2018-2020 policies

The policies in this book were approved by the Board of Directors of the Alberta Chambers of Commerce at the 2020 AGM. Policies approved by the board remain a part of the policy book for three years.

If you have any questions, contact **Jason Leslie** at jleslie@abchamber.ca or (780) 425-4180 ext. 4.

Advanced Education

Creating an Effective Workforce for the Changing Economy

Issue

Alberta is a prosperous province, with a strong entrepreneurial spirit, and a skilled and energetic workforce. At the same time, Albertans - like many Canadians - are struggling with transitions between learning and work, which is resulting in social and economic implications. If Alberta is to remain competitive with the rest of Canada, it must adapt to and address the coming labour market disruptions.

Background

Skills gaps can be costly. A 2016 study estimated that unmet skills needs are costing British Columbia up to $7.9 billion in foregone GDP and over $1.8 billion in tax revenues each year (Kachulis and McKean, 2018). While Alberta's economic outlook is favorable with a low unemployment rate and projected continued economic growth, meeting the demand for skilled workers in the province is essential for ensuring long-term prosperity. Data shows that as of 2019, there were 52,890 (or 2.6%) vacant jobs in Alberta – a figure that does not approach pre-recession levels, but is on an upward trend (Statistics Canada, 2018). Projections developed by the Centre for Spatial Economics confirm, Alberta's labour shortage is likely to grow to about 49,000 by 2025, with in-demand occupations requiring a variety of skill types and levels (Government of Alberta, 2015).

These projections should cause some alarm for policymakers, as they reflect a range of emerging concerns from changing patterns of education and training, labour shortages, post-secondary completion rates, and the continued importance of education and employment information and services.

The Information and Communication Technology Council estimated that in 2020, there will be 200,000 communications and information technology jobs that will need to be filled in Canada (Information and Communication Technology Council, 2015). Certainly, with technology evolving, there is a need to introduce supports and training to fill the kinds of jobs that will be necessary to accommodate the changing digital landscape. Post-secondary institutions should be focused around introducing courses that produce people who can fill voids in software engineering, data science, coding and programming (Kalra, 2016).The Information and Communications Technology Council has viewed these types of programs as essential to addressing the labour shortage and diversity problems in the ICT workforce (Information and Communications Technology Council, 2015). Similarly, the Canadian Council of Academies' Expert Panel of STEM Skills for the Future concluded that the development of "strong foundations in STEM literacy (enabled by effective teachers, research-based pedagogical methods, and engaging instruction and curricular materials)" is essential to preventing future labour supply bottlenecks (Government of Canada, 2018).

With this in mind, it is imperative to create supports for those undergoing career transitions. Innovations in artificial intelligence and robotics have the potential to improve quality of life, increase productivity, and create new jobs, but they may also render some jobs and tasks obsolete, creating a shift in the skills that organizations need to remain competitive (Mullin and Lamb, 2018). The effects of artificial intelligence will be felt across all sectors: it is predicted that driverless cars, for example, could disrupt over 33 industries (Mullin and Lamb, 2018). Results from a survey from the Development Bank of Canada in 2017 indicate that over a quarter of employers in Canada have already altered the way they operate because of the digital economy. (D'Souza and Williams, 2017)

In addition to assisting with decision-making and customer service, artificial intelligence will play a role in automating repetitive tasks. In Alberta's case, the C.D. Howe Institute estimates that 45.8% of employment in the province is possibly automatable, and 33.8% is highly susceptible to automation. This is slightly above the Canadian average (Wyonch, 2018). With this in mind, many will have to undergo training, ranging from minimal to significant (Wyonch, 2018). Certainly, for Alberta to remain a leader and position themselves in a way that is responsive to the evolving economy, they must introduce measures to ease the transition to an automated future.

The framework for Alberta's workforce development program is strong. Between 2006 and 2018, the Government of Alberta pursued a workforce development strategy called Building and Educating Tomorrow's Workforce (BETW). This strategy was aimed at bringing together several ministries and stakeholders around the common objective of improving Alberta's labour force skills. Another intended outcome of this policy was to provide underrepresented groups with the skills and training opportunities they would need to succeed. Unfortunately, this program expired in 2016 and the government did not release a new strategy to replace it.

As of November 2018, the Auditor General's report indicated that the role of a long-term workforce development strategy is to pursue long-term results alongside immediate needs. "To focus on the things it identifies as most important to the future sustainability of Alberta's labour force, but not necessarily the most urgent right now" (Alberta Auditor General, 2018). Currently, four ministries (Labour, Community and Social Services, Advanced Education and Indigenous Relations) share the responsibility for workforce development (Alberta Auditor General, 2018). While these ministries collaborate to provide programs and services that span the continuum of training required moving forward, no unified long-term vision exists to balance and address the short-term needs with preparing the workforce to also respond to emerging trends.

Recognizing that the bedrock of a strong social and economic foundation is reliant on a vibrant workforce…

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Through incentives and initiatives, encourage employers to invest more and become more involved in providing training opportunities to their current staff;

2. Promote increased and diversified enrollment in post-secondary tech education programs in Alberta by providing subsidies for micro-credential training;

3. Develop and invest in the essential skills of tomorrow, such as sustained support and investments in STEM education and trades training both within post-secondary and also through career transition programming;

4. Position the delivery of career development services to ensure a seamless, coordinated system that provides effective transition within the high school system and the workplace, for all Albertans;

5. Partner with interested stakeholders to create career development and market information resources and training for target audience; and

6. Continue to track outcomes associated with these programs and initiatives in a transparent manner to allow for continual adjustments when necessary.

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:

Table 2-1: Stakeholder Survey – Impact of Dual Credit on Learner Retention and Completion Rates

	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree	Not applicable
To what extent do you agree that the Strategy…						
Increased learner retention and completion rates of high school programs	0%	2%	16%	30%	40%	12%
Thinking about students, to what extent do you agree that the following were benefits of the Strategy…						
Providing students with more knowledge related to their dual credit opportunity topic area	0%	0%	9%	41%	47%	3%
Allowing students to take a greater variety of courses in high school	0%	0%	4%	34%	58%	3%
Keeping students interested in high school	0%	1%	4%	34%	56%	4%

n=93, Stakeholder Survey Questions F1, F8 [1]

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

[1] Provincial Dual Credit Strategy Implementation Evaluation prepared by R.A. Malatest & Associates Ltd. for Alberta Education. June 2017. https://education.alberta.ca/media/3693610/pdcs-implementation-evaluation-report.pdf

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:

1. Allocate a long-term funding structure to the Dual Credit Program for students transitioning from high school to post-secondary studies; and
2. 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[2].

Genetically Engineered (GE) alfalfa crops were approved for food, feed and environmental release by the Canadian Government in 2005[3]. 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[4]

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[5].

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.[6]

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 contaminated by GE alfalfa in several ways including cross-pollination by insects and seed-escape

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[2] Statistics Canada and US Census Bureau. (2018). *Trade Data Online Database*. Retrieved January 30, 2018 from the Innovation, Science, and Economic Development Canada website.

[3] Canadian Seed Trade Organization. (2016). *2016 Coexistance Plan for Alfalfa Hay in Western Canada*. Retrieved January 30, 2018 from the Canadian Seed Trade Organization website.

[4] Mark McCaslin. (6 May, 2016). *What is lignin? How does it impact alfalfa quality and yield?* Retrieved January 30, 2018 from Progressive Dairyman website.

[5] Statistics Canada and US Census Bureau. (2018). *Trade Data Online Database*. Retrieved January 30, 2018 from the Innovation, Science, and Economic Development Canada website.

[6] Mary MacArthur. (28 November, 2014). *Roundup Ready in alfalfa exports 'catastrophic'*. Retrieved January 30, 2018 from the Western Producer website.

(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[7]. 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[8] 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:

1.Work with stakeholders to determine how to commercialize new Genetically Engineered Alfalfa to best access both organic and conventional alfalfa producer markets;
2. Collaborate with stakeholders on the development of markets for Genetically Engineered Alfalfa;
3. Continue educating consumers on the benefits of Genetic Engineering as a breeding process for modern agriculture; and
4. 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:

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

[7] Canadian Seed Trade Organization. (2016). *2016 Coexistance Plan for Alfalfa Hay in Western Canada*. Retrieved January 30, 2018 from the Canadian Seed Trade Organization website.
[8] Most notably the Alberta Forage Industry Network and the National Farmers Union

Grown-in-Canada Label: Marketing Alberta's Agri-Food Industry

Issue

The agriculture industry significantly contributes to Alberta's economy and enhancing the strength of the sector is an important priority. It is particularly important for Alberta's agri-food industry to market their products in a way that reflects the link between 'Grown-in-Canada' product and a supply chain, environment, standard, and identity that is uniquely and 100% Canadian.

Background

Country of Origin (COO) labelling is regulated by the Government of Canada and labelling standards must comply with the World Trade Organization Technical Barriers to Trade Rules[9] and Codex standards which serves to prevent protectionist agendas and technical barriers to trade. Within this regulatory framework, it is particularly important for Alberta's agri-food industry to champion a voluntary 'Made in Canada' brand in order to increase value and to provide a marketing link between grown-in-Canada product and the strong Canadian standards for food safety and environmental stewardship.

COO labelling is viewed as a critical mechanism to help ensure consumers can correctly connect with products, enable producers to adapt production to meet consumer demands and expectations and promote social or political economic objectives (e.g. health outcomes, growth in desirable sectors, increased exports).[10] Informing consumers of the origin of food products via labelling is motivated by the recognition that geography is often correlated with a product's overall quality, or, in the stronger case, geography may even be a determinant of a product's ultimate realized quality.[11]

'Canada's Economic Strategy Tables' on Agri-food reports that Canada has the opportunity to be "recognized as the most trusted, competitive and reliable supplier of safe, sustainable, high-quality agri-food products and an innovator in value-added products to feed the dynamic global consumer" but requires a unified campaign focused on marketing the agri-food industry both domestically and internationally.[12] The agri-food industry also includes value-added agriculture and agri-food processing which are often forgotten as a vital part of the industry. With the agri-food industry target set to increase by over 27% to $225 billion dollars in 2025[13], all sectors must be given the opportunity to reach their full potential through a unified COO brand.

There is robust support from all levels of the supply chain for a unified 'Grown in Canada Brand'. In a report by MNP on consumer demands for a Canadian Label, over 90 per cent of Canadian consumers felt Canadian-grown product should be easily identifiable in stores and 95 per cent of consumers would prefer to buy Canadian-grown product that is competitively priced. Similarly, in a report from the Next Agriculture Policy Framework (NAPF), there is also strong support from the agri-food industry in Alberta to

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[9] https://www.wto.org/english/tratop_e/tbt_e/tbt_e.htm
[10] Consumers' Preferences for Geographical Origin Labels: Evidence from the Canadian Olive Oil Market
[11] (Barham, 2003; Josling, 2006). In consumers preference
[12] Canada's Economic Strategy Table: Agri-food': 2 https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDC_Agri-Food_E.pdf/$file/ISEDC_Agri-Food_E.pdf
[13] Canada's Economic Strategy Table: Agri-food': 3 https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDC_Agri-Food_E.pdf/$file/ISEDC_Agri-Food_E.pdf

enhance public perceptions about the quality, safety, and sustainability of the agriculture sector. Industry indicated that a priority for the NAPF should be to enable market access and develop market opportunities to foster growth.[14] Given the importance of market development to the agri-food industry and the key priority set forth by the NAPF of "expanding domestic and international markets to seize key opportunities and address emerging needs" and "improving the growth of the value-added agriculture and agri-food processing sector"[15], marketing the agri-food industry should be a priority for the Government of Alberta.

There are currently opportunities for marketing the agri-food industry. The Government of Canada is preparing a five year, multi-million-dollar advertising campaign to better connect Canadians with their food.[16] This includes between $1.5 million - $4 million dollars to refresh branding and developing ways to increase product of Canada stickers.

Given the size of the agriculture industry in Alberta, the provincial government should be partnering to promote locally grown and processed agriculture products to position the Alberta agriculture industry as a leading force in Canada. The NAPF also includes the AgriMarketing program, a federal-only program, which provides funding for market development and promotion activities.[17] In 2019, the Federal government unveiled the 'Canada Brand' which includes a suite of tools including graphics, images and messaging that can help you brand your products and leverage consumers' positive perceptions of Canada. However, the qualifications for the brand include even more lax qualifications than "Made in Canada" and "Product of Canada" labels.[18] While this is a step in the right direction, products that are 'grown in Canada' signify a supply chain, environment, standard, and identity that is uniquely and 100% Canadian.

The Alberta government has a responsibility to market Alberta's agriculture, particularly when there is a very clear mandate from the agriculture industry in Alberta to promote locally grown, sourced, and produced food and demand for easily identified Canadian products. However, while there are various opportunities for marketing the agri-food industry, there is no distinct, recognizable, and unified brand. Products with a regulated COO can command between 21% - 39% higher price premiums compared with non-regulated regional labels. [19] This serves to reinforce the importance of a distinct, recognizable, and unified 'Grown in Canada Brand'. Therefore, because of the prominence of the agri-food industry in Alberta, Alberta is uniquely positioned to take the lead on creating a 'Grown in Canada brand' that reflects the safe, sustainable and high quality agri-food products.

Not only will an Alberta led 'Grown in Canada' brand advocate for a prominent industry in Alberta, it provides the opportunity to expand the domestic market, increase awareness among the public of the high standards in the agri-food industry, and signify products that are 100% Canadian.

The Alberta Chambers of Commerce recommends the Government of Alberta:

[14] Next Agricultural Policy Framework: What We Heard Report – 2 https://cap.alberta.ca/CAP/download/AGUCMINT-4795873

[15] Calgary Statement http://www.agr.gc.ca/eng/about-our-department/public-opinion-research-and-consultations/consulting-on-the-next-agricultural-policy-framework/calgary-statement-towards-the-next-policy-framework/?id=1468864509649

[16] https://globalnews.ca/news/6435463/buy-canadian-promotional-campaign/

[17] NAPF report https://www.ourcommons.ca/Content/Committee/421/AGRI/Reports/RP8717216/agrirp05/agrirp05-e.pdf

[18] https://marquecanadabrand.agr.gc.ca/intro/index-eng.html

[19] A Meta-Analysis of Geographical Indication Food Valuation Studies - 214

1. Work with the Government of Canada to expand on “Canada Brand” to create a voluntary, “Grown-in-Canada” label that would identify with 100% Canadian-grown product that would include a single unified label, logo, image, and theme;

2. Ensure the Next Agricultural Policy Framework works to develop branding skills, knowledge and awareness of opportunities in the agri-food industry; and

3. Work with the Government of Canada to develop a unified public education strategy showcasing the agri-food industry’s practice of environmental stewardship resulting in reliable, sustainable and high-quality agri-food and value-added products.

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 animals[20], 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 animals[21]. 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 farms 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:

1. Personally process the animal without an inspection process for distribution and risk prosecution by the authorities;
2. Process the animal and sell illegally and risk prosecution by authorities;
3. Transport to a veterinarian for further cost and service fees; and
4. 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.

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

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

[21] Provincial and Territorial Legislation Concerning Farm Animal Welfare
http://www.inspection.gc.ca/animals/terrestrial-animals/humane-transport/provincial-and-territorial-legislation/eng/1358482954113/1358483058784

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:

1. 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;
2. 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; and
3. 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.

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[22]. 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."[23]

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.[24]

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

[22] Canola Council of Canada, 2017

[23] LMC International, "The Economic Impact of Canola on the Canadian Economy." December 2016. https://www.canolacouncil.org/media/584356/lmc_canola_10-year_impact_study_-_canada_final_dec_2016.pdf

[24] Alberta Agriculture and Forestry: Frequently asked questions http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/faq7389

landowner 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:

1. Amend the Agricultural Pests Act to make Clubroot a reportable disease;
2. 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
3. Support Research and Development in working towards solutions that reduce or eliminate the spread of the clubroot disease.

Improving Risk Management for Agriculture Producers

Issue

Current risk management programs are not meeting the changing needs and requirements within agriculture and the lack of education and awareness around risk management strategies is limiting the growth and success of agriculture producers.

Background

Less than 1% of Canadians are farm operators, with the number of farms in Canada declining and the land base of each farm increasing. Add to this the increases to average inputs per acre, increased labour and fixed costs and a declining net income and the result is that the dollar value for risk is substantially more than it used to be. As a result, producers require risk management solutions to create greater certainty and mitigate risk in order to improve farming options and opportunities. However, both government and producers' groups have identified that improvements to agricultural risk management solutions and tools is needed. With federal and provincial priorities focused on agriculture and agri-food, there is a need to work directly with agriculture producers and industry stakeholder groups to help meet the outcomes and objectives desired and to hear first-hand about potential opportunities and areas for improvement.

Government's Role

A December 2019 news report from Food in Canada25 stated that federal, provincial, and territorial Ministers of Agriculture met face-to-face to initiate action on a number of key proposals to improve support to Canadian producers, following what has been a difficult year for many producers due to a series of impacts including bad weather, the CN work stoppage, and market access issues.

