitiveness

Issue
In a global economy where technology and innovation are increasingly important, Canada trails most of its peer countries in innovation and research. The Government of Canada needs to act quickly to address this, particularly by restoring faith in and simplifying a tax credit regime that nurtures private sector investment across all industries in R & D and technology.

Background
The World Economic Forum ranks Canada as 22nd in capacity for innovation, 22nd in technological readiness, and 27th in company spending on R&D. KPMG, Canadian Manufacturing Outlook 2014: Leveraging Opportunities, Embracing Growth, 2014. Canada’s R&D spending as a percentage of GDP has been declining for over a decade and is now 1.69%, compared to the OECD average of 2.4%. OECD, Science, Technology and Industry Scoreboard 2015. Business spending on R&D is near the bottom of all OECD countries. Standing Committee on Industry, Science and Technology, The Canadian Intellectual Property Regime – Dissenting Opinion of the New Democratic Party Canada is the only developed country in the world with an intellectual property deficit – we spend more importing technology from other countries than we earn selling technology abroad. This gap is estimated to cost $4.5 billion a year. Finance Canada and the Revenue Canada (1997) found that the federal SR&ED credit generates $1.38 in incremental R&D spending per dollar of foregone tax revenue, and that private sector R&D spending is 32 per cent higher than it would be in the absence of SR&ED tax incentives.

Having Canadian businesses that are innovative by developing and applying new technologies is essential for success in a 21st century economy. In 2018 the Canadian Chamber of Commerce published 10 Ways to build a Canada that wins, outlining a 10-part strategy to support business growth and build a winning economy. The report stressed the importance of de-risking the development, adopting, commercialization, and production of new technologies and facilitating access to capital to do so.

A key component to driving innovation in Canada is the Scientific Research and Experimental Development tax credit. Canada Revenue Agency has reported that based on 2011 projections, the total value of federal SR&ED tax credit expenditure is approximately $3.6 billion. The tax credits also stimulate the economy. According to a 2007 Department of Finance study, for every $1 in SR&ED tax credits given out, the government receives back a benefit of $1.11. Finance Canada and the Revenue Canada (1997) found that the federal SR&ED credit generates $1.38 in incremental R&D spending per dollar of foregone tax revenue, and that private sector R&D spending is 32 per cent higher than it would be in the absence of SR&ED tax incentives.

Despite its success, changes were made in 2012 and 2014 that reduced the effectiveness of the SR&ED by reducing eligible expenses and reducing the tax credit from 20% to 15%. Businesses also report that the

audit component of the SR&ED program has become onerous and time-consuming, and that the uptake and efficiency of the program are hampered by overly frequent changes. A tax regime, using SR&ED as the backbone, must be sustainable with a simple reporting mechanism and changes that are inline and timely with respect to issues businesses are facing.

The Government of Canada must recognize the essential role fostering innovation has on the current and future economic prosperity of our nation. Tax incentives such as the SR&ED play a critical role in increasing the competitiveness of our businesses in the continually evolving global economy.

The Alberta Chambers of Commerce recommends that the Government of Canada:

Maintain the Scientific Research and Experimental Development tax incentive at least at pre-2012 levels, including eligible expenses;
Simplify the process of the Innovation Tax Credit (former SR&ED) application, using the following as a base: improving the pre-claim project review service, simplifying the base on which the credits are calculated, and introducing incentives that encourage SME growth – so that Canadian companies of all sizes and across all industries can move forward with confidence to bring their innovations to market; and
Create an innovation environment that encourages private sector investment in R&D and technology across all industries focusing on the following factors for success: ease of use for businesses, consultation with the business community to ensure programs are in line with the real time needs of business, achieved and sustainable growth of participating businesses, export readiness and enables operational scale-up.
Securities Regulation

Issue
Since the Supreme Court of Canada ruled that the Federal Government does not have the jurisdiction to implement a National Securities Regulator, vast opportunity has emerged for implementation of an inclusive and harmonized passport system of securities regulation that includes all provinces and territories.

Background
On December 22, 2011 the Supreme Court of Canada released its unanimous decision in the Federal Government’s reference on the constitutionality of the proposed legislation to create a National Securities Regulator. The legislation was found to be in pith and substance legislation relating to “property and civil rights” and therefore ultra vires the federal Government’s powers.

While ruling that the proposed legislation was not constitutional, the Supreme Court of Canada did not completely close the door to a role for the Federal Government in a cooperative scheme of securities regulation. The Court stated:

[130] While the proposed Act must be found ultra vires Parliament’s general trade and commerce power, a cooperative approach that permits a scheme that recognizes the essentially provincial nature of securities regulation while allowing Parliament to deal with genuinely national concerns remains available.

[131] The various proposals advanced over the years to develop a new model for regulating securities in Canada suggest that this matter possesses both central and local aspects. The same insight can be gleaned from the experience of other federations, even if each country has its own constitutional history and imperatives. The common ground that emerges is that each level of government has jurisdiction over some aspects of the regulation of securities and each can work in collaboration with the other to carry out its responsibilities.

[132] It is not for the Court to suggest to the governments of Canada and the provinces the way forward by, in effect, conferring in advance an opinion on the constitutionality on this or that alternative scheme. Yet we may appropriately note the growing practice of resolving the complex governance problems that arise in federations, not by the bare logic of either/or, but by seeking cooperative solutions that meet the needs of the country as a whole as well as its constituent parts.

[133] Such an approach is supported by the Canadian constitutional principles and by the practice adopted by the federal and provincial governments in other fields of activities. The backbone of these schemes is the respect that each level of government has for each other’s own sphere of jurisdiction. Cooperation is the animating force. The federalism principle upon which Canada’s constitutional framework rests demands nothing less.

Following the decision, former Federal Finance Minister Jim Flaherty stated his desire to make arrangements with the provinces to proceed with a Canadian securities regulator to deal with those aspects of the securities market that are interprovincial and global. Mr. Flaherty also stated it was clear in the Supreme Court of Canada judgment that the day-to-day regulation of securities will remain with the provinces.