Ministers recognized that the risks facing producers have changed, particularly with respect to climate and international trade, and that current programs may need to evolve to meet their needs. To start to address these changing risks, Ministers made targeted improvements to the AgriStability program and Ministers asked officials to change the treatment of private insurance for the 2020 program year.

In addition, understanding that administrative burden is an issue for many, in particular for smaller producers, Ministers agreed to launch a pilot in select jurisdictions to make applying for support easier, by using tax return information to simplify the application process.

Ministers' engagement on key business risk management programs signaled a direct response to the changing risks faced by producers. The business risk management programs aim to provide producers with tools to ensure the viability of their operations and to manage risks largely beyond their control. As a result, officials are to develop options to make the programs more effective, agile, timely, and equitable for producers. In particular, officials are to evaluate the impact of changes to the reference margin limit and changes to eligible expenses under AgriStability.

Out of recognition to support this vitally important sector in our economy, the provincial Government, through its business plans, prioritized the growth and sustainability of Alberta's Agriculture and Forest

[25] Ministers outline improvements for AgriStability program, December 18, 2019: https://www.foodincanada.com/food-in-canada/ministers-outline-improvements-to-agristability-program-143373/

sectors, along with focusing on managing our resources responsibly26. Key objectives for the ministry include identification of strategic opportunities to create the environment for business success and delivering agricultural insurance products to give producers tools to reduce the economic impacts of risks beyond their control that threaten the viability of their farms. To gauge success of these key objectives, the government has committed to evaluate the number of value-added agriculture products developed and successfully introduced into the market, along with the percentage of eligible seeded acres for major crop categories insured under Production Insurance.

Under responsible resource management, the provincial government plans to assist primary producers and agri-processing companies to adopt environmental stewardship practices as part of improving sustainable resource management through research, policy, extension, programs and services while executing the Agriculture Financial Services Corporation's lending mandate to support the development and competitiveness of primary agriculture, agribusinesses and value-added agri-processors. The Government has also set the objective to deliver agriculture education, knowledge transfer, and training programs and services to build and strengthen rural community capacity. The Government will seek to evaluate the average percentage of improved environmentally sustainable agriculture practices adopted by producers and the total investment leveraged in rural businesses and agribusinesses facilitated through Agriculture Financial Services Corporation (AFSC) lending services.

Federally, in the mandate letter of the Federal Minister of Agriculture and Agri-food27, there was specific guidance to work in collaboration with the provinces and territories to undertake a review of risk management programs, with a special focus on AgriStability in order to help producers manage environmental and business risks by providing faster and better adapted support, drawing from lessons from recent trade disputes and evidence-based research.

In order to meet objectives such as these, Government often turns to crown corporations to assist in delivering on its mandates. In Alberta, Agriculture Financial Services Corporation (AFSC) is used to support the competitiveness of Alberta's primary agriculture, agribusiness, and value-added agri-processing sectors.

For over 80 years AFSC has provided Alberta's agricultural producers, agribusinesses and other small businesses with loans, crop insurance and farm income disaster assistance in order to assist producers in managing their risk with a mission to provide leading, innovative, client-focused financial and risk-management solutions to grow agriculture in Alberta using a suite of programs and solutions28.

AgriStability is just one program in a suite of business risk management programs that governments offer to help producers manage significant risks and provides Canadian agricultural producers with an ongoing whole-farm risk management tool that provides protection against large declines that threaten the viability of their farm. Under the program, allowable income includes the proceeds from agricultural commodity sales and the proceeds from production insurance. Allowable expenses include commodity purchases, along with direct input costs incurred in the farming operation.

Producer Concerns

Less than 1% of Canadians are farm operators, with the number of farms in Canada declining and the land base of each farm increasing. Add to this the increases to average inputs per acre, increased labour and

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[26] Agriculture and Forestry Business Plan 2019–23: https://open.alberta.ca/dataset/87074796-5715-4a79-b3f6-e12e9a699c70/resource/9eb637e5-e9ae-4f13-9dda-212011bbf43e/download/agriculture-and-forestry.pdf

[27] Minister of Agriculture and Agri-Food Mandate Letter https://pm.gc.ca/en/mandate-letters/2019/12/13/minister-agriculture-and-agri-food-mandate-letter

[28] Agriculture Financial Services Corporation website: https://afsc.ca/about-afsc/

fixed costs and a declining net income and the result is that the dollar value for risk is substantially more than it used to be.

As a result, producers require risk management solutions to create greater certainty and mitigate risk in order to improve farming options and opportunities. However, there is much needed improvement required to agricultural risk management solutions and tools offered, as identified by both government and producer groups.

Current programs are limiting and don't allow for new opportunities such as the ability to expand intercropping. As there is a lack of insurance coverage for these opportunities, it prevents diversification through new cropping opportunities.

In addition, current programs often require specific fertility, seed treatment and irrigation levels, without taking into account the producers management practices. Modern farming practices and management systems often require lower inputs to produce a crop than more traditional practices. By having minimum input levels built into the program without consideration of the producers farming practices, it can mean higher costs, and restricts the producer's ability to follow best practice farming methodology.

Limiting in programs has also left collateral damage because liabilities were going up and the Government's concerns over costs resulted in significant impacts to producers.

In addition, there have been significant changes to weather patterns, incidences of drought, amount of moisture and extreme weather events, requiring a need to adjust with them, taking into consideration seasonality and length of time draught happens, along with overall impacts of rain and whether there are benefits or negative implications as a result29. While clients may choose one, two or three weather stations to best represent conditions on their farm, and within proximity of their land base, weather station information may be subject to change and weather systems are also changing. Therefore, more emphasis should be placed on the use of various technology tools to assess crops and pastureland to increase accuracy in the assessment and assist producers in addressing weather events.

Since AgriStability is a margin-based program that provides whole farm protection30, there are also limits to this. Under the Canadian Agriculture Program, there have been improvements to the Margin Limit with it being adjusted now to ensure a more equitable level of support for participants impacted by the limit. However, participants are subject to limiting of at least 70 per cent of their calculated Olympic Average Reference Margin, known as the Adjusted Reference Margin Limit. The reference margin limit impacts about one third of participants to varying degrees. The reference margin used to calculate benefits (the applied reference margin) is the lower of the Olympic and the average adjusted expenses for the same three picked years as the Olympic. Therefore, if a producer's average adjusted expense for those three years was $200,000, the applied reference margin (used for calculating benefits) would be $200,000, which may only actually end up being 40% of their Olympic average. This type of example may seem extreme, but we have seen situations where limiting has impacted producers by a substantial amount.

Another limit is livestock price insurance. Currently, there are few truly effective risk management instruments that allow Western Canadian livestock producers to manage their risk. Cattle and hog producers in western Canada face volatile market prices and the Western Livestock Price Insurance Program is designed to be market driven to reflect the risks a producer in Western Canada faces when selling livestock. Livestock producers are typically 'price takers', with prices varying greatly year to year, due to many factors impacting the market. Having a tool available to help protect against the unknowns of

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[29] Agriculture Adaptation to Climate Change in Alberta Focus Group Results, 2005: https://www.canadianfga.ca/wp-content/uploads/2013/12/AAFRDAdaptationfinalreport.pdf

[30] AgriStability program: https://afsc.ca/income-stabilization/agristability/

the market and associated price volatility can assist a producer with being more profitable31. While the current program helps with the risk at the time of selling, there is currently no program to help protect the producer against the unknowns of the market at the time of purchase. A reverse of the current program, allowing producers to lock in a ceiling price at the time of purchase, would go a long way to help alleviate the impacts of market volatility throughout the livestock ownership period.

Within perennial crop insurance, AFSC provides a suite of insurance programs to provide a production guarantee for hay crops based on average historical yields and the coverage option selected and coverage for pasture based on conditions in the area, determined by an indicator of production loss, such as precipitation or satellite imagery. This coverage is not directly related to losses to insured fields, which results in inconsistency between annual crop insurance and perennial crop insurance programs.

There is also concern over claims processing, timelines for claims, adequate and educated staff resources for processing claims and the often long window of time from application to reimbursement, which often has an impact on financial yearend timelines for producers

Another impact affecting availability of alternate risk management solutions is the application of a premium tax and fire prevention tax, which is applied by the provincial government on private agriculture risk management insurance products, exempting provincial agriculture insurance and AgriStability programs. This tax treatment is inequitable and creates an unfair playing field and disincentive for producers to obtain the best risk management solutions available to them.

With federal and provincial priorities focused on agriculture and agri-food, there is a need to work directly with agriculture producers and industry stakeholder groups to help meet the outcomes and objectives desired and to hear first-hand about potential opportunities and areas for improvement.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Consult with industry and stakeholder organizations to determine improvements and solutions for all agriculture risk management options;

2. Create greater simplicity in risk management programs and ensure equitable coverage across all producer types;

3. Provide education tools for the creation of risk management strategies through toolkits, workshops, webinars and online sessions;

4. Provide education on the cost of production per acre by providing a cost of production toolkit to producers;

5. Provide transparency in risk management solutions and budgets, disclosing how much is made available for claims;

6. Provide more flexibility and options in risk management solutions to allow for new cropping and diversification opportunities;

7. Remove requirements that force specific treatment plans that may not be needed, assessing outcomes based on results of the producer’s implementation plans;

[31] Western Livestock Price Insurance Program Handbook: https://afsc.ca/wp-nfs/wp-content/uploads/2020/01/WLPIP-Handbook-2019.pdf

8. Utilize various technology methods to assess crops and pastureland in a more localized method in order to create greater accuracy in assessments;

9. Remove ‘limiting’ on AgriStability program or increase the reference margin up to 85% for all crops and cattle;

10. Provide livestock producers with an insurance tool similar to the Western Livestock Price Insurance Program to lock in a ceiling price when purchasing livestock;

11. Re-evaluate pasture and perennial programs to create equity in the crop insurance programs available;

12. Provide better response time in assessments, claims and processing through service level agreements, ensuring adequate staffing levels and contracting third party adjusters and verifiers to assist where needed;

13. In order to minimize year end impacts resulting from payments at the end of a fiscal year, take into consideration financial requirements of producers and year end timelines when processing payments, providing the option to defer insurance claims and AgriStability payments to the next fiscal year; and

14. Remove the premium tax on private insurance to create a level playing field in risk management options.

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. [32]

Layered cost impact for Calgary businesses by industry – Cost increase between 2016 and 2018[33]

Industry	Median Cost increase
Transport and Delivery	$856,727
Restaurant and Hospitality	$60,710
Retail	$7,643
Service Providers	$2,680

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. [34]

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[32] For full analysis and methodology see Calgary Chamber of Commerce, "The layered costs of government policies," December 2017, https://www.calgarychamber.com/wp-content/uploads/2018/02/Report-Layered-Cost-Impact.pdf.

[33] 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.

[34] Edmonton Chamber of Commerce Calculations in "Considering the Cumulative Effect of Cost Increases from all Levels of Government," Alberta Chambers of Commerce Policy Book 2015-17 Policy Book,

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,[35] 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.[36]

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.[37]

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%.[38]

Rising labor costs

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.

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https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2017_Policies/2015-17-Policy-Book.pdf. Data retrieved from KPMG, "Competitive Alternatives," https://www.competitivealternatives.com/default.aspx.

[35] Legislation on passive investment tax planning strategy will be announced in the 2018 federal budget, released on February 27, 2018.

[36] "Corporate income tax rates," Deloitte (2017), https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/tax/ca-en-tax_2013-2017%20Corporate%20income%20tax%20rates_AODA.PDF.

[37] 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.

[38] Fred O'Riodran and Jack Mintz, "How US Tax Reform will Affect Canada's Competitiveness," EY (2018), http://www.ey.com/Publication/vwLUAssets/EY-US-tax-reform-Canada-competitiveness-final-en/$FILE/EY-US-tax-reform-Canada-competitiveness-final-en.pdf.

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 C02. 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 C02 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:

1. Consult businesses on policy changes and undertake a "layered cost assessment" as part of the policy development process; and
2. Look for business-centered solutions when attempting to achieve social policy objectives. The Alberta Government can achieve this by:
(1) 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
(2) 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[39]. Of this figure, the U.S. accounts for 90.2%, or $109.5 billion of Alberta's exports[40]. 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

[39] "Merchandise imports and domestic exports, customs-based, by North American Product Classification System (NAPCS), Canada, provinces and territories," Statistics Canada, last modified November 3, 2015. Accessed November 27, 2015 at, http://www5.statcan.gc.ca/cansim/a47#F3 .

[40] "Alberta's Export Performance in 2014," accessed November 27, 2015 at, http://www.albertacanada.com/Albertas-Export-Performance-2014.pdf .

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:

1. Communicate the importance of the thebaine industry to the Government of Canada; and
2. 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:

1. 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.

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 Albertans[41]. 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.

[41] *Alberta Hansard, May 25, 2017:* [*http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/hansards/han/legislature_29/session_3/20170525_1330_01_han.pdf#page=17*](http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/hansards/han/legislature_29/session_3/20170525_1330_01_han.pdf#page=17)

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, 2018[42] and some amendments to the Worker's Compensation Act coming into force on January 1, 2018. There was 9 weeks of consultation[43] 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 need[44].

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:

1. Reduce the frequency and speed of legislative changes, taking into consideration the scope and implementation requirements of legislative changes being proposed;
2. Ensure that there is inter-departmental collaboration within ministries to avoid layering of legislative changes and the subsequent impacts;
3. 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;
4. 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;
5. 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;
6. 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;
7. 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; and
8. 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

[42] Occupational health and safety changes: https://www.alberta.ca/ohs-changes.aspx
[43] Alberta Handsard, November 30, 2017:
http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/hansards/han/legislature_29/session_3/20171130_0900_01_han.pdf#page=5
[44] Alberta Hansard, December 12, 2017:
http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/hansards/han/legislature_29/session_3/20171212_1930_01_han.pdf#page=23

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.[45]

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.[46] 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.[47] 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.

[45] Alberta Economic Dashboard
[46] http://www.chamber.ca/media/blog/130917-50-Million-a-Day/
[47] https://www.canadianchemistry.ca/library/uploads/2018_CIAC_Pre-Budget_submission_-_July_10_Final.pdf

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[48]. The objectives of this Task Force are,

1. Consider any and all measures to ensure that all provinces respect their constitutional responsibilities;
2. Assess Alberta's current national market access situation including pipeline and rail infrastructure, issues, opportunities, economic impacts, legal implications and relationships;
3. Openly share information and intelligence among Task Force members to ensure decisions are fully informed;
4. Provide recommendations to advance Alberta's oil and gas market access though pipelines, rail or other means;
5. 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;
6. Explore opportunities for government and industry to work jointly to advance Alberta's oil and gas market access;
7. Provide legal advice to government on priorities and mechanisms to leverage efforts where engagement actions are being considered; and
8. 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:

1. 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; and
2. Support the objectives of the Market Access Task Force.

[48] https://www.alberta.ca/market-access-task-force.aspx

Special Economic Zones

Issue

There are emerging industrial development regions in Alberta that if transformed into Special Economic Zones (SEZ) would create environments conducive to business and industry success where governments otherwise face great difficulties doing so.

Background

SEZs are defined as geographically delineated areas subject to differentiated regulation and administration for the purpose of attracting foreign direct investment in economic activity that may not be otherwise achieved. Characteristics of an SEZ are:

- *a special regulatory regime:* zones normally operate under more liberal economic laws than those that typically prevail, regarding issues such as labour, land use, and foreign investment

- *public services*: zones are normally serviced with efficient customs, fast-track registration and licensing, often through "one-stop-shop" services

- *infrastructure*: zones have much better and more reliable infrastructure such as roads, power, and water, compared to the domestic economic environment

- *fiscal incentives:* the zone's investors, particularly its anchor investors, often enjoy capital freedoms and certain levels of tax incentives and subsidies

Direct benefits include employment generation, foreign direct investment, government revenue, and export growth. Indirect benefits include skills upgrading, technology transfer & adoption, export diversification, enhancing trade for domestic firms, cluster facilitation, and urban and regional development. However, SEZs are only successful when all levels of government coordinate in the structuring of regulations and policies that support the zone itself.

Examples of SEZs in North America, are:

<u>CentrePort Canada - Winnipeg, Manitoba</u>

Programs support businesses who are active importers of goods from countries that Canada does not have a free trade agreement with or of goods from countries where these products do not move duty or tariff-free. Industry Sectors: E-Commerce, Agribusiness & Food Processing, Advanced Manufacturing, Energy & Mines, Biomedical.

Foreign Trade Zone Program:

- Duty Deferral – duties are waived up-front or rebated later
- Sales tax relief – exemption from federal goods and services tax (GST)
- Customs bonded warehouse – sales tax and duty-free storage/distribution facilities

The Foreign trade zone program helps companies determine which program suits their business needs and facilitates fast-tracked approval:

- assistance with negotiating incentives
- fast-tracked land development approvals

- access to skilled, abundant labour with competitive wages
- training support & training incentives
- immigration recruitment programs to match industry needs
- government-funded employee health care costs
- strong manufacturing and R & D tax credits
- data processing tax credits
- no inventory taxes

Global Transportation Hub – Regina, Saskatchewan

Located about five kilometers west of Regina and minutes from the Regina International Airport, the Global Transportation Hub (GTH) offers efficient rail and road infrastructure adjacent to the CP Rail mainline and between two major highway systems. Industry Sectors: transportation and logistics, warehousing and distribution, as well as light processing and manufacturing.

Foreign Trade Zone Status:

- Duty Deferral - duties are waived up-front or rebated later
- Sales Tax Relief - exemption from federal and provincial sales tax
- Exporters of processing services - relieves participants of obligation to pay federal and provincial sales tax on imports belonging to non-residents
- Export Distribution Centre - imported goods processed to add limited value before exporting exempt from federal and provincial taxes
- Customs Bonded Warehouse - sales tax and duty-free storage/distribution facilities

Texas Enterprise Zone Program

A state sales and use tax refund program designed to encourage private investment and job creation in economically distressed areas of the state.

Texas communities must nominate companies in their jurisdiction to receive an Enterprise Zone Designation to be eligible to receive state sales and use tax refunds on qualified expenditures by submitting an application on the company's behalf.

- Must operate in an industry that is expected to provide high economic impact to the Texas region in which it is considering locating; it should be a target industry for the state or an ancillary or support industry.
- Should promote highly skilled, high wage jobs.
- Must plan to create new positions that will be filled by local residents in addition to the transferred employees.
- Must be in the decision-making process to relocate or expand their operations in Texas during the application process.

Louisiana Opportunity Zones

Federal capital gains tax incentive program is designed to drive long-term investments to low-income communities. The new law provides a federal tax incentive for investors to re-invest their capital gains into Opportunity Funds. There are three primary advantages to rolling over a capital gain into an Opportunity Fund:

1. Defer – the payment of your capital gains until Dec 31, 2026
2. Reduce – the tax you owe by up to 15% after 7 years
3. Pay Zero – tax on gains earned from the Opportunity Fund

There are 150 census tracts in Louisiana that are qualified opportunity zones.

Alberta Opportunity for SEZs should be in regions that are assessed as strategic economic growth opportunities for the province. These may include Alberta's Industrial Heartland, Joffre, Medicine Hat, Grande Prairie and Fort McMurray. A pilot project may be introduced to demonstrate the operational and investment benefits of a specific region over a time period to best determine whether the government should expand its policies across Alberta.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with industry to create a provincial Special Economic Zones strategy to incent diversification of Alberta's economy and attract investment through a coordinated approach with all levels of government;

2. Work with industry and stakeholders to research and develop studies that evaluate and articulate the assets of each specialized economic zone; and

3. Work with industry to create an assessment of where Special Economic Zones should be implemented and create test pilot Special Economic Zone(s) in one or more of the following suggested areas: Alberta's Industrial Heartland, Joffre, Medicine Hat, Grande Prairie and/or Fort McMurray.

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 society[49]. Urbanites and those removed from agriculture have difficultly 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 agriculture[50].

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)[51]. Not only will GMOs play a major role in feeding

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[49] 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

[50]McInnis, The Transformation of Rapeseed into Canola: A Cinderella Story, Winning the Prairie Gamble: The Saskatchewan Story exhibit. 21 May 2004. Retrieved 21 January 2015. http://wdm.ca/skteacherguide/WDMResearch/CanolaResearchPaper.pdf

[51] Alberta Environmentally Sustainable Agriculture Council, Greenhouse Gas Emissions: Alberta's Cropping Industry, Number 5, November 2000. Retrieved 28 January 2015.

a 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[52]."

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[53]. Since the introduction of GMO Canola in 1995 (comprising 90%+ of cdn canola), yields have climbed from 21 bushels per acre to over 41[54]. Soil erosion has decreased 66%, greenhouse gas emissions have decreased by 26%, and fuel usage has been reduced by 31%[55].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[56]. 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[57]. 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[58]. It's imperative for the ongoing economic viability of the agriculture sector and the food

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[52] "Statement by the AAAS Board of Directors on Labeling of Genetically Modified Foods." American Association for the Advancement of Science http://www.aaas.org/sites/default/files/AAAS_GM_statement.pdf Retrieved on 30 January 2015

[53] "Industry Overview." Canola Council. http://www.canolacouncil.org/markets-stats/industry-overview/ Retrieved on 27 January 2015.

[54] Beckie, Hugh et al (Autumn 2011) GM Canola: The Canadian Experience, Farm Policy Journal, Volume 8 Number 8, Autumn Quarter 2011. http://www.canolawatch.org/wp-content/uploads/2011/10/20110309_FPJ_Aut11_Beckie.et_.al_.pdf Retrieved 21 January 2015.

[55] Ibid.

[56] "Arctic Apple Benefits." Arctic Apples. http://www.arcticapples.com/about-arctic-apples/arctic-apple-benefits Retrieved 30 January 2015.

[57] "Acrylamide." American Cancer Society. http://www.cancer.org/cancer/cancercauses/othercarcinogens/athome/acrylamide Retrieved 27 January 2015.

[58] Prax, V. (2010, April 28). *American family farmers feed 155 people each- 2% Americans farm*. Retrieved fromhttp://suite101.com/article/american-family-farmers-feeds-155-people-each-2-americans-farm-a231011

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:

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

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.[59]

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.[60]

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,

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[59] "MicroSociety," https://en.wikipedia.org/wiki/MicroSociety Wikipedia. 10 February 2018.

[60] "Micro Society", Aspen Heights Powerpoint Presentation. February 23, 2018

resiliency, confidence, and financial literacy. Educators and parents have described the M*icroSociety* Program as being an excellent tool in helping students foster and develop these essential skills. Skills that are key to student's future success.[61]

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.[62] 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.[63]"

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.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with *MicroSociety* to develop and distribute a guide and toolkit for schools that want to have a MicroSociety; and

2. 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.

[61] "Red Deer school puts society under the microscope," https://www.teachers.ab.ca/Publications/ATA%20News/Volume%2049%202014-15/Number-5/Pages/Red-Deer-School.aspx Alberta Teachers Association. 10 February 2018.
[62] "Data from 13 MicroSociety and 13 Control schools," http://www.microsociety.org/outcomes-2/ David Kutzik and Associations (2005.)
[63] "Solving Real World Problems," http://www.microsociety.org/how-we-fit/ MicroSociety 12 Feburary 2018.

Highlighting the Importance of Ag Education

Issue

With greater attention around food sustainability and the environmental footprint of agriculture, there is a need to raise awareness and provide fact-based education focused on where our food comes from, recognizing the sustainability of agribusiness and its vitally important role in our economy as a natural resource.

Background

Greater awareness around food sustainability and the environmental footprint of agriculture has become progressively more important. As a result, there is an ever-increasing need to provide more fact-based education in order to bridge the information gap between agriculture producers and consumers. This type of education starts at even the most basic level, providing an opportunity to educate our youth in order to ensure that the next generation is educated and informed about where food comes from and the importance of agriculture to our economy and the future sustainability of our food locally, provincially, nationally and internationally.

The 2016 Census of Agriculture found less than 1% of Canadians are farm operators, yet all Canadians participate in the agri-food sector when they go grocery shopping and make food choices[64]. Yet, farmers and ranchers feel increasingly under attack because of the public scrutiny and misinformation around the industry. The disconnect between the producers who grow the food we eat and consumers is widening due to urbanization[65], growing misperceptions and a lack of factual information around this vitally important industry.

To emphasize the importance of our agribusiness industry, based on 2017 annual estimates, 75,100 Albertans were employed in agri-food industries, representing 3.3 per cent of the total provincial workforce with Alberta having one of the world's most productive agricultural economies and a total farm area of 50.3 million acres.[66] Despite the decline in farms since 2011 in our province, Alberta continues to rank second, behind Ontario and had the highest number of cattle ranching in the country, representing one third of Canada's beef cattle ranching farms. In addition, Alberta has seen increases in wheat farms, oilseed and grain farms in addition to other grains.[67]

[64] Canadian Agriculture at a Glance, Statistics Canada: https://www150.statcan.gc.ca/n1/pub/96-325-x/96-325-x2019001-eng.htm

[65] Demand for Convenience, Government of Alberta: https://open.alberta.ca/dataset/b5d936eb-2127-424e-b1b8-818c486d12aa/resource/5d7a504d-ab10-4f1c-843c-79801cf0d412/download/af-consumer-corner-54-demand-for-convenience-2019-11.pdf

[66] Highlights of the Alberta Economy, 2019: https://investalberta.ca/media/1080313/highlights-of-the-alberta-economy-2019-march-2019.pdf

[67] Census of Agriculture Provincial Profiles, Government of Alberta: https://open.alberta.ca/dataset/8b3e6f0a-5faf-4873-a224-c7446029adcc/resource/e049ffdd-1bbe-4c25-a677-965291dc0633/download/alberta-farm-types-report.pdf

In 2018, Alberta's real gross domestic product for agri-food industries totaled $8.5 billion, increasing from $5.5 billion in 2011[68]. In 2018, Alberta agri-food exports remained strong at $11.6 billion, exceeding the 2017 record by 3.2 per cent[69] and exporting to nearly 140 countries. Even though this industry plays a critical role in our eco-system, there is no requirement to educate our youth or public about the facts and information around the role the industry plays in our economy, or to provide education around the sustainability of our agri-food sector.

The Government of Alberta has identified that teaching students where their food comes from and how it is produced is increasingly important as urban students become more disconnected from their rural neighbours[70]. In recognizing this need, there have been various efforts to develop resources and plans to integrate agriculture into the curriculum, including Alberta Agriculture Lesson plans[71], various education resources and programs[72], as well as funding for agriculture education and literacy[73]. There have also been not for profit and private organizations who have taken a leadership role in Agriculture Education, including Agriculture for Life[74] and the Classroom Agriculture Program[75], as well as Nutrients for Life[76], 4-H[77] and programs such as Journey 2050[78] and Farmers 2050[79].

The challenge becomes linking the resources to our educators and our public. While there are a number of resources pertaining to agriculture that already exist, there are also a number of barriers and challenges presented as to why this is not being taught through our education curriculum.

Consultations have identified that not only do teachers need to be equipped with the outcome connections and resources; they also need to be trained and knowledgeable in the subject matter. If they feel unequipped, these optional courses are not a priority. Educators must also see the value in the resources that will accelerate or deepen their learning, helping their students to learn faster or accelerate their understanding of the curriculum. If this correlation is not made, the information won't be integrated.

A barrier to experiential learning opportunities can be correlated to timetables, as there isn't enough time within Junior High and High schools to do community classrooms or similar learning experiences, as teachers have a prescribed number of minutes they need in each course area. In elementary, because that time is with a single person, they can build in that flexible time to

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[68] Agriculture Statistics Factsheets, Government of Alberta: https://open.alberta.ca/publications/1929-4263
[69] 2018 Agri-Food Exports, Alberta Highlights, Government of Alberta: https://open.alberta.ca/dataset/d2476e36-1e8c-43fb-a4b2-15bd09c13773/resource/764d36d5-4f2a-4535-b317-9dc1f8228792/download/exp-19-1.pdf
[70] Alberta Agriculture Education Resources: https://www.alberta.ca/agricultural-education-resources.aspx
[71] Alberta Agriculture Education Lesson Plans https://www.alberta.ca/agricultural-education-lesson-plans.aspx
[72] Alberta Education Programs: https://www.alberta.ca/agricultural-education-programs.aspx
[73] Canadian Agricultural Partnership for Agriculture Education and Literacy: https://cap.alberta.ca/CAP/Programs/category/Agricultural%20Education%20and%20Literacy
[74] Agriculture for Life: http://agricultureforlife.ca/5490-2/
[75] Classroom Agriculture Program: https://classroomagriculture.com/Portal/Project/classroomagricultureprogram/pages/home.html
[76] Nutrients for Life: https://www.nutrientsforlife.ca/
[77] 4-H Canada: https://4-h-canada.ca/programs
[78] Journey 2050: http://www.journey2050.com/
[79] Farmers 2050: https://www.farmers2050.com/

provide various educational opportunities. However, the more teachers you have, the less flex time there is to deliver outcomes through non-traditional learning environments.

While immersive experiences such as on-farm education or community gardens can be beneficial, the opportunities are often dismissed due to the cost prohibition, and while there are ways to address these costs, there are also opportunities, to deliver programming and curriculum in ways that don't have additional associated costs to ensure there is integration of agriculture education regardless of costs.

There is also a concern amongst educators that additional education, such as agriculture education, may take educators away from their primary course curriculum. However, this again can be addressed by tying the information into learning outcomes and agriculture course curriculum being integrated into the various subject matters. There is importance in relaying the correlation to our local economy and the connections to science, math and social studies in addition to using it as a tool to teach STEM curriculum. When you look at science, technology, engineering and mathematics, agriculture has various components that tie into each of these subject matters.

Ultimately optional courses are not mandatory and so very few teachers will use the resources available if it's not their primary field of interest, nor will students take the optional courses if they don't already have a producer connection or an interest in agriculture already.

We also know that we need a greater emphasis on agriculture, as everyone who eats play a role in agriculture, even as an end consumer. We also know that many conversations have also highlighted the looming skills and labour crisis in Canada's agriculture and food industry. Therefore, in order for Canada to remain competitive, and to lead the way globally, we need to ensure that the next generation's best and brightest minds are knowledgeable about agri-food. By educating our students with current fact-based information, we can further educate the public by embedding this into our everyday conversations at school and at home.

The most effective way to deliver agriculture education will be to embed it within the course curriculum, equipping educators with the materials, resources and knowledge to effectively deliver on the outcomes required and provide a better understanding of the importance of the information and how it fits within the curriculum and into our overall eco-system.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Require agriculture education to be incorporated into existing course curriculum with outcomes connected to grade levels;

2. Integrate agriculture in the classroom through entrepreneurial programming;

3. Integrate experiential learning opportunity options such as on-farm learning, community gardens and community classrooms;

4. Integrate fact-based agriculture education tools and resources through learnalberta.ca; and

5. Facilitate agriculture education learning opportunities, resources and connections for educators through teacher's conventions and professional development training options in order to provide the tools, resources and training needed for effective program delivery.

Energy

Enhancing Alberta’s Natural Gas System

Issue

Serious challenges persist within Alberta's natural gas system which negatively impacts natural gas supply chain reliability, industry operations, and investor confidence. These challenges can and should be addressed to better manage the current system demand and industry operations and to further position Alberta as an industrial investment location of choice. With an abundance of natural resources, developing world-class infrastructure would provide investor confidence in the competitive advantage Alberta has for attracting new investment.

Background

Natural gas is an important economic driver in Alberta, with approximately 65% of Canadian natural gas being produced within Alberta.[1] According to the Government of Alberta, "83% of natural gas consumed in Alberta is used by the industrial, electrical generation, transportation and other sectors. Natural gas is also an important raw material for the province’s oil sands and electric power-generation industries."[2] Natural gas is also the main raw input for hydrogen production, a key material used for producing transportation fuels, hydrogen peroxide, nickel, cobalt, ethane, and propane for Alberta, Canada, and the world.

Natural gas is supplied by federally regulated monopolies, similar to rail transportation. Currently, there are no quality specifications for natural gas at the delivery point for consumers in Alberta and this can adversely impact downstream users. Quality excursions have been experienced in Alberta and such events can have significant downstream impacts on industrial facilities and subsequently on consumer markets. Low-quality natural gas can cause production delays, damage to facilities, and quality impacts on derivative products of natural gas.

Another significant cause of concern is firm supply reliability. Natural gas customers pay a premium for "firm supply", which by definition means this supply will not be interrupted, however; Alberta companies have experienced interruptions in firm supply and continue to see risk to firm capacity supply reliability. Firm supply interruptions are the fault of the natural gas provider, typically due to a system failure. For example, a provider will experience a compressor failure, and it will be discovered a single component failure in the system results in supply interruptions. Why aren't there built-in system redundancies? Additionally, extreme cold ambient temperatures should not be a factor in firm capacity supply reliability as these temperatures are custom for Alberta to experience annually.

Maintenance coordination is also a challenge as it is not happening appropriately between natural gas providers and receivers to minimize the effects of supply interruptions. There are regular occurrences when natural gas supplier maintenance activities are scheduled during periods of high system demand. Implications of both issues include operational concerns, downtime-related costs, and decreased confidence in the supplier, supply chain and potential investors.

There are also serious concerns for timelines to secure natural gas volumes in Alberta (for existing or new facilities). Currently, firm supply is available with a 4+ year lead time, while new facilities can be built within a two- to three-year window. This misalignment of natural gas infrastructure expansion (or new build) and project development timelines will discourage new investment in Alberta.

The Alberta Chambers of Commerce recommends the Government of Alberta work with natural gas suppliers and infrastructure suppliers and, where applicable, the federal government to:

1. Set quality standards for natural gas specifically at the delivery point and create provisions for losses related to the delivery of off-spec natural gas;

2. Ensure timely development of new, and expansion of existing, natural gas supply infrastructure to support growing natural gas demand, attract new projects, and secure further investment in Alberta; and

3. Streamline regulation and approval process for critical infrastructure builds, such as pipelines.

Investment Attraction for Industrial Zones

Issue

Alberta regulations are lagging in making renewable energy and clean technology feasible for consumers. Specifically, the Province's micro-generation regulations restrict Alberta businesses from aggregating sites owned by customers, in turn restricting their ability to generate and distribute any excess energy directly to other buildings or compound residence (district energy). Adapting provincial regulations to promote self-generation with clean technology and district energy sources is an important climate change strategy for Alberta, and an opportunity to reduce costs and improve competitiveness for Alberta business.