As the Supreme Court of Canada recognized:
Since 2008, all provincial and territorial jurisdictions except Ontario participate in a “passport regime” based on harmonized rules that allow issuers and market intermediaries to engage in activities in multiple jurisdictions while dealing with a single principal regulator.

The passport model has been a confidence-building step towards a complete and expanded fully national version of the system. Previous arguments to the Wise Persons’ Committee that reviewed the issue still hold true: “Local securities regulators tend to be well attuned to the strengths, weaknesses, needs and resources of their local capital markets and local market participants (issuers, investors and intermediaries). Just as our economy exhibits strong regional characteristics, with certain industrial or economic sectors being particularly prominent in some provinces and territories and much less so in others, so our securities commissions have developed strong and complementary local expertise.

The reformulation and harmonization of policy instruments, a process now well advanced, has considerably diminished differences in the legal framework between jurisdictions”

Given the Supreme Court of Canada’s rejection of the proposed National Securities Regulator, a renewed effort should be made to bring Ontario into the Passport System and to continue to harmonize provincial regulation through National Instruments developed in that system. The Passport System should be the model for harmonization of Canada’s securities regulatory regime into a coordinated national system.

Sound and effective securities regulation is critical to fostering investor confidence and attracting capital. Access must be as cost effective and convenient as possible while providing an exemplary level of investor protection. To date, the passport system appears to be effective in achieving these goals for participating provinces and territories.

The Alberta Chambers of Chamber of Commerce recommends that the Government of Canada:

Work with the provinces and territories to maintain and support the Passport Agreement, build on securities passport improvements that have already been made by participating provinces and territories, and move towards national harmonization by way of a well-designed, well monitored, nation-wide passport system for securities regulation that includes all provinces and territories.

The Alberta Chambers of Chamber of Commerce recommends that the Government of Alberta and the Governments of all Provinces:

Cooperate with the federal government to provide a role for the federal government in the enforcement of securities regulation and in other areas of federal jurisdiction, in order to enhance the functionality of a nation-wide passport system.
Global Affairs (Federal)
Elimination of Border Re-Inspections & Associated Fees on Canadian Meat Exports into USA

Issue

Border inspections of Canadian and US meat are simply re-inspections of CFIA and USDA inspected meats. On July 6, 2009 FSIS formally acknowledged that Canada’s system of meat testing is equivalent to USDA standards. However, every shipment of Canadian meat into USA is subject to mandatory re-inspection at the border, with re-inspection fees applicable. This border re-inspection process places the Canadian meat industry at an economic disadvantage to that of the USA.

Background

“Food produced under the regulatory systems in both countries (Canada & USA) is some of the safest in the world and it should usually not be necessary to apply additional inspection or testing requirements simply because it is crossing the Canada – USA border.”

The Canadian Meat Council (CMC) advises that Canada’s meat industry directly employs 65,000 and ranks number one in our food industry, with total revenues of $24.1 billion annually. On average Canadian processors export 563,000 tonnes of meat (28,150 truckloads) annually into the USA, with each truck subject to border re-inspection, despite a national sampling plan administered by the US Food Safety & Inspection Service (FSIS). Annual meat imports from the USA average 356,000 tonnes (17,800 truckloads).

Based on the recognition of the equivalency of the inspection systems and the Canada-US Free Trade Agreement, Canada adopted a frequency of import inspection at the level of one in ten. Current USDA border re-inspection of all US meat imports are redundant, delay shipments, introduce product and marketing risks, translating into additional costs to Canadian meat processors.

These US border re-inspections are conducted by 10 privately owned Inspection Centres which charge re-inspection fees without USDA oversight. These fees cost our meat processing industry upwards of $3.6 million annually. Furthermore, US border re-inspection requirements significantly increase shipping and handling costs to Canadian meat processors (i.e. added driver, fuel and vehicle depreciation costs), and increase market risk when the cold-chain delivery system is disrupted at these US Inspection Centres.

According to the Canadian Meat Council (CMC), many “Inspection Houses” are older non-refrigerated facilities and lack the food safety standards (i.e. HACCP) and warehousing programs consistent with standards applied at the CFIA and USDA facilities from which the meat was originally inspected and shipped. Furthermore, re-inspections at these Inspection Houses disrupt the cold-chain delivery process and “could result in temperature shifts of 10 degrees or more ... and a supplier could lose 3 – 10 days of a typical 30-day shelf life .... fresh meats that get delayed can be refused by the customer.”


219 Ibid.
According to the Canadian Meat Council, “every driver loses 2 - 4 hours of driving time when reporting to the Inspection Centres”. Once a driver hits 11 – 12 hours behind the wheel, transportation regulations mandate a 10-hour rest time. According to the CMC, at $100 per hour, resulting driver downtime is a significant cost to our meat industry.

**US Border Inspection Process:** All trucks crossing the US border containing meat from Canadian processors are first screened by US Border Officials, after which they must report to one of only 10 US Inspection Centres located on the international border. All trucks are opened at the Inspection Centres and their import documents are verified with the USDA. Approximately 10% of all trucks are physically re-inspected before they can proceed to a federally inspected US packing plant for further processing.

**Canadian Border Inspection:** All trucks crossing the Canadian border containing US meats are first screened by Canadian Border Officials, at which time the driver is informed if his truckload is one of the 10% randomly selected for further inspection. If a re-inspection is required, it is not done at the border, but rather at one of the 125 CFIA Registered Establishments. This re-inspection process ensures tighter quality control and improved food safety to the consumer, with reduced shipping costs to the supplier. There are no border re-inspections fees applicable to the US meat processor on imports into Canada. Rather CFIA inspection costs are absorbed by the Canadian processor.