Background

Rising demand for electricity in Alberta
Locally and globally, there is an increasing need for electricity, due to a growing demand for air conditioning, electric heating, and electrified transportation, for example. Growing electricity demand will result in higher delivery and electricity prices: infrastructure upgrades will be necessary and generation will need to be constructed, resulting in costs being passed on to consumers.

While carbon-based fuels will likely remain an important part of our energy system for decades, whole economies throughout the world are embracing clean technologies and renewable energy. Alberta has an opportunity to better utilize our fossil fuels by improving the way we use our existing energy sources while transitioning to future models. One of these opportunities is through district energy systems; however, current Alberta regulations hamper district energy systems, despite their proven economic and environmental benefits.

What is district energy
District energy systems use a central energy plant to provide efficient heating, cooling, hot water, and power to a group of buildings. Modern (climate-resilient and low-carbon) district energy systems are one of the least-cost and most efficient solutions in reducing emissions and primary energy demand.[80] These systems use alternative energy sources, such as wood waste, sewer heat or waste heat, captured from other processes. Typically, district energy is almost fully consumed by the consumers within that compound, building or subdivision; any excess electricity is sold to the grid.

Benefits
Whether these systems are incorporated into an existing development or installed as part of new construction, district energy systems are widely used around the world, and have a number of benefits that support communities and business.

More cost effective. Because a district energy system serves many customers from one location, these systems have **lower operations and maintenance costs than buildings with** in-building heating systems. Buildings connected to district energy systems also have lower capital costs and **smaller footprints** as they

[80] https://www.districtenergy.org/topics/district-energy-cities

require less space (i.e. fewer infrastructure requirements for metering, boiler rooms, etc.) and, as such, do not have additional associated costs such as insurance, maintenance, upgrade, etc. This is particularly beneficial for office towers, commercial buildings, condos, municipal entities, institutions, etc.

Reduced carbon footprint. District energy systems use alternative energy sources and have greater efficiency, producing fewer greenhouse gas emissions than what is produced by fossil fuel-based systems.

Viable, reliable and readily available technology. District energy systems are proven technologies and are already in place in other parts of Canada and around the world.[81]

Reliable access to energy. Increasingly, consumers are experiencing interruptions on the grid due to external risks such as electricity brownouts or blackouts from ice, snow and windstorms, floods and fires. Using low carbon technologies like district energy systems provide an opportunity to add to Albertan's energy security.[82]

Barriers in Alberta

Current regulations in Alberta do not allow a property owner to install generation and sell electricity to the occupants of buildings, compounds or subdivisions. The energy must be sold to the grid through electric distribution system-connected generation (DCG), and then bought back to customers at market rates. In addition, while building owners have the option of installing micro-generation, they cannot produce more than what they can consume through their own metering points.

Alberta regulations for small, medium and large business have misaligned incentives for self-generation options. 1). Bulk metering for landlords of commercial CRUs, commercial office towers, apartments or large condominium residence is not allowed; 2). There is no incentive for developers of these facilities to install, partner or adapt district energy sources; 3). Micro-generation regulations are restrictive on aggregating sites owned by customers and the distribution of energy is limited at this time; and, 4). Utilities will not allow for building owners to manage the costs of energy for their facilities as rates do not allow such a transaction.

In 2017, the Alberta Utilities Commission submitted the Alberta Electric Distribution System-Connected Generation Inquiry, discussing the role of district energy sources. The inquiry identified the need for regulatory change to accommodate growth in this sector in Alberta.[83]

Conclusion

As part of the Alberta government's climate change plan, the government has set a target of 30 percent of electrical energy produced in Alberta to be generated from renewable sources by 2030. Progressive Alberta policies and strategies in Alberta that promote self-generation with clean technology, such as district energy sources, support an affordable, flexible, reliable and environmentally responsible alternative to energy delivery for Alberta consumers. In turn, such an approach creates an environment of resiliency and competitiveness for Alberta businesses and communities.

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[81] http://www.auc.ab.ca/regulatory_documents/Consultations/DistributionGenerationReport.pdf

[82] YouTube ATCO Microgen - Renewables https://www.bing.com/videos/search?q=youtube+atco+microgen-renewables&view=detail&mid=8200969BCACD8C2BCEE18200969BCACD8C2BCEE1&FORM=VIRE

[83] http://www.auc.ab.ca/regulatory_documents/Consultations/DistributionGenerationReport.pdf

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Implement a light and medium industrial, commercial and residential regulatory framework that allows customers to install district energy sources for the sharing of electricity and heat between tenants and neighboring buildings.

Progressive Regulations to Promote Clean Technology and District Energy

Issue

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[85] http://www.auc.ab.ca/regulatory_documents/Consultations/DistributionGenerationReport.pdf

[86] YouTube ATCO Microgen - Renewables https://www.bing.com/videos/search?q=youtube+atco+microgen-renewables&view=detail&mid=8200969BCACD8C2BCEE18200969BCACD8C2BCEE1&FORM=VIRE

[87] http://www.auc.ab.ca/regulatory_documents/Consultations/DistributionGenerationReport.pdf

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:

1. 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.
2. 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.
3. 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.
4. 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:

1. 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;
2. Establish policies that are clear, transparent and provide long-term certainty to investors; and
3. Provide a clear and concise policy on stakeholder engagement and consultations that is consistent between all projects.

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[88], 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."[89] 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."[90] 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 imperative to design cost-effective regulations that reduce methane emissions and safeguard the industry's competitiveness."[91]

[88] *CAPP Comment on Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds.* Canadian Association of Petroleum Producers. July 26, 2017.
[89] Economic Impacts of Canadian Oil and Gas Supply in Canada and the US. (2017, August). Canadian Energy Research Institute. Retrieved from http://resources.ceri.ca/PDF/Pubs/Studies/Study_166_Executive_Summary.pdf
[90] Methane Plan Can Cut Emissions by 45%, Protect 7,000 jobs: CAPP. (2017, October 30). Retrieved from http://www.capp.ca/media/news-releases/methane-action-plan
[91] *CAPP Comment on Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds.* Canadian Association of Petroleum Producers. July 26, 2017.

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 protects 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; and
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.

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)[92], 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.[93]

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. 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
2. Allow the use of domestic reclaimed water and storm water in toilet flushing, irrigation and industry in Alberta.

[92] http://www.env.gov.bc.ca/epd/epdpa/mpp/pdfs/cop_reclaimedwater.pdf

[93] http:// www. globe-net.com/articles/2012/june/25/recycled-wastewater-could-boost-river-flows

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.

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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:

1. With consultation from stakeholders, develop consistent requirements for regulations within the environmental sector;
2. Ensure that the regulations apply to any new products, processes and technologies, as well as all existing products, processes and technologies;
3. 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;
4. Work to ensure that regulations municipally, provincially and federally are streamlined, consistently applied and have a coordinated regulatory approval process; and
5. 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:

1. 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;
2. 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;
3. Grandfather existing small-scale renewable generators into the new program or carve-out to support their continued operation;
4. Prioritize grid connection for small-scale, renewable (low-carbon) generation capacity. Grid connection costs, metering and infrastructure costs should be reduced or subsidized; and
5. Fund this program through an appropriate source, such as revenue generated from the Climate Leadership Plan.

Striking a Balance Between a Healthy Economy and Low Carbon Emissions

Issue

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 May 30, 2019, the United Conservative Party repealed the Climate Leadership Plan and with it the Carbon Levy adopted by the previous NDP government. However, many climate change efforts remain in place to achieve the reduction of greenhouse gas emissions (GHG) including: ending pollution from coal-generated electricity by 2030; incentives to create innovative and new ways to reduce emissions; capping oil sands emissions to 100 megatonnes per year; and reducing methane emissions by 45% by 2025.

We recognize 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[94]. 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)[95]. Finally, our choice of fuels for electricity generation drives emissions.

The Technology Innovation and Emissions Reduction (TIER) program replaced the Carbon Competitiveness Incentive Regulation (CCIR) for large industrial emitters on January 1, 2020 and meets the federal benchmarks of $30 per tonne on emissions and is set to increase to $40 per tonne in 2021 and $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. Ensuring 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 needs to strike a balance between achieving its emissions goals and preserving the competitiveness of a "vital lynchpin" of the economy[96].

There are many businesses, industries and municipalities that are looking to reduce their

[94] Climate Leadership Report to the Minister: https://www.alberta.ca/documents/climate/climate-leadership-report-to- minister.pdf

[95] https://ecofiscal.ca/reports/provincial-carbon-pricing-competitiveness-pressures

[96] http://www.albertacanada.com/files/albertacanada/SP_EH-SmallBusProile.pdf

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[97]. Despite this known benefit, natural gas still has significant carbon pricing applied.

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 will serve the dual purpose of keeping industries competitive and innovative while also promoting tangible and measurable emissions reductions.

Earmarking a portion of the funds collected through the TIER program to create educational tools that highlight the high ethical, environmental and sustainable standards of the natural resource sector in Alberta will lay the groundwork for the education of Albertans. 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. Government should continue to provide incentives through tax credits to emerging alternative energy innovations which may provide wider spread and supportable long-term cooperation towards a low carbon economy. Alberta could also pursue cooperation of the federal government to provide carbon credits to the natural gas industry when exporting products displacing higher carbon fuel sources, as well as negotiate tariffs or import taxes on oil and gas products in future international trade agreements to both promote and protect our homegrown industries.

Incentives enable businesses to mitigate the threat of climate change with a focus on new emerging industries and opportunities to innovate. Climate change can offer an opportunity to harness Alberta's expertise and availability of technical workers and concentrate on emerging prospects such as artificial intelligence (AI) and cleantech. The expected economic gain of over $1 trillion dollars, Canada wide, in climate change innovation should be headquartered in Alberta as part of modernization, growth and expansion to ensure that Alberta is ahead of the curve.

Flexibility to allow businesses to use innovative 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 ensure 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. For example, the UK offers an accelerated depreciation allowance for energy efficiency equipment and technology, so that companies can replace old, energy consuming equipment with better models, which allows them to cut their operational costs.

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

[97] http://naturalgas.org/environment/naturalgas/

successful and leading the charge to change behaviour will be unsustainable. There are numerous opportunities available that Alberta must seize in order to demonstrate its adaptability, resiliency and reinforce its long-held tradition of being pioneers in spirit and action. Capitalizing on the opportunities that arise from adapting to a low emissions economy is a path to economic sustainability which Alberta is uniquely positioned to undertake.

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 any climate change effort 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:

1. Ensure carbon policies maintain competitiveness with neighbouring or like jurisdictions in Canada and the United States that have similar investment interests;

2. Communicate the goals and the timelines of climate policies and amendments or modification plans if the goals and timelines are not met;

3. Ensure there is cost neutrality within the business sector and that revenue from carbon pricing is available and cycled back to the business community through other tax incentives and capital cost allowances;

4. 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;

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

6. Implement options to measure net carbon impact 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;

7. Allocate a portion of levies collected for the purpose of creating and providing educational programming tools related to natural resource development including both energy and agriculture;

8. Measure both the direct and indirect cost impacts of climate policies;

9. Work with the federal government to provide carbon credits to the natural gas industry when exporting products that are intended to displace higher carbon fuel sources; and

10. Work with the federal government to negotiate a carbon tariff or carbon import tax levied on oil and gas products into all future international trade agreements.

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:

1. 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;
2. 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;
3. 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;
4. Take a proactive role with respect to feasibility studies, infrastructure development, water supply, and conservation projects;
5. 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;
6. 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;
7. 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;
8. Continue to use partnerships and provide funding that will support and promote regional, place based, stakeholder-driven solutions; and
9. Encourage a nation-wide database of water risk information and an eco-service asset assessment.

Finance & Treasury Board

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.[98] 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.[99] 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:

1. 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.

[98] Environment Canada, “Canada’s Emissions Trends,” October 2013. https://www.ec.gc.ca/ges-ghg/985F05FB-4744-4269-8C1A-D443F8A86814/1001-Canada's%20Emissions%20Trends%202013_e.pdf

[99] “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%)[100]. 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.[101]

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.[102]

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

1. 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.

[100] "Inflation Calculator." http://www.bankofcanada.ca/rates/related/inflation-calculator/ Bank of Canada. Retrieved on 10 February 2018.

[101] "Study reveals highest and lowest child care fees in Canadian cities in 2017," https://www.policyalternatives.ca/newsroom/news-releases/study-reveals-highest-and-lowest-child-care-fees-canadian-cities-2017 Canadian Centre for Policy Alternatives. 12 December 2017.

[102] "CPP contribution rates, maximums and exemptions." http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/cpp-rpc/cnt-chrt-pf-eng.html#nt1 Canada Revenue Agency. Retrieved on 10 February 2015.

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.[103] In a 2008 report, PriceWaterhouse Coopers indicated that consolidation would significantly reduce the compliance burden of tax filers.[104] The benefits of moving

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[103] Ontario Ministry of Finance. Fall Statement – 2006 Ontario Economic Outlook and Fiscal Review – Annex IV. (2006, accessed 3 January 2012); available from http://www.fin.gov.on.ca/en/budget/fallstatement/2006/06fs-paperd.html; Internet.

[104] PricewaterhouseCoopers. Tax Memo: Ontario Tax Harmonization: What it Means for Corporations? January 11, 2008.

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:

1. Work with the Government of Canada to consolidate the collection and administration of its provincial corporate income tax.

Encouraging Film and Television Production in Alberta through Expansion of the Film and Television Tax Credit

Issue

Alberta is a burgeoning destination for filming, however, despite recent changes, the tax credit system to encourage production is not optimally structured.

Background

Beginning in 2017, the Alberta government had a granting program in place to incentivise film production across the province. Early in 2020, that program was replaced with a $97 million tax credit program known as the Film and Television Tax Credit (FTTC), targeted at medium to large size productions. This allows for a 22% or 30% tax credit up to $10 million per production. The complete amount designated by the government of Alberta is to be distributed to different projects over the course of three years.

In general, the case for encouraging film production in our region is a straightforward one. As seen in jurisdictions like Ontario and British Columbia, government investment in the film and television industry consistently results in returns on that investment. In fact, a 2018 study of the film industry in Ontario found that municipal and provincial governments received a return of $1.20 for every $1 spent on a tax credit. That same study found that there is a consistent positive correlation between the development or enhancement of a tax credit and the volume of production in that jurisdiction.

We can see evidence of the economic benefits of film production in our own backyard. The television show Heartland is the longest running TV drama in Canadian history, having just been renewed for a 14th season. The measured impact of that show alone is over $350 million. Other productions, Tin Star and Let Him Go, have spent more than $45.5 million in direct spend and labour in the 6 Albertan municipalities they've filmed. Furthermore, when Ghostbusters was filming, it was the cause of in 14,627 hotel room bookings, resulting in $4.35 million in accommodation revenue.

Whether looking at our Alberta municipalities, or at our other provincial counterparts, there's no question about positive economic outcomes of film and television production on a region. Currently, industry production volume is highest in Ontario and BC, with Alberta coming in 4th after Quebec, slightly ahead of Manitoba. Comparatively, Alberta had $256 million invested in TV and film production in the 2018/2019 year – far outpaced by BC at $3.4 billion and Ontario at $3.2 billion. Uncoincidentally, these provinces both have much more robust incentivization programs and see much higher economic returns as a result.

Analysis

The eligibility requirements of the tax credit are clearly intended to support local businesses. In order to be eligible to receive the 30% tax credit, a production must:

- Be at least 50% owned by Alberta shareholders
- Have at least one Alberta producer
- Spend at least 60% of the total production costs in Alberta or at least 70% of the total production salary or wages on Alberta-based individuals
- All productions applying for the tax credit (at the rate of 22% or 30% must have total production costs of $499,999 or more)

Additionally, costs eligible for the tax credit mandate that items must be purchased directly from an Alberta business, with salary and wage costs being eligible if they are spent on Alberta based individuals. Alberta already has an exceptionally desirable landscape for film and television production, coupled with a diverse and capable base of labour and other resources. These added incentives will provide a further push for productions to take place in Alberta with the eligibility requirements ensuring that local business reap the rewards of local production.

The challenge that the three-year program delivery and program spending cap presents is a limitation on when and how many productions can take place. Streaming companies had been looking to increase the amount of original film and television content they were releasing before the stay at home order, and that increase has since skyrocketed with the rise in consumption resulting. Limiting the amount of available tax credits will not encourage productions to wait until the following year when they may be eligible – it will drive them to take their production elsewhere.

The economy of Alberta has been struggling for years, facing economic recession, blockages in getting our resources to tide water, and now a global pandemic. Delaying and limiting any potential injection of investment – especially one that diversifies revenue and employment sources – into our provincial economy would be a mistake.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Immediately makes available the complete $97 million currently designated to be utilized over the next three years; and
2. Increases the available tax credit to meet production requests so productions aren't turned away.

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:

1. Implement a rebate on fuel taxes for licensed vehicles to the extent they are used for business purposes off publicly-maintained roads;

2. 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; and

3. 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:

1. Encourage Canadians to maintain a "culture of savings" through refining registered savings plans; and
2. Restore Tax Free Savings Account annual contribution limits to 2015 levels.

Provincial Insurance Premiums Tax: A Barrier to Investment and Responsible Decisions

Issue

Provincial insurance premiums taxes are a growing barrier to business growth and put Alberta enterprises at a competitive disadvantage relative to other regions in Canada.

Background

Market research conducted by the Alberta Chambers of Commerce (ACC) network indicates the provincial insurance premiums tax (IPT) is a major barrier to business growth. According to a recent survey, 69 per cent of more than 1000 respondents cited this tax as a barrier to business growth – more than any other provincial or municipal costs ACC surveyed. Only 3 per cent indicating this tax benefited their growth, signaling it provided the lowest value proposition as a cost for doing business in Alberta.[105]

Alberta's IPT rates were increased by one per cent in each taxable category in 2015, bringing Alberta's IPT rates above the average for taxes levied on insurance consumers across Canada:

Insurance coverage	IPT rates average	Alberta IPT rates
Life, Accident, and Sickness	2.84 %	3 %
Property and Casualty	3.53 %	4 %

Taxing Albertans and businesses for seeking (or providing) the protections afforded through these types of insurance coverage is counterintuitive. According to the C.D. Howe Institute, one percentage point in the provincial IPT rate leads to a 10 per cent decrease in the number of life insurance contracts sold. Reduced insurance coverage for natural disasters [and pandemics such as COVID-19], or relief of the financial burden of illness and disability, may also increase cost pressures on future provincial budgets.[106]

IPT rates also have negative implications for the provincial economy and economic growth. The insurance market has recently been going through a correction, resulting in higher premium costs for business. When premiums increase, the cost levied to consumers through IPT also increases, layering compounding the additional costs on Alberta businesses and making them less competitive.

For many years in Canada, insurance premium taxes were collected from insurers as an alternative to taxing their profits. This is no longer the case as all Canadian governments tax the corporate income of insurance companies in addition to premium taxes and other taxes and levies. Additional costs should not be layered onto business for purchasing insurance coverage which benefits workers and the public, nor should government be enriched as a result of premium increases.

[105] Alberta Perspectives: Red Tape and Business Supports, December 2019
[106] Piling On – How Provincial Taxation of Insurance Premiums Costs Consumers, 2018

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Immediately remove the provincial insurance premiums tax on life, accident and sickness insurance;

2. Ensure that Alberta insurance premiums tax rates on property and casualty applicable to Canadian-controlled private corporations does not exceed the lowest tax rates in other Canadian provinces or territories; and

3. Index property and casualty insurance premium tax rates to the rate of premium increases so that increases in premiums do not inflate the burden of tax collected on those premiums.

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

	Rate in 2005	Rate in 2015*	Rate in 2016	Rate in 2019
General	11.5 %	11.0 %	12.0 %	12.0 %
M & P	11.5 %	11.0 %	12.0 %	12.0 %
Small Business	3.0 %	2.0 %	2.0 %	2.0 %

*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:

1. Immediately reduce the general and manufacturing-and-processing corporate income tax rate to ten per cent; and
2. 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.

Reinstate the Alberta Investment Tax Credit

Issue

The development of the "non-traditional" sectors of Alberta's economy has traditionally been a significant challenge for entrepreneurs who have chosen to bring their business concepts to market in Alberta. The most significant challenge for emerging businesses has largely been access to capital to support business sustainability in the developmental years of an emerging venture. The introduction of the Alberta Investment Tax Credit (**AITC**) provided an opportunity to attract non-government investment at a nominal cost to the provincial purse. A reinstatement of this tax credit would simply place Alberta entrepreneurs on a similar footing with competing jurisdictions with a nominal cost to the fiscal purse.

Background

The AITC was introduced on January 1, 2017, as a component of the *Investing in a Diversified Economy Act*, which had a stated objective of boosting investment in Alberta's small and medium sized businesses, drive innovation, diversify the economy and create new jobs[107] outside of the traditionally dominant oil and gas industry and broader resource sector. The introduction of the legislation in 2017 was effectively retroactively applied to April of 2016 and was largely modeled after legislation that has been in place in other competing provinces for several years.[108]

The operation of the AITC program was relatively straightforward as it provided eligible individual and corporate **investors** in emerging corporations substantially engaged in "eligible business activities"[109] (which includes research, development and commercialization of proprietary technologies) with a 30% non-refundable tax credit to be applied against Alberta income tax payable by the individual or corporation. The credit was structured in a manner that would allow for unused credits to be carried forward up to 5 years by the individual or corporate investor.

In August of 2019, the current government of Alberta announced that the AITC would be phased out beginning effective October 24, 2019 with no additional funding being provided after March 30, 2020 and no approvals being provided for applications submitted subsequent to October 24, 2019.[110] This sudden reversal of an established policy presented significant challenges for companies in the process of qualifying for the credit or as a start-up entity had budgeted for investment capital that was contingent on the investor(s) accessing the preferential tax credit.

In response to the objections voiced by industry at the loss of the AITC, the government pointed to the overall incentivization of business growth in Alberta represented by the "Job Creation Tax Cut" which implements sees the general corporate income tax rate reduced from the pre-July 1, 2019 rate of 12% to

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[107] "The Alberta Investor Tax Credit" by Rhea Solis – Miller Thomson, April 2017, *Securities Practice Notes*, p.1

[108] Refer to the B.C. Investment Tax Credit Program, the Manitoba Small Business Venture Capital Tax Credit, the New Brunswick Small Business Investor Tax Credit and the Ontario Innovation Tax Credit.

[109] "Alberta Investor Tax Credit Program" Guidelines by Alberta Treasury Board and Finance, January 2019, pp.10-11

[110] Alberta Treasury Board & Finance, "Alberta Investor Tax Credit (AITC)", 2019, https://www.alberta.ca/alberta-investor-tax-credit.aspx (accessed February 10, 2020).

8% by January 1, 2022. While this proposed reduction in the general corporate income tax rate is laudable, with the overall objective of creating in excess of 50,000 jobs over the projected period, this cut does very little to stimulate capital investment in burgeoning non-traditional sectors of the economy. This tax cut is applicable only to taxable income that is **not** subject to the small business rate (taxable income in excess of $500,000) which is representative of a particular subset of the Alberta economy that generally excludes start-up entities in emerging non-traditional sectors of the economy. In most instances, start-up companies require a number of years to reach levels of profitability that would allow them to access the reduced levels of corporate tax rates at the general rate level. What is desperately needed by these corporations is start-up and venture capital that is lacking in Alberta and has been largely the domain of venture capitalists or angel investors.

While the government continues to be cost-conscious with respect to program evaluation and spending decisions, we believe that the relative cost-benefit of the program warrants the reinstatement of the non-refundable tax credit. The total tax expenditure relative to the program for 2019 was a mere $12.7 million[111] which represents approximately 17% of the total government expenditure commitment to investment attraction and less than 1% of the aggregate cost of the Job Creation Tax Cut. With the potential for the AITC to create up to 4,400 new jobs over three years and contribute up to $500 million to Alberta's GDP[112], the program appears to be relatively cost-efficient with the potential to provide full cost recovery with the additional corporate tax revenue generated by the start-up entities created under the program.

In addition to the Job Creation Tax Cut as an alternative, the government has also suggested that the AITC program was overly cumbersome in design and implementation with the qualification process delaying a significant number of applications by potential eligible corporations for several months. With the commitment of the current government to the reduction and potential elimination of red tape the Alberta Chambers of Commerce believes that a redesign of the qualification and approval process for eligible participants as well as venture capital participants could lead to a streamlined and effective means of restoring a positive investment flow to non-traditional start-ups in Alberta.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with subject matter experts to effectively design a streamlined application and approval process with respect to renewed Alberta Investment Tax Credit program;
2. Reinstate the Alberta Investor Tax Credit program with the requisite changes necessary to streamline the implementation and administration of the program; and
3. Commit to re-evaluating the program at the end of the program term with the option to extend the program on a periodic basis.

[111] Alberta Treasury Board & Finance, *Budget 2019-2020 – Income Tax Annex,* p.157
[112] "The Alberta Investor Tax Credit" by Rhea Solis – Miller Thomson, April 2017, *Securities Practice Notes*, p.1

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.

	Federal Ad Valorem Rate	Provincial Ad Valorem Additional Rate + Sales Tax Adjustment (if applicable)	GST/PST/HST Combined Tax Rate	Total Tax
Alberta	2.5%	24.3%	5%	31.8%
British Columbia	2.5%	7.5%	12%	22%
Manitoba	2.5%	n/a	13%	15.5%
New Brunswick	2.5%	7.5%	15%	25%
Newfoundland and Labrador	2.5%	7.5%	15%	25%
Northwest Territories	2.5%	7.5%	5%	15%
Nova Scotia	2.5%	7.5%	15%	25%
Nunavut	2.5%	26.8%	5%	34.3%
Ontario	2.5%	11.4%	13%	26.9%
Prince Edward Island	2.5%	7.5%	15%	25%
Quebec	2.5%	7.5%	14.975%	24.975%
Saskatchewan	2.5%	13.95%	11%	27.45%
Yukon	2.5%	7.5%	5%	15%

Sources:[113] [114]

In addition, Medical cannabis is regulated by Health Canada and distributed directly to clients from licensed producers. Suspending the implementation of the regressive 24.3% tax on medical cannabis would not reduce current provincial revenues and would be consistent with the treatment of medical cannabis prior to October 2018.

Adding excise taxes to medical cannabis, in addition to the existing sales tax will disadvantage Canadians seeking relief from symptoms and exemptions should be consistent with all other prescription medicines.

A further increase in costs will push patients out of the medical system and into the black market where costs are lower, but products are not tested or regulated, and any profits would continue to flow to criminal enterprises. A February 2018 survey found that while the majority of Canadians support an excise tax on recreational cannabis, the majority do not support an excise tax on medical cannabis.[115]

[113] https://www.fin.gc.ca/n18/data/18-084_2-eng.asp#_ftn1;
[114] https://canadabusiness.ca/government/taxes-gst-hst/federal-tax-information/overview-of-charging-and-collecting-sales-tax/
[115] 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 composition reflects that of the actual Canadian population in terms of age, gender, and province, according to the latest StatsCan findings.

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:

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

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."[116]

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."[117] 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.[118] ER 4840 was identified as small by population,[119] 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."[120]

Labour Force Survey (LFS): Measuring Economic Performance

116 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.

117 https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/introduction#a5.3

118 http://publications.gc.ca/collections/collection_2015/statcan/71f0031x/71f0031x2015001-eng.pdf

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

120 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.”[121] LFS data estimates are produced for Canada, the provinces, the territories and a large number of sub-provincial regions.[122]

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,[123] 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 vacancies, etc.). Economic Development Officers in the region report that this elevated Statistics Canada unemployment rate is deterring potential investors from investing in the region[124], 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.

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

[121] https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm
[122] www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3701#a1
[123] https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm
[124] Economic Development Department, City of Grande Prairie

force challenges distinctly different from the Grande Prairie region *and* the rest of Alberta. Recent research[125] 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:

1. 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.

[125] 2016 Banff, Jasper, Canmore Tourism Economic Impact Study http://banff.ca/DocumentCenter/View/5550 and economic development data

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 to 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.[126][127] 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.[128]

Operational Spending

Budget 2018 represents a 4.3% increase in operating expenses compared to *Budget 2017.*[129] This continues the trend of growing government operating expenses well above population growth and inflation, which is forecast at 3.5% for 2018/19.[130]

If the Province continues down the path set out in *Budget 2018*, Alberta's debt will reach $96 billion in 2023.[131] Alberta's debt servicing costs will reach $2.9 billion by 2020.[132] This is larger than ministry budgets for Energy, Culture and Tourism, Environment and Parks, Economic Development and Trade, Labour, and Infrastructure combined.[133]

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 Poor's.[134] 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

[126] Government of Alberta Annual Report 2014-15, Executive Summary, Page 3
[127] Government of Alberta Annual Report 2015-16, Executive Summary, Page 3
[128] http://economicdashboard.alberta.ca/OilPrice
[129] *Budget 2018* Fiscal Plan, page 143
[130] *Budget 2018* Fiscal Plan, page 14
[131] http://www.cbc.ca/news/canada/edmonton/alberta-budget-2018-reactions-1.4589249
[132] *Budget 2017* Fiscal Plan, page 143
[133] *Budget 2018* Fiscal Plan, page 139
[134] http://finance.alberta.ca/business/investor-relations/credit-ratings/Standard-and-Poors-2016-0519-Credit-Analysis-Report.pdf

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

1. Establish a long-term plan to achieve a balanced budget by eliminating operational expenditure growth;
2. 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;
3. 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; and
4. 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.

Supporting Alberta's craft liquor industry with fair AGLC markups for small producers

Issue

The current Alberta Gaming and Liquor Commission (AGLC), Markup Rate regime provides access for Alberta's craft breweries to the Connect Logistics Services alcohol distribution system at a reduced rate. Alberta's Craft Distillers and Wineries/Meaderies are not extended this support, putting small scale industry at a competitive disadvantage.

Background

The craft distillery business represents an exciting area of growth throughout North America. The lure of diversifying local economies has led many jurisdictions to create distillery friendly regulations and tax relief to attract entrepreneurs. This has led to the establishment of over 700 new North American craft distilleries in the past decade, including 60 in Canada[135]. Alberta is home to nearly 30 producers. The past fifteen years has also seen rise to a cottage fruit wine and mead industry that is ready to expand its horizons.

Alberta seems particularly well positioned to embrace these enterprises. Alberta's past and present remain intertwined with our incredible agricultural sector. As a world class provider of wheat, barley and rye, and home to flourishing berry crops, Alberta produces some of the worlds' finest ingredients for spirits and fruit wines. With Albertans' natural entrepreneurialism and this agricultural base, the craft liquor industry is on a path to success.

Unfortunately, there remain regulatory obstacles hindering this success. AGLC operates the provincial alcohol warehousing and distribution system through a company called Connect Logistics Services Ltd. This centralised system is a monopoly on alcohol distribution, and charges all manufactures a markup rate per litre on its products. The rates vary according to the category of alcohol. Currently, the categories are:

1. Spirits
2. Refreshment Beverages
3. Wine and Sake
4. Fruit Wine and Mead
5. Beer

[135] Alberta Craft Distillers Association White Paper 2015 https://d6235f42-8bbb-49c4-82b7-db9d8ea51ed6.filesusr.com/ugd/32504c_7f7781c099ca495185ee6c9fce5a5620.pdf

Within each category there are varying levels of markup, roughly in relation to the percentage of alcohol, or in relation to the distribution method. This is where the inequitable playing field for craft distillers, wineries, and meaderies are revealed.

Craft spirit distillers, wine and mead producers must pay the full markup rate for their products. This markup adds from $10.36 to $18.33 per litre sold for distillers and from $3.91 to $6.56 for fruit wineries[136]. This is a standard rate applied to all spirits and wines, whether produced by major international corporations or by small local small businesses. Craft distillers, wine and mead producers can access a lower rate, but only if the product is sold from their manufacturing site or at artisan markets.

Clearly, no business can grow if it essentially excludes itself from the distribution system, but it is just as clear that small business cannot compete against the powerful and wealthy global alcohol companies. The high per liter fees represent a minor inconvenience to multibillion-dollar corporations, who dominate advertising and retail space. For small scale businesses, adding such costs to their products cuts straight to their bottom line.

Considering the potential employment and economic activity that craft distilleries, wineries, and meaderies represent to local economies and as a market for Alberta agricultural products, the province has a keen interest in seeing this industry grow. Fortunately, rectifying the distribution cost difficulties for Albertan producers is as simple as providing a level playing field for all Alberta entrepreneurs.

The Markup Rate fees are based upon alcohol percentage and distribution method. For craft distillers, wineries, and meaderies, the only relief is by attempting to sell their products without distributing through the Connect Logistics Services Ltd. But Alberta craft beer brewers have a path to the store shelves. Craft breweries can qualify for a significantly reduced markup rate within the Connect distribution system provided the company's total sales do not exceed a predefined limit (400 000 hectolitres). This clause has allowed Alberta to become home to several successful craft brewing companies.

Some craft alcohol producers manufacture and distribute their products in the same facility with production facilities and a retail space within the same building. They are in essence acting as both a manufacturer and a licensee. When moving product, either on paper or physically, from production to retail a craft distiller is considered a licensee that is buying their own product and is required to send payment to AGLC for the whole sale price. This payment is capital that is then unavailable to the manufacturer. When the AGLC receives this payment, they will then deduct a deposit fee, recycling fee, markup and GST.[137] Once they have collected these deductions the difference is then sent back to the manufacturer, which can take weeks. The solution for this is simple. Allow producers who both manufacture and sell their product in the same building to calculate the deductions required by AGLC and remit only this portion instead of the entire wholesale price. This is especially important for craft distillers who are in the start-up phase of their business where access to capital and having cash flow available is imperative. It will also enable them to move their product more freely from production floor to retail space, allowing them to meet the demand for their product without impeding their cash flow.