**History**

On February 4, 2011 the Canada–United States Regulatory Cooperation Council (RCC) was created to facilitate closer cooperation between Canada and the USA with the objective to develop more effective approaches to regulation in order to enhance economic strength and competitiveness of both countries. Prime Minister Harper and President Obama collectively announced support for the 29-point Joint Action Plan “Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness.” Its mandate is to “enhance security and accelerate the legitimate flow of people, goods and services across our international border”

As part of the “Beyond the Border Action Plan”, the USDA’s Food Safety and Inspection Service (FSIS) and the Canadian Food Inspection Agency (CFIA) committed to implement a pilot project to introduce and evaluate an outcomes-based process for the purpose of eliminating unnecessary and duplicated requirements on cross-border meat shipments. The 12-month pilot project was to conclude in September 2013 following which it would be evaluated. However, it was halted by the USDA shortly after its launch influenced by US lobbyists who cited concerns about food safety in the face of the XL Foods massive meat recall.

In August 2014 the Canada – United States Regulatory Cooperation Council (RCC) released its Joint Forward Plan which focuses on eliminating unnecessary costs and duplication, removing red tape, reducing delays in bringing products to market and providing more predictability for integrated supply chains – all without compromising the health and safety of Canadians and Americans.

The Alberta Chambers of Commerce recommends the Government of Canada;

Achieve the goals identified in the 2014 Joint Forward Plan

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Support the efforts of the United States Regulatory Cooperation Council in its initiative to harmonize regulatory requirements and practices on meat trade between Canada and the USA. Ensure any re-inspections of Canadian meats exported into the USA be conducted only at USDA sanctioned processing facilities. Maintain current border re-inspection fees on Canadian meats exported into the USA constitute a trade barrier and should be eliminated.
Extension of Hours at the Port of Wild Horse

Issue

Alberta is Canada’s second most robust provincial economy with the second highest GDP per capita and an economy driven by its ability to export products and services. As a result, transportation and logistics plays a critical role in our economy, as it supports a variety of industries across the province. Yet, with one of the best transportation systems in Canada, we still have only one full-service commercial port of entry between Alberta and the U.S. There is a need for better access and hours at our border to facilitate efficient trade between Canada and the US.

Background

Canada and the U.S. enjoy one of the most prosperous relationships in the world, with a staggering volume of bilateral trade totaling $886 billion in 2015\(^{222}\) as well as close to 400,000\(^{223}\) people crossing our shared border each day.

In particular, Montana and Canada continue a profitable trading relationship with bilateral trade flows totaling $4 billion in 2015\(^{224}\). Moreover, Canada continues to be Montana’s most important customer with total Montana exports to Canada at $504 million in 2015 while total Montana imports from Canada totaled $3.5 billion. From 2011-2015 Alberta’s exports to Montana have averaged $2.52 billion annually with exports to Montana in 2015 totaling $2.02 billion. These exports consist of primarily oil and natural gas, fertilizers, food wastes and cereals\(^{225}\).

While 75 percent of Alberta’s exports to the U.S. were carried by pipeline, 11 percent was carried by truck, representing a value of $8.67 billion. Almost 78 percent of all exports to the U.S. were destined for the central, northeast and southeast parts of the country. In the same year, 42 percent or $7.54 billion worth of imports from the U.S. were carried by truck. Almost 76 percent of this total originated from the central, northeast and southeast U.S.

With the fewest number of highway/land border crossings within Canada, Alberta is also currently the only province bordering the U.S. to have one 24-hour border crossing, situated in Coutts, Alberta.

\(^{222}\) http://can-am.gc.ca/relations/commercial_relations_commerciales.aspx?lang=eng
\(^{223}\) http://can-am.gc.ca/relations/border_frontiere.aspx?lang=eng
\(^{225}\) http://open.alberta.ca/dataset/9269de23-6d7a-448e-867e-293b4b0568e1/resource/7bd5fe74-c023-4388-99e0-17bde9e5c6db/download/2016-Montana-Alberta-Relations-August-2016.pdf
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<th>Total Crossings</th>
<th>Population (2016)</th>
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<td>Quebec</td>
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<tr>
<td>New Brunswick</td>
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Wild Horse is a critical link in the Eastern Alberta/Eastern Montana trade corridor with ramifications that extend as far north as the Fort McMurray oil sands and as far south as tidewater in Mexico. However, it is also a principal choke point, a constraint on north-south traffic and trade, because of limited hours of service and a critical lack of facilities and infrastructure.

Presently, between May 15 and September 30, Wild Horse is open for travelers from 8:00AM to 9:00PM (13 hours/day). Between October 1 and May 14, the hours are 8:00AM to 5:00PM (9 hours/day). For commercial traffic the hours are 8:00AM to 5:00PM Monday to Friday, year-round.

In addition to the limited hours, another barrier to Wild Horse is also the lack of an Electronic Data Interchange (EDI), which facilitates the electronic transmission and interchange of cargo, release and accounting data issued by customs brokers. Wild Horse is set up as an automated port of entry, but has not yet been activated in this mode. Fiber-optic cable service is also available at Wild Horse, which may or may not be in use.

Despite these setbacks, in 2012, Wild Horse was the third busiest border crossing in the region in terms of average annual daily traffic – behind Coutts/Sweetgrass and Raymond/Regway. It accounted for two-way daily traffic of 160 vehicles compared to Coutts/Sweetgrass at 1,790 vehicles and Raymond/Regway at 290 vehicles226.

A larger share of Alberta’s commercial truck traffic with the U.S. would be more directly served by the Port of Wild Horse. Consequently, much of Alberta’s commercial traffic moving to/from the central, southeast and northeast U.S. would achieve substantial cost savings by transiting at a de-constrained Wild Horse border crossing.

There have been designated funds by the Canadian government, with $440 million slated for border facility improvements at 77 ports-of-entry across the country, $114 million of which has been targeted to the prairie ports. The program includes the design of modular buildings of varying size for locations like Wild Horse, which will be installed over a period of years. The proposed Wild Horse improvements also include new staff housing, which will reduce the need for officers to commute quite as often from communities like Medicine Hat and will serve to keep the port open during inclement weather.

Supporting the need for improved levels of service at the Port of Wild Horse is the economic activity north and south of the border. The community-of-interest and shared commonalities between Alberta and Montana contribute significantly to the case for service improvements. Both jurisdictions are heavily invested in industries like agriculture, tourism and oil and gas, which foster cross-border trade in commodities, services and people. Additionally, there are two trade corridor initiatives that will help to

nurture the success of an upgraded Wild Horse port-of-entry through advocacy for enhanced economic development and improved transportation infrastructure in the regions north and south of the border including both the Eastern Alberta Trade Corridor and the Ports to Plains Trade Corridor.