[136] https://aglc.ca/liquor/about-liquor-alberta/liquor-markup-rate-schedule
[137] AGLC Liquor Manufacturer Handbook, section 5.4, Self-Distribution (Non-consignment) Payment https://aglc.ca/sites/aglc.ca/files/2020-04/20-03-27_LM_Handbook.pdf

Craft alcohol is an industry in its infancy with incredible potential. But the North American and European industry is pushing ahead of Alberta, assisted by regulatory and tax revisions. As jurisdictions nurture their craft industry, Alberta risks being outcompeted by brands with a decade of growth. Reducing markups for small scale producers can give small businesses a chance to compete. This support in accessing the market will strengthen the businesses and positively affect provincial revenues, as new well-paying jobs are added to economy. As with any new industry, craft alcohol faces many hurdles in its road to success, but government policy shouldn't be one of them. A fair and equal rate for small producers, regardless of type of alcohol, is overdue. To give our distillers, wineries and meaderies a chance to compete in the corporate dominated alcohol industry, Alberta must give them the competitive support they need by extending the small volume reduced rates to spirit distillers, wineries and meaderies.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. AGLC and Connect Logistics implement a markup rate per litre reduction for small scale distilleries, wineries, and meaderies;

2. AGLC and the Alberta Craft Distillers Association, and the Alberta Cottage Wineries and Meaderies Association open a dialogue to establish the appropriate definition of a small-scale producer;

3. AGLC and the Alberta Craft Distillers Association, and the Alberta Cottage Wineries and Meaderies Association open a dialogue to establish the appropriate markup rate for small scale producers; and

4. Allow liquor manufacturers who produce and sell product from the same facility to calculate AGLC deductions including deposit fee (if applicable), recycling fee (if applicable), markup, and GST and only remit this portion from the wholesale price.

Health

Access to Physicians Supports Rural Economic Development

Issue

Business growth in rural communities is directly impacted by access to physician care.

Background

The ability of rural residents to access health care provided by rural physicians is of great importance to Alberta's economic recovery and long-term prosperity in the province. With the growing concern of physicians leaving rural communities, residents of rural communities are at risk of losing much more than local medical care; reduced access to physician care also impacts businesses' ability to attract skilled workers and grow which, in turn, impacts the vitality and sustainability of rural communities.[138][139][140]

Economic Development

Physician shortages negatively impact the business community's ability to recruit and retain employees; people want and need accessible health care for their families. Employers in underserviced areas report lost productivity and increased absenteeism because employees need to invest their time—and by extension, their employers' time—accessing out-of-town health facilities and physician care.[141][142] The increased costs of staff recruitment and lower productivity due to inadequate access to medical care can be a significant factor in location decisions for business. This may influence companies to locate in other areas, negatively impacting Alberta and Canada's competitiveness in the world economy.

Studies show rural physicians' economic contributions to a community can be as important as their medical contributions. Physicians employ people and maintain brick-and-mortar locations, both of which use local services and contribute to local taxes. Travel required to access healthcare services and physicians outside of a local community impacts the local economy in another way—while individuals seek medical attention elsewhere, they are also spending their money outside of their community.[143]

Sustainable healthcare

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[138] Investing in rural Healthcare: An Economic Stimulus for Canada https://www.ourcommons.ca/Content/Committee/421/FINA/Brief/BR10006555/br-external/CollegeOfFamilyPhysiciansOfCanada-e.pdf

[139] Physicians Offices in Canada: Assessing Their Economic Footprint https://www.cma.ca/sites/default/files/pdf/health-advocacy/activity/physicians_%20offices_canada_economic_footprint_2017_e.pdf

[140] CMA Brief: Small Business Perspectives of Physician Medical Practices in Canada https://policybase.cma.ca/documents/Briefpdf/BR2016-05.pdf

[141] The Economic Cost of Wait Times in Canada https://www.cimca.ca/i/m/TheCentreForSpatialEconomics-Jun06.pdf

[142] CMA Position Statement: Ensuring Equitable Access to Care: Strategies for Governments, Health System Planners, and the Medical Profession https://www.cma.ca/sites/default/files/2018-11/PD14-04-e.pdf

[143] Want to see the economic impact of a doctor? Visit a small town. https://www.ama-assn.org/practice-management/economics/want-see-economic-impact-doctor-visit-small-town

The business case for maintaining physicians in rural communities extends to the broader healthcare system. Rural physicians typically carry a greater practice burden than their urban colleagues.[144] They have greater population-to-physician ratios, broader scopes of practice, and less support than a typical urban practice. These added costs affect the overhead costs that they incur. For this reason, rural physicians are affected more than their urban counterparts by physician shortage and government funding.

Rural physician training in rural areas: A proven model

Research, including that of the Canadian Medical Association, and experience in other provinces, such as Ontario and British Columbia, indicates that medical education in rural areas is an effective model for addressing the rural physician shortage. Programs such as those developed by the Alberta Rural Physician Action Plan are not only alleviating the overall shortage of family physicians in their provinces but are targeting both the physician needs and community needs in rural areas.[145]

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Recognize the economic and social impact physicians have on SMEs and communities when negotiating with physicians; and
2. Create healthcare infrastructure that adequately supports the attraction and retention of physicians in rural Alberta communities to ensure an adequate level of physicians in rural communities.

[144] Review of Family Medicine Within Rural and Remote Canada: Education, Practice, and Policy https://portal.cfpc.ca/resourcesdocs/uploadedFiles/Publications/News_Releases/News_Items/ARFM_BackgroundPaper_Eng_WEB_FINAL.pdf

[145] The Economic Impact of Canada's Faculties of Medicine and Health Science Partners https://www.longwoods.com/articles/images/Economic_Impact_Study_Report_FINAL_EN.pd

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. [146] 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. [147] 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. [148]

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:

1. Implement the recommendations of the Auditor General's 2017 report on Alberta Health Services; and
2. 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.

[146] KPMG Physician Services Analysis (2016). Alberta Government. http://www.health.alberta.ca/documents/Health-Spending-PhysicianServices-2016.pdf

[147] Provincial Gov't Health Spending Comparisons. Health Economics Dashboard. http://www.health.alberta.ca/health-info/health-economics-dashboard1.html

[148] Health – Provincial and Territorial Ranking (2015). Conference Board of Canada. http://www.conferenceboard.ca/hcp/provincial/health.aspx

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[149] [150]. 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:

1. 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;

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

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

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[149] https://open.alberta.ca/dataset/bb4b0922-f7c6-4099-953e-8913472a47ef/resource/57c66e37-e136-4eac-9d31-c19d136652ac/download/fiscal-plan-complete.pdf

[150] https://open.alberta.ca/dataset/8beb5614-43ff-4c01-8d3b-f1057c24c50b/resource/68283b86-c086-4b36-a159-600bcac3bc57/download/2018-21-fiscal-plan.pdf

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:

1. Promote public education and encourage the use of public private partnerships (P3s) as an alternative model for public infrastructure growth and maintenance; and
2. 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.[151]

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.

[151] https://www.fraserinstitute.org/sites/default/files/cost-of-pipeline-constraints-in-canada.pdf

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

1. 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:

1. 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 and Utility Corridors

Issue

Establishing transportation and utility corridors reduce land-use conflicts and support effective growth management of communities and the related infrastructure.

Background

By 2046, Alberta's population of 4.3 million is expected to swell to 6.6 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 2046 shows 8 in 10 Albertans are expected to live within this region.1

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 Special Economic Zones 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, but it will also 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. The time is right to act as 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.

At a national level, there are corridor opportunities that could greatly enhance the economic position of Alberta & Canada's broader economy. In 2016 the Canadian Senate's Standing Committee on Banking, Trade and Commerce released a study on the University of Calgary's proposal for a corridor that would connect Canada's north. The Canadian Northern Corridor is currently in conceptual form as researchers study the feasibility of "a network of multi-modal rights-of-way across middle and northern Canada" that "could address Canada's unique geographic, political, legal and economic challenges to trade and infrastructure development"[2]. In December 2019, the Minister of Transport was given a mandate to "work with the Minister of Infrastructure and Communities to invest in Canada's trade corridors to increase global market access for Canadian goods"[3]. The Alberta Chamber believes that Canada has a unique and vital opportunity for a national unity project.

The Alberta Chamber believes the Alberta government can provide strong leadership by acquiring all of the provincial corridors needed for the future, and by working with the federal government to invest in national corridors to secure a strong quality of life for Albertan's into the future.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Continue to develop a province-wide transportation/utility corridor plan that will serve to integrate all urban centres and regions in Alberta;
2. 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; and
3. Work with the federal government to progress nation-wide connection projects, for example, the Northern Corridor proposal.

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 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[152]

Year	Crime Severity Index
2013	84.95
2014	87.02
2015	103.67
2016	104.98
2017	110.09

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.

[152] 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

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.[153]

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.[154]

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 it's intended retail structure, but

[153] https://www.denvergov.org/content/dam/denvergov/Portals/782/documents/Collaborative_Approach_PDF.pdf
[154]http://www.mjpolicygroup.com/pubs/MPG%20Impact%20of%20Marijuana%20on%20Colorado-Final.pdf

existing estimates of these start-up costs range from $168 million to $1.7 billion.[155][156] 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.[157] 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.[158][159] 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.[160][161]

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.[162]

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.[163] 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 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

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155 http://calgaryherald.com/news/politics/alberta-party-says-public-cannabis-stores-too-pricey-for-a-debt-laden-province
156 https://docsend.com/view/k7kxfsk
157 https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed//Commentary_414.pdf
158 CANSIM Table 183-0025
159 CANSIM Table 183-0023
160 *ibid*
161 https://www.aglc.ca/sites/aglc.ca/files/aglc_files/2015-2016%20AGLC%20Annual%20Report.pdf
162 http://www.lcbo.com/content/dam/lcbo/corporate-pages/about/pdf/LCBO_AR15-16-english.pdf
163 http://healthycanadians.gc.ca/task-force-marijuana-groupe-etude/framework-cadre/index-eng.php

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."[164] 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:

1. Create a defined private retail model for the physical and digital sale of legal cannabis in Alberta, with government oversight and consumer education;
2. Expedite the review of occupational health and safety regulations to ensure businesses can establish workplace safety policies relating to impairment and cannabis use;
3. Develop policy templates and best practices resources on workplace impairment detection and management in consultation with stakeholders;
4. 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;
5. Allow landlord-tenant agreements and condo bylaws to prohibit the smoking, vaporizing and growing of cannabis subject to the Alberta Human Rights Act; and
6. 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.

[164] https://www.alberta.ca/cannabis-framework.aspx#p6241s8

Labour

Addressing the Impacts of Cannabis Legalization on Workplace Safety

Issue

The use of cannabis for recreational purposes became legal across Canada on October 17, 2018 under the *Cannabis Act*. Cannabis edibles, topicals, and extracts became legal on October 17, 2019.

Background

Cannabis 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. Tetrahydrocannabinol, or THC for short, is the primary psychoactive component of cannabis and can remain in the blood stream of users for days or weeks after the intoxicating effects have worn off.

The limits of testing technology have significant impacts on Canadian workplaces. A breathalyzer can reliably prove current alcohol impairment, but existing cannabis testing techniques cannot. There is no "breathalyzer" equivalent for cannabis, which would provide a clear indication of current intoxication and impairment. A major step in innovation is needed—we recommend accelerated research and development regarding legal impairment limits and roadside testing protocols.

Current Jurisprudence

While the legalization of recreational cannabis is a relatively recent development, Canadians have had legal access to medicinal cannabis for 20 years. As a result, employers are well versed in balancing their duty to protect worker health and safety under applicable occupational health and safety legislation with the duty to accommodate under applicable human rights legislation. This balancing act becomes even more relevant when an employee occupies a safety-sensitive position. The legal framework on workplace impairment policies is shaped by case law, namely *Everitt v. Homewood Health*, *IBEW Local 1620 v. Lower Churchill Transmission Construction Employers Association*, and *Stewart v. Elk Valley Coal Corp*.

In *Everitt v Homewood Health Inc*, the complainant, Brad Everitt, alleged that the respondent discriminated against him when it refused to register him in the Rapid Site Access Program (RSAP), a voluntary program that provides pre-qualification to workers for access to safety-sensitive workplaces.[165] In Everitt's situation, he had been a heavy recreational cannabis user for about 25 years and had used cannabis for medical purposes for more than ten of those years to manage pain related to arthritis. He applied to participate in the RSAP administered by Homewood and failed the pre-enrolment test when his test results measured 1,200 nanograms per milliliter for THC when the permissible threshold level was 50 nanograms per milliliter. As a result, Homewood did not permit Everitt to participate in the RSAP. He was still eligible to be dispatched to safety-sensitive worksites but would need to go through the standard pre-access testing protocol. He filed a human rights complaint that he had been denied a service customarily available to the public on the basis of a disability. Ultimately, Everitt's complaint was dismissed because Everitt posed an

[165] https://www.canlii.org/en/ab/abhrc/doc/2019/2019ahrc36/2019ahrc36.html

unacceptable safety risk and Homewood could not have accommodated him without incurring undue hardship.

In the 2018 arbitration decision *IBEW Local 1620 v. Lower Churchill Transmission Construction Employers Association*, the grievor, Scott Tizzard, failed a pre-employment drug and alcohol screening test due to a medical cannabis authorization to treat chronic pain arising from Crohn's disease and osteoarthritis.[166] Tizzard disclosed his medical cannabis use before the testing and to the sample collection technician at the time of testing. The union subsequently grieved when the employer ultimately refused to hire Tizzard for the position, alleging the employer failed to accommodate Tizzard's disability contrary to both the collective agreement and human rights legislation. The arbitration found that there was a lack of reliable resources to allow an employer to accurately, effectively, and practically measure impairment and that the inability to manage risk of harm due to residual impairment in the performance of safety-sensitive duties arising from medical cannabis use created hazard and undue hardship. The arbitration also found that the employer carried out the necessary assessment of accommodation possibilities on the basis of Tizzard's disability; Tizzard's disability required cannabis to effectively treat and there were no non-safety-sensitive positions available. The grievance was therefore dismissed. In its judicial review application, the union argued that the arbitration decision was unreasonable, but the Court disagreed and dismissed the union's application.

In *Stewart v. Elk Valley Coal Corp*, the appellant, Ian Stewart, filed a complaint claiming that his employer discriminated against him on the basis of a physical disability after he was involved in an accident and was subsequently terminated after failing a drug test.[167] He admitted to having a crack cocaine addiction after the incident. The workplace policy required that employees disclose any dependency or addiction issues *before* a significant drug-related incident occurred; and if they did, employees would be offered treatment without fear of discipline or reprisal. The policy also stated that employees who did not disclose dependency or addiction issues in accordance with the policy, or sought assistance *after* an accident occurred, could be terminated from their employment if involved in an incident and testing positive for drugs. Stewart attended a training session with respect to the policy and confirmed in writing that he had received and understood the policy. The Supreme Court upheld earlier decisions that an employee was not wrongfully terminated due to his drug addiction but rather terminated due to his breach of a workplace drug policy. The Court relied on the fact that Stewart had the capacity to comply with the company policy.

These cases demonstrate the importance of a workplace drug and alcohol policy that is reasonable, clearly sets out expectations to employees, and is consistently enforced. The Edmonton Chamber strongly encourages adoption of workplace drug and alcohol policies.

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

1. Create a standard testing protocol to detect cannabis intoxication and impairment, with legal limits for both traffic safety and workplace safety;

2. Require the adoption of workplace drug and alcohol policies in safety-sensitive workplaces and encourage the adoption of workplace drug and alcohol policies in all workplaces; and

[166] https://www.canlii.org/en/nl/nlla/doc/2017/2017canlii59779/2017canlii59779.html?resultIndex=1
[167] https://www.canlii.org/en/ca/scc/doc/2017/2017scc30/2017scc30.html

3. Ensure the appropriate agencies are sufficiently staffed and resourced by increasing the funding allocated to Health Canada and the Alberta Ministry of Health for the purposes of coordinating, improving, expanding, and extending the reach of public education campaigns and awareness activities which communicate facts about the health and safety effects, risks, and harms associated with cannabis use in an effort to support Canadians in making informed choices.

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:

1. 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.

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 competitive168. 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[169].

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

[168] *Alberta Hansard, May 25, 2017:* *http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/hansards/han/legislature_29/session_3/20170525_1330_01_han.pdf#page=17*

[169] Employment Standards Code changes: https://www.alberta.ca/employment-standards-changes.aspx#toc-2

is not an averaging agreement in place. Employers and employees will now be allowed to agree to average 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. HWAAs 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 HWAAs 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 HWAAs. If an averaging agreement can only be over 12 weeks, there is uncertainly 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 scheduled 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[170] 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.

[170] Flexible Work Arrangements: What was heard Employment and Social Development Canada: http://www12.esdc.gc.ca/sgpe-pmps/servlet/sgpp-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:

1. Evaluate the cost and administrative impact that legislated labour changes have on employers;
2. Evaluate how the legislated changes within averaging agreements will positively or negatively impact flexible work environments for employees by consulting with employer groups;
3. 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;
4. Ensure there is clarity in the regulations so that changes are easy for employers to interpret and implement; and
5. 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.