Potential benefits of an improved Wild Horse port include reduced mileage costs for commercial truckers, enhanced economic development in the Eastern Alberta Trade corridor, more moderate traffic growth at Coutts-Sweetgrass, more effective utilization of staff and facilities at Wild Horse, and a shift of traffic away from the heavily used U.S. Highway 15/Alberta Highway 2 corridor to underutilized highways in eastern Alberta and eastern Montana, like Highways 41 and 232.

The expansion of the Wild Horse port to a 24-hour commercial port facility will increase connectivity of the regions by reducing travel time and uncertainty. It will lower costs for businesses in transportation-related sectors and to those who buy and sell goods and services from outside the region. We need to encourage the further development of north/south trade and remove delays, restrictions and limitations on crossing times and access. The congestion of truck exports and imports via the Coutts/Sweetgrass port could also be serviced by an upgrade to the Wild Horse port.

Investment leads to trade, as companies’ activities increasingly become part of the global value chain, necessitating not only clear and open investment rules, but also ensuring that goods and services produced in our region can be transported easily to market. To be part of this chain, Canada and the United States must not only be open to these cross-border opportunities, but must also ensure the goods and services produced have easy access to markets in both countries as well as internationally.

It is in the best interest of Alberta and Canada to expand trade linkages with the United States through transportation crossings and corridors that link Canada to the United States to facilitate a growing trading market. A continued effort is needed to eliminate the obstacles that continue to prevent the expansion of the Wild Horse facility and promote this as access to a north-south trade corridor.

The Alberta Chambers of Commerce recommends the Government of Alberta work with the Government of Canada to:

- Extend the existing hours of the Wild Horse Border crossing to 13 hours, 365 days a year in an effort to work towards the creation of a second 24-hour commercial port in Alberta.
- Make the Wild Horse Border Crossing an automated Port of Entry with full Electronic Data Interchange (EDI) equivalency.
- Accelerate dialogue with U.S. counterparts to provide support for their initiatives and ensure that the hours and services at Wild Horse consistently match the U.S.
- Improve the structures and facilities on the Canadian port side to better serve present needs and eventually serve as the foundation of a full-service commercial port.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Evaluate needed upgrades to the highway corridors serving the port facility.
Immigration, Refugees and Citizenship (Federal)
Meeting Alberta’s Labour Needs by Attracting and Retaining International Students

Issue
Current immigration legislation and the supporting models to facilitate economic migration create barriers to the attraction and retention of the highly educated and specialized workforce available to meet Alberta’s and Canada’s labour needs through international education.

Background
By 2025, Alberta is forecast to experience a labour shortage of nearly 49,000 workers. International students represent a significant and currently underutilized opportunity for meeting the needs of the Alberta and Canadian economy and supporting an economic driver for Alberta and Canada in the long term.

Many initiatives to engage underrepresented communities in the labour market are underway to help mitigate the challenges associated with the massive shortage. Even with high levels of engagement the new participants would not be sufficient to fill the needs of the labour market nor would it provide access to the highly educated or specialized workforce that international students represent.

International education in Canada is estimated to produce approximately $11.4 billion to the economy annually, which support 122,700 jobs across the country. Alberta’s well-regulated public and private post-secondary institutions can thrive in the international education market. A 2014 report published by the Canadian Council of Chief Executives (CCCE), Canada’s International Education Strategy, Time for a fresh curriculum states that:

“Canada has fallen behind Australia and other advanced economies in seizing the opportunities presented by the burgeoning business of cross-border education. These opportunities go well beyond the number of students a country attracts or the money they spend. International education is fast becoming a valuable tool in trade, development aid, and diplomacy.... Canadian institutions and policymakers all too often view international education through the narrow lens of boosting student numbers and revenues”.

The Government of Alberta can exercise options available within the Provincial Nominee Program and overcome the systemic gaps in labour and skills availability by involving employers more in the process to attract and retain foreign students. Foreign students can help meet Alberta’s economic needs and by adjusting the international student offer of employment restrictions imposed by the Alberta Provincial Nominee Program.

The Province of Manitoba, for example, only requires a six month offer of employment from an employer to an international student who graduated from a post-secondary institution and seeks permanent Canadian residency. Under Alberta’s Provincial Nominee Program, employer offers must be at minimum one year to similarly qualify graduates for permanent residency.

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227 Alberta Labour, Alberta’s Occupational Demand and Supply Outlook, 2015-2025, Pg. 4

228 Global Affairs Canada, Economic Impact of International Education in Canada – 2016 Update
With a coherent provincial strategy that includes advocacy to the federal government and implementing changes within provincial jurisdiction, the Government of Alberta can offset federal policy barriers to attracting and retaining international talent and position international education as a key long-term economic driver for Alberta.

The Alberta Chambers of Commerce recommends the Government of Canada and the Government of Alberta:

- Expand the Post-Graduation Work Permit Program to allow foreign graduates from Canadian Private Post-Secondary Institutions to immediately obtain a Canadian Work Permit upon completion of their degree, diploma or certificate program;
- Improve the student visa procedure to make it quicker and easier for potential international students to receive study and work visas;
- Speed up processing times for the overseas study permit application as well as for the permanent residency applications from all international students who graduated from recognized Canadian institutions and are currently employed in Canada.
- Change the length of time for which a post-graduation work permit can be valid, from the current status of valid for no longer than three years, to five years regardless of the program of study, so long as obtained from a recognized public or private Canadian institution;
- When considering applications for permanent residency, take into account the work experience that an international student gains through working off campus, working on campus and co-op and internship programs; and
- Reduce the employer offer of employment requirement under the Alberta Provincial Nominee Program from one year to six months to qualify foreign graduates from recognized institutions for permanent residency.
Provide a Pathway to Permanent Residency for Entrepreneurial Immigrants

Issue
Alberta is unable to attract or retain immigrant entrepreneurs because there is no pathway to permanent residency.

Background
Immigration plays an invaluable role in our province and is essential to our economic growth. It offsets aging demographics and helps employers fill gaps in their workforce, bringing new skills, ideas, and talents to our province. Immigration is essential to manage the rapidly shifting economy. Alberta has a robust and largely effective immigration system unless you are an immigrant entrepreneur wishing to invest in a business in the province.

Until 2014, the Canadian Immigrant Investor Program did provide an avenue for wealthy immigrants wishing to get Canadian Citizenship. Unfortunately, the program was characterized as a way for the wealthy to “buy” their way into Canada without providing much economic benefit to the country. While termination of the program certainly ended abuse of the federal immigration system, it also ended any legitimate avenues that resulted in measurable benefits to Canada, and to Alberta.

The current federal permanent residency programs for immigrant entrepreneurs are very specific, excluding the vast majority of potential immigrants. The Start-up Visa program is available to those with an innovative business idea that has received support from a designated organization, such as venture capital fund or angel investor. The self-employment program is available to farmers, artists, and athletes only. This leaves limited avenues for immigrant entrepreneurs to pursue.

On an annual basis, the Alberta Immigrant Nominee Program (AINP) helps thousands of immigrants obtain permanent residency, filling gaps in our workforce and providing significant benefit to Alberta employers. Those nominated have proven their mettle and make positive contributions to their communities, our province, and our country. Eligible occupations vary from chief executives to housekeeping staff, but fails to include entrepreneurs.

With no avenue to permanent residency available in Alberta, immigrant entrepreneurs are establishing their businesses in other provinces. Apart from Newfoundland and Labrador and Alberta, all other provinces actively court and provide pathways to residency for entrepreneurial immigrants with varying requirements:

British Columbia: $600,000 net worth and demonstrated business or management experience. 229

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Saskatchewan: $500,000 net worth, 3 years’ experience, and a willingness to invest either $300 thousand in Regina or Saskatoon or $200 thousand in any other community.230

Quebec: $300 thousand net worth, and minimum $100 thousand investment worth 25% of the capital equity, 2 years’ experience.231

Ontario: $1,500,000 net worth in the GTA, $800,000 net worth outside of the GTA, 3 years’ experience, create at least 2 full-time jobs.232

Manitoba: $350,000 net worth, and 3 years’ experience.233

Immigrant entrepreneur programs can be designed to add incentive for entrepreneurs choosing to locate outside of major urban centres or invest in underrepresented industries that will promote economic diversification. Regardless of the details they share a common thread of creating a pathway for immigrant entrepreneurs to obtain permanent residency.

With proper oversight and investment requirements, an Alberta Immigrant Entrepreneur Nominee Program would diversify and grow the economy, and create jobs for Albertans.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Implement a pathway to permanent residency for immigrant entrepreneurs with clear criteria and expected outcomes.


Infrastructure & Communities (Federal)
Site selection criteria for Federal Offices

Background

The Federal department of Immigration, Refugees and Citizenship Canada (IRCC) has announced a decision to close the Case Processing Centre (CPC) in Vegreville and moving up to 280 employee positions to Edmonton in December of 2018. The IRCC has never provided a clear business case demonstrating the benefits of moving the facility to a major urban centre and there was no economic impact assessment of the decision, no consultation with the community, and no opportunity to provide input prior to or after this decision.

The only criteria provided for relocating the CPC to the nearest major city was necessary due to

“the proximity to universities, the availability of public transit and housing options, and career growth opportunities within the federal government will make it easier to recruit and retain both qualified and bilingual employees and to meet our growing needs.”

The application of this criteria means most rural communities would not be able to accommodate a federal government facility. Relocating long-term federal facilities from rural communities to urban centres is at odds with the Federal government’s campaign commitment to ‘strengthen our communities by investing in the things that make them good places to live’.

The Alberta Chambers recommends the Government of Canada:

- Direct Public Works and Government Services Canada (PWGSC) establish clear performance criteria for federal facilities in rural communities.
- Submit an economic impact analysis to PWGSC and consult with impacted communities prior to any decision by a federal department on relocating a federal facility
Supporting Canada’s Growth and Access to Markets by Developing a Northern Infrastructure Corridor

Issue

Dedicated funding to advance the development of a feasibility study and proposed implementation plan for a Northern Transportation Utility Corridor (TUC) would support Canada’s long-term economic development and strategic trade interests.

Background

Canada’s birth, growth and development is interwoven with major infrastructure projects including trans-continental railways and highways. Going forward, establishing Transportation Utility Corridors (TUC’s) will be critical to the effective long-term planning and infrastructure development to support continued prosperity for Canadians. TUC’s reduce land-use conflicts, reduce environmental impacts, and provide development certainty to attract private sector investment and reduce infrastructure costs to the public.

Currently, the oil and gas industry is realizing lower prices because current infrastructure limits exports to destinations outside of the United States, which receives 99% of Canada’s oil exports. Scotiabank reported delayed oil pipeline construction will cost the Canadian economy $10.7 billion in 2018. The benefit of better access to markets and regulatory streamlining for major projects is clear, but Canada has struggled to overcome obstacles such as regulatory red tape and obstruction by local political interests.

In June 2017, The Standing Senate Committee on Banking, Trade and Commerce published a report “National Corridor: Enhancing and Facilitating Commerce and Internal Trade” after studying and consulting on the topic. The report highlights some significant challenges Canada faces in optimizing trade opportunities and long-term economic development: limited access to tidewater to export goods, a lack of ports and routes in Canada’s North and regulatory approval processes that are a significant impediment to development, particularly for large projects that cross provincial boundaries.

One of the key recommendations of the Senate Committee was to fund research intended to provide public decision-makers with evidence-based analysis and proposals to overcome systemic barriers to growing Canada’s internal and foreign trade. Specifically, the committee recommended that the federal government fund research being conducted by the University of Calgary School of Public Policy and the Centre for Interuniversity Research and Analysis of Organizations (CIRANO) which published a paper in May 2016 proposing the development of a Northern Corridor right-of-way in Canada’s north and near-north reaching all three Canadian coasts.