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 co-workers 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.[171] 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. [172]

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.[173] 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

[171] Canadian Model for Providing a Safe Workplace (July 1, 2018) https://www.coaa.ab.ca/COAA-Library/SAF-CDM-CBP-01-2018-v6%20Canadian%20Model.pdf

[172] Evident synthesis – The opioid crisis in Canada; a national perspectivehttps://www.coaa.ab.ca/COAA-Library/SAF-CDM-CBP-01-2018-v6%20Canadian%20Model.pdf

[173] Canadian Centre on Substance Use and Addictionhttp://www.ccdus.ca/Eng/topics/Costs-of-Substance-Abuse-in-Canada/Pages/default.aspx

professionals to help address 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.[174] 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[175]. 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; and
4. There is no requirement to demonstrate a causal connection between a drug and alcohol problem and accident tor 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

[174] Canadian Centre on Substance Use and Addictionhttp://www.ccdus.ca/Eng/topics/Costs-of-Substance-Abuse-in-Canada/Pages/default.aspx

[175] Alberta Court Confirms and Clarifies Requirements for Random Drug Testing https://ropergreyell.com/resource/alberta-court-confirms-clarifies-requirements-random-drug-testing/

assessed, diagnosed and assisted 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:

1. Continue to improve supports and provide clarity for employers as to their obligations and responsibilities to a safe and healthy workplace;
2. Protect and provide certainty for employers who address workplace risks of alcohol and drugs, while providing assessment and treatment options for employees; and
3. 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.

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.

	AB	BC	SK	MB	ON	QC	NB	NS	PE	NL
Minimum Wage Rate	**13.60**	**11.35**	**10.96**	**11.15**	**14.00**	**11.25**	**11.00**	**10.85**	**11.25**	**11.00**
Salary (2000 hrs)**	$27,200.00	$22,700.00	$21,920.00	$22,300.00	$28,000.00	$22,500.00	$22,000.00	$21,700.00	$22,500.00	$22,000.00
Monthly Salary	$2,266.67	$1,891.67	$1,826.67	$1,858.33	$2,333.33	$1,875.00	$1,833.33	$1,808.33	$1,875.00	$1,833.33
Federal Tax	$1,885.68	$1,255.32	$1,146.12	$1,199.28	$1,997.76	$1,008.84	$1,157.28	$1,106.76	$1,227.24	$1,157.28
Provincial Tax	$666.00	$192.60	$480.84	$1,254.72	$1,106.40	$0.00	$1,033.44	$782.52	$1,276.56	$998.04
CPP/QPP	$1,173.12	$950.40	$911.76	$930.60	$1,212.72	$1,026.00	$915.72	$897.96	$940.56	$915.72
EI	$451.56	$376.80	$363.84	$370.20	$464.76	$292.56	$365.16	$359.28	$373.56	$365.16
Personal Income Tax Rate*	10.00%	5.06%	10.50%	10.80%	5.05%	15.00%	9.68%	8.79%	9.80%	8.70%
Summary										
Before Tax Ranking	2	3	8	5	1	4	6	9	4	7
Total Tax & deducations	$4,176.36	$2,775.12	$2,902.56	$3,754.80	$4,781.64	$2,327.40	$3,471.60	$3,146.52	$3,817.92	$3,436.20
After Tax Salary	$23,023.64	$19,924.88	$19,017.44	$18,545.20	$23,218.36	$20,172.60	$18,528.40	$18,553.48	$18,682.08	$18,563.80
After Tax Ranking	2	4	5	9	1	3	10	8	6	7

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:

1. 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;
2. 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;
3. Implement special minimum wage rates for students under 18;
4. Review personal provincial income tax for Albertans earning less than $30,000 per year;
5. Continue to provide a minimum of one years' notice on any minimum wage changes implemented;
6. 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; and
7. 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:

1. 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; and
2. 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

In recent years, discussions around the minimum wage, and its increase have been at the center of Canadian current affairs. As anticipated, the Government of Alberta announced a new $13.00 minimum wage for youth as of June 26, 2019. Of particular importance, these new rules consider a "youth differential" or a lower wage for youth workers. The rationale behind cutting the minimum wage for youth workers is that it should help open up more opportunities for young people.

Background

On June 26, 2019 with the release of the Employment Standards (Minimum Wage) Amendment Regulation, the Government of Alberta introduced a new $13 per hour "job creation wage" for students.

The new piece of legislation applies to youth working no more than 28 per week when school is in session. It was announced that employers will be able to lower the wages of students currently making at least $15/hour—even if they were hired prior to the regulation taking effect—unless the student is in a collective agreement with a fixed wage. In these cases, the wage in the collective agreement still applies. If employers choose to lower the wage of a student employee, they must notify the employee in advance of the first pay period when the lower wage would take effect.

Students who exceed 28 hours in one week will still be paid the general minimum wage of $15 per hour as this rule only applies while they are attending school. During breaks in the educational year – summer vacation, Christmas/winter holiday, and spring break – students are to be paid $13 per hour for all hours worked.

The youth minimum wage only applies to students enrolled in an educational institution and does not apply to youth who are out of school.

This idea of a "youth differential" or a lower wage for student workers is one that has been raised often by employers. This concept was once a common component of the minimum wage rates in Canada and Alberta had a lower rate for workers under 18, until 1998, when the legislation was repealed. Over 60 per cent of current minimum wage workers in Canada are young people between the ages of 15 and 24 and past research has shown that this group is the most vulnerable in terms of reduced employment opportunities resulting from an elevated minimum wage.; as wage costs increase, evidence indicates employers will often choose to hire fewer younger workers or rely more heavily on more experienced workers.

Findings from The Alberta Chamber of Commerce Alberta Perspectives survey in July of 2019 echo this. The survey found that one-third of businesses surveyed said the previous increases in minimum wage had hurt their profitability and a quarter (25%) indicated their growth. One quarter also noted that they had to reduce staff hours and 16% said they had to lay off staff.

This data further reinforces findings by the Canadian Federation of Independent Business that increases to minimum wage forces (business owners) to look for ways to absorb the cost by reducing hours, scaling back training opportunities and cutting jobs. As well, empirical studies, such as that by Godin and Veldhuis (2009) have long found that the even a 10% minimum wage increase will reduce employment from 3-6%.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Continue to monitor Alberta minimum wage; and

2. Collaborate with business to conduct and publicly release the results of a thorough employment and economic impact analysis for any future proposed minimum wage increases.

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.[176]
- 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.[177]
- Quebec: $300 thousand net worth, and minimum $100 thousand investment worth 25% of the capital equity, 2 years' experience.[178]
- 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.[179]
- Manitoba: $350,000 net worth, and 3 years' experience.[180]

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:

1. Implement a pathway to permanent residency for immigrant entrepreneurs.

[176] "(B.C.) Entrepreneur Immigration – Program Requirements," https://www.welcomebc.ca/Immigrate-to-B-C/BC-PNP-Entrepreneur-Immigration/Program-Requirements

[177] "Saskatchewan immigrant nominee program entrepreneurs," https://www.saskatchewan.ca/residents/moving-to-saskatchewan/immigrating-to-saskatchewan/saskatchewan-immigrant-nominee-program/applicants-entrepreneursOI_PNPENTREPRENEUR.html

[178] "Entrepreneur Program,"https://www.immigration-quebec.gouv.qc.ca/en/immigrate-settle/businesspeople/applying-business-immigrant/three-programs/entrepreneurs.html

[179] "Ontario Immigrant Nominee Program: Entrepreneur," http://www.ontarioimmigration.ca/en/pnp/OI_PNPENTREPRENEUR.html

[180] "MPNP for Business," http://www.gov.mb.ca/jec/invest/pnp-b/e_intro.html

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."[181]

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.[182] 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.[183]

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

1. 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.

[181] https://www.alberta.ca/assets/documents/WCB-Review-Final-Report.pdf
[182] http://www.lni.wa.gov/IPUB/101-002-000.pdf
[183] http://www.bridgingthegapsafely.ca/pdfs/Terry%20Bogyo.pdf

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:

1. 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.

Municipal Affairs

Clarity Required in Joint Use Agreements

Issue

Municipalities are now required to operate and maintain utility infrastructure on any private property which provides service to more than one parcel within a development versus entering into joint use agreements with developers.

Background

On August 1, 2019, the Alberta Court of Appeal issued a decision which requires municipalities to operate and maintain privately owned utility infrastructure on private property which provides service to more than one parcel within a development. Many municipalities have utilized joint use agreements effectively in a number of scenarios and developments in the past. Concerns are now arising that this decision has eliminated opportunity to use these types of agreements, resulting in significant impacts on municipalities and private industry throughout Alberta. This will likely result in municipalities and private development experiencing increased costs for operation and maintenance of utility infrastructure, with more stringent conditions on subdivisions, which will ultimately increase costs for taxpayers and property owners. This decision has the potential to impose a chilling impact on development, which is why municipalities and private development must be able to utilize joint-use agreements to manage privately owned infrastructure that services more than one parcel of land.

As a result of the Alberta Court of Appeal decision on August 1, 2019 [Citation: Condo Corporation No. 0410106 v Medicine Hat (City), 2019 ABCA 294]184 an enduring precedent has been established, requiring municipalities to take responsibility for the operation and maintenance of privately-owned water, sewer and storm infrastructure located on multiple parcels that service more than one parcel (i.e. shared infrastructure) previously considered the responsibility of a private owner. This decision affects all Alberta municipalities resulting in significant financial and administrative impacts.

The decision was based on a specific example whereby a condo community comprised of five adjoining parcels of land, each registered under separate titles with four parcels registered as Condominium Corporations. Four of the five parcels (one parcel is currently undeveloped) share some water, sewer and storm infrastructure. However, joint servicing agreements did not exist amongst the various Condominium Corporations. Shared services, such as found in the five-parcel development, is not uncommon in Alberta municipalities and has been a long-standing interpretation of allowance through the Municipal Government Act. In this instance, the applicant Condominium Corporations applied to the Court to require the City to operate and maintain the privately-owned water, sewer and storm infrastructure that was on privately owned lands. At the Court of Queen's Bench, the court held the City was not responsible for private infrastructure, but the decision was overturned by the Alberta Court of Appeal. As a result, the City has been directed to operate and maintain those privately-owned parts of the water, sanitary and storm infrastructure that service more than one parcel. As the Appeal Court decision is an interpretation of the duty to provide a utility service under the Municipal Government Act,

[184] Citation: Condo Corporation No. 0410106 v Medicine Hat (City), 2019 ABCA 294
https://www.canlii.org/en/ab/abca/doc/2019/2019abca294/2019abca294.html

the decision has implications beyond this one development, to other existing and future developments in all municipalities in Alberta[185].

MGA Chapter M-26 does state that the Government of Alberta recognizes that Alberta's municipalities have varying interests and capacity levels that require flexible approaches to support local, intermunicipal and regional needs.[186]

Going on to state in 37(1) The owner of a parcel of land is responsible for the construction, maintenance and repair of a service connection of a municipal public utility located above, on or underneath the parcel. (2) If the municipality is not satisfied with the construction, maintenance or repair of the service connection, the municipality may require the owner of the parcel of land to do something in accordance with its instructions with respect to the construction, maintenance or repair of the system or works by a specified time

Restoration and costs

Within 39(1) After the municipality has constructed, maintained or repaired the service connection located above, on or underneath a parcel of land under section 37 or 38, the municipality must restore any land entered on as soon as practicable. (2) The municipality's costs relating to the construction, maintenance or repair under section 37 or 38 and restoration costs under this section are an amount owing to the municipality by the owner of the parcel.

References such as these within MGA Chapter M-26 give pause to why this decision was overturned in the court of appeal with the decision now resulting in new standards of interpretation being implemented.

Many municipalities have utilized joint use agreements effectively in a number of scenarios and developments in the past. Concerns are now arising that this decision has eliminated or significantly minimized the opportunity to use these types of agreements.

While the decision dealt with water, sewer and storm water, it likely applies to all municipal public utilities servicing more than one parcel and impacts whether municipalities agree to permit joint use agreements.

This decision will have significant impacts on municipalities and private industry throughout Alberta and is likely to result in municipalities and private development experiencing increased costs for operation and maintenance of utility infrastructure. Municipalities will start imposing more stringent conditions on subdivisions, ultimately driving up costs for taxpayers and property owners and resulting in a chilling impact on development.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Modify the Municipal Government Act to clarify that a municipality should not be responsible for the repair and maintenance of a portion of a "public utility" unless it is an owner of that portion

[185] AUMA 2019 Extraordinary Resolution https://auma.ca/sites/default/files/Events/Convention2019/2019_resolution_-_responsibility_for_utility_infrastructure_on_private_property_-_city_of_medicine_hat.pdf

[186] Municipal Government Act Chapter M-26 https://www.canlii.org/en/ab/laws/stat/rsa-2000-c-m-26/latest/rsa-2000-c-m-26.html

of the “public utility” and to provide transitional provisions to address existing situations where infrastructure crosses parcel boundaries; and

2. Restore the ability for industry to utilize joint-use agreements to manage privately-owned infrastructure that services more than one parcel of land by clarifying the long-standing common interpretation of the Municipal Government Act that municipalities have no obligations of operation and maintenance for privately-owned portions of utility infrastructure, provided that construction of all infrastructure meets current codes, regulations and safety standards.

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[187]. The value of these core municipal infrastructure assets is estimated at $1.1 trillion[188].

Municipally owned infrastructure assets include but are not limited to[189]:

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 billon[190].

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 required to renew public infrastructure as well as assist with paying for new and increased regulations and standards[191].

[187] Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 5
[188] Federation of Canadian Municipalities (2016) Informing the Future: Key Messages, page 2
[189] Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 5
[190] Federation of Canadian Municipalities (2015) Policy Statement Municipal Infrastructure and Transportation Policy, page 2
[191] Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 6

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:

1. 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;
2. 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; and
3. Support the 40/40/20 federal/provincial/municipal funding split proposed by the Alberta Urban Municipalities Association for the Investing in Canada fund.

Predictable, Fair and Transparent Market Value Assessments

Issue

Non- residential property assessment values have often fluctuated, resulting in sudden, unexpected and significant increases of tax liabilities for some property owners. While changes are not uncommon, the lack of transparency, fairness, and predictability of non-residential property assessments impacts the ability of business to operate with a clear understanding of the value of their property and the expenses it incurs.

Background

The *Municipal Government Act (MGA)* requires all properties to be assessed by the municipal assessor and prepared using mass appraisal methodology, to reflect the market value of the property[192]. Assessment notices for non-residential properties are then sent to taxpayers who have the ability to file a complaint heard by composite review board panels (CARBs) if the taxpayer feels the assessed value on the notice does not reflect the market value of the property.

Market value is the price a property might reasonably be expected to sell for, if sold by a willing seller to a willing buyer, after appropriate time and exposure in an open market.[193] There are three approaches to determine the market value assessment of a property: the sales comparison approach which examines sale price of similar properties; the cost approach which is used for unique or new properties and reflects estimated replacement cost for the asset; and the income approach which evaluates properties based on their earning potential. The accuracy and reliability of an income approach analysis will depend on the availability of market data and the degree of comparability of the subject to other properties.

As per the Municipal Affairs Detailed Assessment Audit Manual, the assessor is expected to apply the appropriate valuation approach based on the availability of market information and property type. Although factors such as location and municipality size affect markets, assessors must value similar properties in the same manner (not necessarily to the same amount). However, over 5 properties in the same stratification are required with at least 15 properties being ideal for adequate market comparisons.[194]

For properties evaluated using the income approach, it is expected that appropriate income and expense data is collected and maintained, leading to development of a valuation model. Without the appropriate data, assessors are to time-adjust older sales followed by examining other municipalities for supporting information.[195]

[192] Section 5 and 6 of the *Matters Relations to Assessment Regulation (MRAT)*
[193] MGA 284 (1): http://www.qp.alberta.ca/documents/acts/m26.pdf
[194] Municipal Affairs Detailed Assessment Audit Manual – pg. 8 https://open.alberta.ca/dataset/08608017-884d-49f4-b3ee-9ba23d907299/resource/5e715f84-616f-4b96-b0de-3062863bd9b5/download/2016-detailed-assessment-audit-manual-august-2016.pdf
[195] Municipal Affairs Detailed Assessment Audit Manual – pg. 13

If the data used to develop metrics[196] is not reflective of the market, then the assessment values of properties will be inaccurate and can cause gross variation of assessment values year over year. This lack of predictability can have a damaging impact on business and property owners who expect their assessment value to be reflective of the property's market value. To maintain a predictable and fair assessment system, when a miscalculation due to an error in data, calculations or assumptions has been identified under section 305(1) of the MGA, corrections should be applied consistently and to other similar properties.

Because the accuracy of an assessment value depends on accurate data, rates used in the assessment process should be determined by utilizing local knowledge, expertise and consultation. The results should be checked by an industry expert prior to the assessment roll being finalized to flag any irregularities and ensure that assessment values used resulted in a reflection of market value.