The proposed 7,000 km Transportation Utility Corridor (TUC) right-of-way could accommodate road, rail, pipeline, electrical transmission and communication infrastructure, enhancing opportunities for

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236 [https://sencanada.ca/content/sen/committee/421/BANC/reports/CorridorStudy(Final-Printing)_e.pdf](https://sencanada.ca/content/sen/committee/421/BANC/reports/CorridorStudy(Final-Printing)_e.pdf)
geographically distributed economic development and access to new markets.\textsuperscript{237} In addition to improving the movement of goods and market access for Canadian products, a northern infrastructure corridor could significantly benefit Canada’s North by lowering the cost of living, providing new business and employment opportunities, and possibly allow northern communities to access higher-efficiency and more cost-effective electricity grids in the south. Studies have shown that the cost of living in Yellowknife and Whitehorse is 33% higher than the average in Canada, with transportation costs contributing significantly.\textsuperscript{238}

The Senate report noted that an initiative on this scale requires strong leadership and multiple in-depth studies to support what would likely be decades of investment. For this reason, the Committee recommended the federal government: provide a grant of $5 million to the School of Public Policy and CIRANO for their research program, ensure that Indigenous groups are involved in the research program, receive an interim report on the research within 18 months, and establish a Task Force to conduct consultations following the submission of the final report.

Broadly shared economic growth and future development will be determined by our ability to recognize and undertake visionary plans which support the continual improvement of transportation, movement of goods, communications and energy infrastructure. The business community believes the federal government can provide strong leadership by acquiring all the right-of-way’s needed for the kind of farsighted planning and infrastructure investment needed to enable Canadians’ long-term prosperity.

The Alberta Chambers of Commerce recommends the federal government, along with provincial, territorial, municipal and First Nations governments:

- Implement the Standing Senate Committee on Banking, Trade and Commerce recommendation in its June 2017 report to fund the University of Calgary School of Public Policy and the Centre for Interuniversity Research and Analysis of Organizations to undertake further research into the proposed northern infrastructure corridor.
- Establish an integrated, national Transportation/Utility Corridor network plan with the aim to enable efficient market access for goods and services from all provinces and territories to any Canadian coast.
- Coordinate and secure the appropriate right-of-ways to enable an integrated, national TUC network, consistent with the principles and objectives outlined by the Northern Corridors Initiative.
- Ensure that the processes for moving forward follows best practices for consultation with Indigenous communities, existing landowners, municipalities and businesses.


\textsuperscript{238} https://lop.parl.ca/Content/LOP/ResearchPublications/prb0866-e.htm
National Revenue (Federal)
Tax Agency Accountability

Issue

Small businesses and accountants report frustration and a need to commit significant time, often at considerable expense, to deal with taxation and filing issues with the Canada Revenue Agency and the Alberta Tax and Revenue Administration.

Background

As small business accounts for 98 per cent of business in Canada, employing 71 per cent of the labour force in the private sector, it is apparent that small businesses are the backbone of Canada’s economy.239

There are few businesses that at some point in time have not had to correspond with the Canada Revenue Agency (CRA), or Alberta Tax and Revenue Administration (TRA) over some matter related to their business, whether by letter, fax, telephone, online or in person. Inquiries typically centre around issues related to corporation income taxes, the goods and services tax, payroll taxes, customs and excise taxes, or even personal income taxes.

Although there is one basic number for business inquiries and one for inquiries regarding personal income tax, which should make for efficient, effective interaction with the CRA and TRA, many small businesses find themselves spending exorbitant amounts of time dealing with them. When a business makes an error in filing, there are strong timelines placed on correction and response; however, when the tax agency is in error, a small business person may invest significant amounts of time communicating or attempting to communicate with them and being transferred from department to department. In many cases an accountant is required to handle the matter, creating more cost and more red tape.

The CRA has held a number of consultations through 2012, 2014, and 2016 with the goal of reducing red tape and improving service for small and medium businesses. Across the country and through the years the feedback provided to the CRA has remained remarkably consistent. Businesses want to:

- Reduce the frequency of small business interactions with the CRA
- Improve how and when it communicates with small businesses
- Make “burden reduction” systemic within the CRA

In the fall of 2017, the Auditor-General tabled a report in the House of Commons that found the CRA actively blocked calls from taxpayers in order to falsely say it met its service standards of keeping people waiting less than two minutes. Between March 2016 and March 2017, the CRA answered only 36 per cent of calls. The report also found that the number of errors made by CRA agents was drastically underreported. The CRA reports a 6.5 per cent error rate compared to the 30% error rate observed by the Auditor-General’s office.240

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Despite ongoing efforts at reducing red tape and improving service, frustration and complaints about dealings with the CRA and TRA remain. Reports of significant administrative burden, lack of timeliness, professionalism and predictability when dealing with regulators, lack of coordination between regulators, and a lack of fundamental understanding of the realities of small business continue to hamper business prosperity and growth.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

- Incorporate flexibilities into the Alberta Tax and Revenue Administration to allow frontline staff to manage communications between TRA streams on behalf of small business owners, and take initiative to resolve issues in a timely fashion, maintaining with proper technical supervision a client-oriented, customer-service approach.
- Implement a case management process for small business in order to improve communications flow and make compliance faster, cheaper and simpler.
- Hold the TRA accountable for its actions and decisions by implementing open government practices, and by correcting and corresponding regarding TRA errors within 30 days of notification by the taxpayer or taxpayer’s representative.

The Alberta Chambers of Commerce recommends that the Government of Canada:

- Incorporate flexibilities into Canada Revenue Agency (CRA) systems to allow frontline CRA staff to manage communications between CRA streams on behalf of small business owners, and take initiative to resolve issues in a timely fashion, maintaining with proper technical supervision a client-oriented, customer-service approach.
- Implement a case management process for small business in order to improve communications flow and make compliance faster, cheaper and simpler.
- Hold the CRA accountable for its actions and decisions by implementing open government practices, and by correcting and corresponding regarding CRA errors within 30 days of notification by the taxpayer or taxpayer’s representative.

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CRA maintains regular updates of “ongoing action items” which it updated in November of 2009. No further updates have been published since that time.


Natural Resources (Federal)
Ensuring the Future of Canadian Oil and Gas

Issue

Canada has an abundance of natural resources that generate direct wealth for Canadians through production and export. Increasingly, these commodities represent a large contribution to Canada’s economic growth; however, Canada still spends $26 billion on oil imports annually. Access to markets for commodities, specifically oil and gas, represents a significant obstacle in Canada’s ability to secure a competitive position in the global economy. Further, failure to develop these projects leads to negative impacts on Canadian businesses and ultimately their families.

Background

The Canadian oil and gas industry employ 533,000 workers across the country\(^242\). In 2017, approximately 272,000, or 12% of workers in Alberta, were directly or indirectly employed in the mining, quarrying, and oil and gas extraction sector; that is about 9,000 more, as compared to 2016\(^243\). This production generated over $118.5 billion in 2017, following a 10.9% decline in 2016\(^244\), which in turn funded many public services. This highlights the importance of the oil and gas industry for the wellbeing of Canadians. For every 1 job created in the oil sands, 1 indirect and 1.5 induced jobs are created throughout Canada\(^245\). The significant drop on oil prices beginning in 2013 has left Canada in a vulnerable position.

Traditionally, the United States has been Canada’s largest buyer, but their recent supply surplus has positioned them to energy independence and exportation. What this means is that Canada is finding itself in an increasingly competitive relationship with its biggest trade partner. In fact, in 2010 Canada imported only 6% of its oil from the United States and that number jumped to over 60% of the share in 2015\(^246\). The United States is predicted to continue to drastically reduce its oil and gas imports over the next 25 years\(^247\).

Regardless of its current price of oil, Canada still has to sell its oil and gas at a discount due to the lack of market access. This equates to $18 or $19 billion that could otherwise be gained by selling directly to the


\(245\) Jeff Gaulin, “The State and Future of Canadas Oilsands” Canadian Association of Petroleum Producers Presentation to Lethbridge Chamber of Commerce, April 28, 2016.


Asian-Pacific market. Loss of this revenue puts severe pressure on all Canadians, as evidenced by job losses and strain on social services currently being experienced across the nation.

Despite economic uncertainty, Canada has been unable to build any major pipelines. In particular, Trans Canada’s Energy East and Mainline projects were cancelled due to significant regulatory hurdles. Moreover, despite receiving the necessary regulatory approvals, Canada’s remaining pipeline projects, Line 3 Replacement Project, Keystone XL, and the Trans Mountain expansion have all faced delays related to market uncertainty, environmental regulatory concerns, and political opposition. A key piece of critical infrastructure that is ready is the Trans Mountain Expansion Project (TMEP). The pipeline runs from Edmonton to the Westcoast, and is a key component in getting Canadian oil to tidewater – and ultimately to international markets. The development phase of this expansion will boost Canada’s GDP by $13.3 billion in the first 20 years of its operation. Total tax payments from the construction and operation of TMEP will total $18.5 billion to Canada, with $2.1 billion to B.C., $9.6 billion to Alberta, and $6.8 billion to other provinces and territories. This will bring 58,000 person-years of employment, with majority of these being well-paid family supporting jobs.

On February 22, 2019, the National Energy Board released its report supporting the Trans Mountain pipeline expansion. Of its many recommendations, the National Energy Board urged the federal government to make a decision on the project within 90-days which has currently not done.

Ultimately, in an increasing competitive global oil and gas market, Canada needs to take action. The United States has moved from becoming a reliable customer, to seeking energy independence through exportation of oil to international markets, particularly Canada. This is why Canada needs to develop its own reliable infrastructure to make sure all Canadians have access to a stable supply of oil.

The Alberta Chambers of Commerce recommends the Government of Canada:

- Prioritize supplying all Canadians with a secure and stable source of Canada’s natural resources; and
- Accept the recommendations proposed by the National Energy Board in respect of the Trans Mountain Expansion Project as soon as possible to allow the project to move forward.

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250 Ibid.
Considering the effects of Bill C-69 on Canada’s Competitiveness

Issue

Canadian’s long-term prosperity is contingent on a regulatory system for major projects that is science-based, transparent, dependable and competitive with other jurisdictions. Bill C-69 “Act to enact the Impact Assessment Act and the Canadian Energy Regulator Act, to amend the Navigation Protection Act and to make consequential amendments to other Acts,” requires amendments to deliver those outcomes.

Background

Competitiveness remains a significant issue for Canadian business. In the last two years, new policies have been introduced that negatively impact our ability to compete globally, undermine confidence in the rule of law in Canada, and are resulting in negative consequences for the national economy including; an Oil Tanker Moratorium (Bill C-48), federal regulations to reduce methane emissions in the oil and gas sector, clean fuel standards, climate change policy, and a lack of clarity on implementing the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Each of these on their own could hurt Canadian business. Together, they are creating a crisis resulting in growing uncertainty in the business environment and declining confidence in the rule of law and business investment move to other countries. Canadian oil producers are receiving discounted price for products with restricted export capacity, yet operate with some of the world’s highest environmental standards.

There is a consensus view among investors, job creators and regulatory experts regarding the inadequacy of Bill C-69 to address the negative consequences affecting the national economy because of regulatory uncertainty and lack of competitiveness. Redressing the inadequacy will require amendments to:

- ensuring regulators remain independent from political influence,
- expediting review timelines,
- minimizing regulatory duplication,
- limiting consultation to those directly impacted, and
- clarifying the process around Indigenous consultation.

Without making these changes it is highly probable that the current trends of declining foreign investment, declining royalty revenues, divestitures from Canada, and job losses will continue.

The Alberta Chambers of Commerce recommends the Government of Canada:

- Refrain from passing Bill C-69 until the following amendments have been incorporated into the legislation and all draft regulations have been tabled for consideration and review by the public:

  Increase certainty around review timelines and respect jurisdictions

  Limit the maximum review timeline to 24 months, including the 180-day early planning phase. Respect provincial/territorial jurisdiction and ensure that projects which fall under provincial legislation are not subject to redundant federal review.

  Emphasize science-based decision making

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Amend Section 17 (1) to read as follows:

If, at least 30 days before the Agency provides the proponent of a designated project with a notice of the commencement of the impact assessment of the designated project under subsection 18(1), the proponent so requests, the Ministers of Finance, Natural Resources Canada and the Environment and Climate Change Canada must, prior to the notice of commencement provide a written notice if, in their opinions, the project is inconsistent with formal government policy. The written notice must set out the basis for the Minister’s opinion.

Add an additional subsection after section 17(2) of the act which reads as follows:

17(3) For greater certainty, the provision of a written notice to a proponent of a designated project under subsection 17(1) does not suspend or terminate the impact assessment of the designated project.

Ensure those most impacted by a project be heard

Define a mechanism to define the nature and scope of public participation to the public in the assessment process which,

limits eligibility to stand and provide evidence for the review panel to individuals who demonstrate that the project presents “significant adverse environmental effects” to themselves or their communities, and

permits individuals who cannot demonstrate that the project would have significant adverse environmental effects for them or their communities to submit their perspectives via online platforms or mail.

Create confidence with a federal backstop

Implement a federal backstop which,
Compensates companies that adhere and fully comply with the regulatory process but find their project cannot proceed because of errors made by the Government in the consultation and assessment process.
Compensate indigenous and other communities for the economic losses associated with the cancellation of a project because of the Government’s inability to fully execute its duty to consult.
The compensation should be provided for lost opportunities from shared construction benefits, money earmarked for long-term community investment, and lost direct employment opportunities.

Clarify new project criteria and eligible projects

Clearly define all impact factors considered in an Impact Assessment.
Clearly define the conditions under which a designated project can be exempt from an Impact Assessment by,
Indicating the respective weighting of factors considered under subsection 16(2) of the Act.
Clarifying how factors considered under subsection 16(2) of the Act will be evaluated
Including whether a project has received an equivalent assessment in an implicated jurisdiction as an additional criterion for exemption.
Transportation (Federal)
Investing in Market Access for Southern Alberta Business

Issue

Global commerce is increasingly reliant upon the ability for goods to reach local, regional and international markets. As such, it is imperative to consider the crucial role that transportation networks play in economic development. Current infrastructure in and around Southern Alberta requires serious upgrades and advancements to maintain and leverage a competitive edge in advancing business success in Southern Alberta.

Background

Recent refocusing of economic priorities within the province of Alberta, combined with a growing international demand for high-quality foods and agri-food products, has positioned Southern Alberta to be a global leader in the distribution of products to local, regional, and international markets. Moreover, the relative economic stability of the region, combined with low infrastructure and land costs, and the proximity for major producers and distributors to raw agricultural products, has cast an attractive light on Southern Alberta as a place to invest. The opportunity currently exists to leverage these advantages to help diversify and grow the Canadian economy by improving local transportation infrastructure.

Located at in Southern Alberta’s agricultural heartland, is a growing network hub for the export and import of large quantities of goods. Goods flow east and west through the region via Highway 3, and connect to Highway 1. Additionally, several major north-south corridors (Highways 6, 62, 4, 889, 41 and Interstate 15) move goods through the region, particularly into the United States thru the twenty-four-hour Coutts/Sweetgrass border crossing. Furthermore, an extensive rail network (Canadian Pacific) exists, with lines moving goods both east/west and north/south.

Yet despite this not-inconsiderable network, there is the distinct impression amongst the business community of Southern Alberta that clear opportunities will be missed by not investing now, at this crucial time in redirecting the Province’s economy, in improving or expanding local transportation networks to encourage the growth of key industries. The development of Lethbridge and region as an agricultural and manufacturing hub would be encouraged by the accelerated twinning of major highways that pass through the region (e.g. Highway 3), the development of an inland, intermodal port, which would open new possibilities for producers and industry stakeholders, and significant development to local airports, which would enable new opportunities for international and inter-regional trade and commerce.

These possibilities are real, and are highlighted by several recent large investments in the region, including an expansion by Richardson Oilseed ($120 Million), and by Cavendish Farms ($350 Million). Lethbridge is a growing centre, with a population of almost 100,000, and a larger catchment area of almost 500,000. (EDL Study). Moreover, the recent crash in commodity prices left Southern Alberta largely unaffected, due to the diversified nature of the local economy. Stability, in uncertain economic times, encourage investment, and a commitment from public sources to expand local transportation networks could easily tip the scales for major stakeholders who may be considering this region as a viable option.

The Government of Alberta’s 2016 Capital Plan has earmarked approximately $4.6 billion for roads and bridge networks across the Province – with a clear lack of expenditure on these vital networks in Southern Alberta. Compounding this, five-year funding projections do not show distribution of funds to large-scale development in the region’s road network. It is the Lethbridge Chamber of Commerce’s view that this...
represents a critical oversight, which if corrected, would immensely aid the Government of Alberta’s clearly stated mission to invest in the diversification of the provincial economy.

In short, Southern Alberta is well positioned to become a major Agri-food and Manufacturing center, and a global leader in the distribution of goods to local, regional and international markets. With access to major highway infrastructure, extensive rail infrastructure, and growth potential to localized airports, Southern Alberta is ready to become a leading economic force in a retooled and refocused economy.

The Alberta Chambers of Commerce recommends the Government of Canada:

- Work with rail operators to ensure open and fair access to rail transportation, through the reduction in regulations affecting wider usages of rail as a preferred form of transportation for Canadian goods to:
  - National and International Markets,
  - Shipping Ports; and,
  - Transportation Hubs.

The Alberta Chambers of Commerce recommends the Government of Alberta:

- Expedite the twinning of Highway 3, considering the economic impact and growth-potential of opening up access to Highway 1 and national markets across Canada.
- Work towards a plan for sustainable growth in local airports as a portion of local economic progression, with an eye to growing international and inter-regional opportunities.