Similarly, providing an advance consultation period can prevent or potentially realize discrepancies before the assessment roll is finalized and subsequently reduce the number of complaints needing to be arbitrated through CARB. A comparison between Edmonton and Calgary suggested that savings as a result of a non-residential advance consultation process and a focus on pre-trial negotiation could be approximately $2 million dollars per year of Calgary's review board budget.[197] While not every municipality would see such large savings, providing steps which promote fairness and cooperation in the assessment process will also create fiscal responsibility. Advance consultation also provides business the ability to potentially resolve any disputes early rather than waiting for the arbitration process, thus giving a reasonable period of time to prepare for changes in expenses.

Additionally, subjective metrics such as visual appeal, and interior finish are often used to calculate rates such as rental income quality and are not based on a standard set of guidelines. Without clear criteria for assessors to follow, subjectivity used to calculate certain metrics harms the fairness of the valuation process. Moreover, assessors are able to change the classifications within metrics without physically inspecting a property. Because of the subjective and unpredictable nature of rental income equality, there is value in creating detailed standards to establish the assessment process as one which is predictable and equitable for all involved.

While it is understood that each year's assessment is independent of the previous year and is not sufficient enough to draw a conclusion that an assessment is too high, it is reflective of the level of transparency and perceived trust that an assessment department has in its assessment process. The BC Assessment Authority provides free online access to assessment data, including previous years' assessments and comparable property assessments to increase transparency of the assessment process.[198] Making previous assessments available for non-residential commercial comparable listings indicates willingness for municipalities to work with the business community and increase transparency.

According to the Alberta Municipal Affair's Guide for the Exchange of Assessment Information, the purpose of Section 299 and 300 of the MGA is for a person to access the information used in calculating the prepared assessment value but municipalities are not required to "provide detailed information to

[196] These can include market rents, vacancy rates, expense ratios, capitalization rates, income quality, gross rent multipliers.
[197] An Independent Review Calgary's Non-Residential Property Assessment & Complaint Systems
[198] Review of BC Assessment Authority: https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/services-policies-for-government/internal-corporate-services/internal-audits/bc-assessment-authority-review.pdf

defend the assessment."[199] The challenge remains that there is only a bare minimum requirement as to what municipalities are required to provide through section 299 or 300 requests for non-residential properties. In order to promote fairness and transparency, optimal (not minimal) information should be given for taxpayers' acceptance and understanding of their assessments, while still protecting privacy. Having thorough data in an assessment methodology report saves time of property owners and the assessment department when this information is readily available and easy to understand.

Additionally, the Government of Alberta should seek to make greater distinction of roles and responsibilities between the Province and municipalities to ensure consistent interpretations of policies and regulations. Role clarity encourages proactive governance, where key stakeholders are continuously engaged to identify and resolve issues; elevate operating, service and professional standards, and effectively monitor quality while promoting a predictable assessment system.

The assessment process must provide the government with a stable source of income while being administratively simple and efficient, subject to appropriate checks and balances, and transparent to all stakeholders. The government of Alberta should be committed to fostering a positive and predictable environment for businesses to operate and the ability to accurately predict expenses is vitally important to the sustainability and growth of any successful business. The aim should be to have a predictable, fair and transparent assessment process that will enable municipalities to create a level of confidence in the assessment system, lessen the negative affect on businesses and allow a reasonable period of time to prepare for changes in expenses.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Provide clarity and direction in the creation of methodology reports including recommended metrics used, data collected, and application of rates which are reflective of local market conditions;

2. Require municipalities to consult with local industry experts and stakeholders to gain market information and local expertise and knowledge;

3. Provide specific criteria and guidelines for subjective metrics such as rental income quality and stratifications;

4. Require physical inspections of a property to determine accuracy of such metrics including changes to income quality classifications;

5. Require municipalities to flag irregularities and follow up with individualized consultation, education and information and applying corrections to the roll consistently for identified or similar properties with a 5% or greater error due to an error in data, calculations or incorrect assumptions;

6. Increase transparency in the assessment process by recommending municipalities provide advanced consultation and provide optimal information through a section 299 and 300 requests;

7. Recommend municipalities provide the provision of prior years' assessments on assessment notices;

[199] Guide for the Exchange of Assessment Information – pg. 3 : https://open.alberta.ca/dataset/b715d4e3-78ff-4cb5-8893-c6544d16156e/resource/9c3155ed-fe5d-47ad-a95e-94af6336bece/download/guide-for-the-exchange-of-assessment-information-market-value-properties.pdf

8. Make greater distinction of roles and responsibilities between the Province and municipalities to ensure consistent interpretations of policies and regulations; and

9. Provide assessment departments with guidelines for best practice.

Transparent Utility Costs and Fees for Rate Payers

Issue

Market research conducted by the Alberta Chambers of Commerce (ACC) network indicates municipal franchise fees are a major barrier to business growth. According to a recent survey, 54 per cent of more than 1000 respondents cited these fees as a barrier to the growth of their business – more than any other direct municipal cost surveyed. Only five per cent indicated the fees provided a benefit to their growth, signaling the lowest value proposition as a cost for doing business in local communities.[200]

Background

The municipal "franchise fee", sometimes called "local access fees", is a rate rider charged to a utility service provider for exclusive rights to sell gas, electricity, water, or wastewater services within a municipality's boundaries. Utility service providers then add the cost of exclusive access to rate payers' bills as a franchise fee and collect these fees on the municipality's behalf. It is common practice for municipalities which own or receive direct dividends from a utility provider to still charge exclusive access fees to rate payers, though exclusivity would naturally have been granted to the providers.

Franchise fees limits for the sale of utilities services are set by the Alberta Utilities Commission, with fee caps currently set at 35 and 20 per cent for natural gas and electricity. However, under the current *Municipal Government Act*, municipalities can set fees rates at their discretion under the cap limits with minimal standards for transparently reporting fee revenues[201] or disclosing their fee rates – 41 per cent of ACC survey respondents indicated they were unsure or did not know if these fees impacted their business.

While a few municipalities have taken steps to improve transparency of rider fees charged rate payers, franchise fees are rising across the province and layering additional costs on business during a period of economic stagnation. Electricity costs are also increasing with the removal of the rate cap in 2019, compounding the burden of rider fees for this service. These trends have negative implications for Alberta's economy, considering less than one third of ACC survey respondents indicated they were likely to recommend investing or setting up a business in the municipality they operate.

The province can take a leadership role to restore investor confidence by improving cost accountability for utility rate payers and enable business growth by ensuring municipal rider fees are not making utility costs in the province uncompetitive compared to other jurisdictions.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Review municipal utility rate rider cap limits established through the Alberta Utilities Commission to ensure the upper limits on franchise fees are in fact, reasonable, and do not place Alberta businesses at a competitive disadvantage to other Canadian regions; and

[200] *Alberta Perspectives: Red Tape and Business Supports*, December 2019

[201] Some municipalities report the revenues received under Schedule D of the Municipal Affairs Financial Information Return (FIR) while others report this revenue on under "Sales and User Charges".

2. Review and amend the *Municipal Government Act* to:

(1) Mandate all municipalities to use public sector accounting standards for both budgeting and financial reporting, including a consistent location for reporting revenues collected from utility rider fees with a dedicated line item; and

(2) Require greater transparency and disclosure of utility rider fees collected on behalf of municipalities.

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[202]

[202] https://www.tpsgc-pwgsc.gc.ca/biens-property/divulgation-disclosure/psdic-ppci-eng.html#a2 – Prompt Payment in the Construction Industry – May 5, 2018

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 government has changed their Alberta Infrastructure contracts to address the issue of ensuring 'prompt payment'. The changes include the following:

> 1. 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.
> 2. Their contracts specify that amounts which are not in dispute will be paid. Disputed amounts will be resolved during the next invoice period.
> 3. 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).
> 4. 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. [203]

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.[204]

Similarly, in British Columbia, with the encouragement of the Ministry of Justice and Attorney General[205], 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:

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[203] http://albertaconstruction.net/?p=1184 - Alberta Infrastructure Introduces Prompt Payment in Contracts – April 19, 2016
[204] *Construction Lien Amendment Act, 2017*, S.O. 2017, c. 24 - Bill 142
[205] https://www.bcli.org/project/builders-lien-reform-project - Builder's Lien Reform Project

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

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:

1. Commission a comprehensive review of the *Builder's Lien Act* with the view to:

(1) Incorporate the principles of 'prompt payment'; and

(2) 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' (ARAs) Regulation by capping the fee amounts for most of the services they provide. 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

Virtually every municipality in Alberta has an Authorized Registry Agent, forming a network that collectively employs over 1500 Albertans. 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). Registries have become a vital part of Albertan communities in providing stable jobs, an important community link, and fundamental services.

In addition, Albertans value registry services and continue to take advantage of the ease of access offered by local registry agents. In survey findings, 74% of respondents have visited a registry agent in the last year. Furthermore, over 90% of respondents expressed the importance of having access to government services located in their communities and felt that it would have a negative impact on their communities if their local Registry Agent were to close.[206]

However, because of modern work and family schedules, Albertans also expect registry services to also be made available to them online. Although some registry services are already offered online, the ability to expand these services to reflect new technological requirements and a growing population has been severely restricted. Registry agents are aware of the need to modernize their industry to keep pace with the needs of their clients and are seeking support from the Government of Alberta to expand their level of service to reflect a modern, connected, and responsive industry.

In order for the registry agent network to position itself to serve the diverse needs of all Albertans, a model that offers financial stability with long-term assurance of sustainability is essential. No service charge model is in place for the registries similar to other regulated industries such as the bottle recycling industry. A static capped fee restricts registry agents from keeping pace with natural operational increases and limits the amount of capital that can be reinvested into businesses in order to expand and modernize their delivery models in a variety of settings.

A combination of rural, urban, online, and in-person delivery models offered by Registry Agents are needed to provide Albertans services for over 200 products on behalf of five government departments. In order to ensure that registry agents are equipped and can work effectively and efficiently, support of the government is crucial. A viable business model needs to be developed to guarantee the levels of service and access is not only maintained but also expanded to reflect the dynamic nature of the

[206] A Public Opinion poll conducted on August 30, 2019.

industry. Additionally, the Government of Alberta is still in direct competition with Registry Agents for some online services, like traffic fines

Other organizations also see the value in a new fee model and the modernization of the industry to ensure the continuance of the high level of service which Albertans have come to expect from their Registry Agents. In 2016, the Alberta Urban Municipalities Association (AUMA) passed a resolution recognizing the “vital role and positive impact that ARAs have in Alberta communities” and recommended the Government of Alberta negotiate a new fee structure and protect ARAs revenue streams.[207]

The Government of Alberta has responded on January 1, 2020[208] by increasing capped fees on certain services for the first time in 14 years. However, these changes alone do not ensure both a sustainable business model and expansion of services for Registry agents, nor do they provide the support necessary to aid in the modernization of the Registry Agent Industry.

The Government of Alberta should recognize the vital role of 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:

1. Support the modernization of the Registry Agent Industry;
2. Expand existing online services available to Albertans through Registry Agents; and
3. Ensure the long-term sustainability of rural Registry Agents, including a fair and equitable service charge model.

[207] https://auma.ca/advocacy-services/resolutions/resolutions-index/sustainable-support-local-registry-agents
[208] https://open.alberta.ca/dataset/4883fcbd-8a22-400f-80d0-89f590100a9b/resource/eb03b44e-3666-4ff6-a532-bc74c59dca54/download/sa-registry-agent-product-catalogue-2020-01.pdf

Transportation

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.[209]

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."[210] 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

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[209] Source: http://www.transportation.alberta.ca/Content/docType56/Production/AEDA2004.pdf

[210] Western Canada Transportation Infrastructure Strategy for an Economic Network: A time for vision and leadership. (March, 2005). Retrieved from http://www.transportation.alberta.ca/Content/docType56/Production/WTM-Strategy.pdf

and other municipal projects.[211] 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;[212] 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.[213]

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Adopt a multimodal systems planning approach for a cost-effective and efficient means of transportation in Alberta;
2. 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; and
3. 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.

[211] Western Canada Transportation Infrastructure Strategy for an Economic Network: A time for vision and leadership. (March, 2005). Retrieved from http://www.transportation.alberta.ca/Content/docType56/Production/WTM-Strategy.pdf
[212] Business Plan 2016-2019 Transportation. (March 17, 2016). Retrieved From https://open.alberta.ca/dataset/9d234882-5822-4e06-8e08- b00faa488647/resource/6b517f10-2c7b-45a1-b6f1-b088e78b09cd/download/transportation-2016-19.pdf
[213] Dixson, E. (2017). Access to Markets: Commercial Transportation Issues in Southern Alberta. Retrieved from file:///C:/Users/user/Downloads/Transportation%20Issues%20Final%20Report%20Sept%2014%20(1).pdf

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 not only 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 safety improvements, time savings for commercial and recreational travel, increased social and 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. It is also the last highway in Alberta recognized as a part of the national highway system that is not twinned.

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). In an 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. However, 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, with a return of 3 to 1 are highly significant and demonstrate the worthiness of the twinning investment project.

It should be noted that the 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.

Summary of Analysis (In Millions of 2016 Dollars) Discount Rate: 4% over 20 years[214]

[214] Source: based on author's calculations. The data was obtained from Alberta Transportation, Alberta Culture and Tourism, AMA, Alberta Treasury Board and Finance (Southern Alberta Region) and Environics Research/Economic Development Lethbridge

Project Benefits	
Travel Time Cost Savings	$1,292.72
Accident and Injury Cost Savings	$804.64
Vehicle Operating and Emission Cost Savings	$1,358.62
Tourism and Others	$94.41
Total Benefits	$3550.39
Projected Costs	
Direct Construction Costs	-$1,183.38
Maintenance and Repair costs	-$13.75
Total Cost	-$1,197.13
Net Present Value	$2,353.26
Benefit-Cost Ratio	2.97
Internal Rate of Return	12.3%

The Piikani Nation is the only remaining area of highway still in need of a Functional Planning Study and a request to initiate consultation has not yet been received by the Piikani Nation Council. A study will need to be completed to ensure that all sections of Highway 3 have been accounted for. The last section in the Piikani Nation is particularly important as economic development is a call to action of the Truth and Reconciliation Commission.

In 2017, the Functional Planning Study of the Twinning of Highway 3 was completed. The study was focused on creating a more expensive freeway system which has caused some delay in municipal agreements regarding by-passes and a more expensive projected cost. To remediate this issue, beginning the project with twinning Highway 3 between municipalities as a simple highway system would allow the project to move forward, particularly during stop-gap funding and allow businesses long-range planning for the possibility of a by-pass in the future. The long-range benefit of Highway 3 maintenance cost schedule can be reduced when actual paving is completed, reducing maintenance budget for a significant period.

Twinning Highway 3 is becoming increasingly important as Southern Alberta is expanding their economic contribution. Highway 3 is a critical pipeline for moving commodities from processors to markets of which traffic is only set to increase over the next few years. There are new businesses expected to open in the 2019/2020 year including: Lethbridge Cavendish Expansion, Purple Springs Fertilizer Plant, Lundbreck Mining, and Foremost Wind Turbine, among others, which will not only greatly increase the amount of trucking on Highway 3 but also depend on reliable transportation for the success of their business.[215]

The increase in traffic will also impact import and export through Southern Alberta and South-Eastern BC US border crossings which are already the 2nd and 3rd busiest in Canada. In 2018, export in the Lethbridge Region totaled over $1 billion dollars, $700 million of which were from the manufacturing

Tran, Kien C., Ph.D. Professor, Department of Economics University of Lethbridge (2017, April 22) *'Highway 3 Twinning Feasibility: A Cost Benefit Analysis'*

[215] Economic Insights into Select Canadian Cities - Lethbridge

sector that grew 15% in the last year [216] Also, the area between Lethbridge and Bow Island has 7 ready to move home and 4 Large Storage Container businesses that travel Highway 3. These businesses require special permits to transport within a specific time frame and speed restrictions which impact the already slower travel speed of 90 km/hour for traditional commercial trucks. Deliveries can be dangerous to both vehicles and transport truck teams and delays are costly to business owners

Additionally, Highway 1 will be undergoing renovations in late 2020-2021 with detours to Highway 3 expected to reach 20-25% of Highway 1 travel. Because of these factors, the Alberta Motor Transport Association has placed the twinning of Highway 3 as a top 5 priority.[217] Accordingly, the twinning of Highway 3 underscores the need for improvement of Southern Alberta Infrastructure to support a growing economy.

The current cost of the next stage of the project—engineering—is an estimated $800,000 per 10km of a total 220 km left to twin. However, cost of Southern Alberta farmland has increased 60% since the Highway 3 Twinning Feasibility studies were started in 2002 and continues to increase, stressing the importance of moving forward with the project sooner rather than later. Thus, a dedicated program for twinning Highway 3 allows the project to be placed in a carry-forward position with both flexibility for annual funding and forward momentum for the project to be undertaken in manageable and economically responsible sections.

The economic contribution of Southern Alberta is significant. Moving products to market is a provincial and national benefit, as is the importance of ensuring tourists and commuters can travel safely across the province. As such, a dedicated program to plan for funding to twin Highway 3 is becoming increasingly crucial. The style of program suggested will provide annual, fiscally flexible, planned funding to complete the steps needed to eventually twin Highway 3 and as a result will champion jobs and support the expanding economy of Southern Alberta and the province.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Create a dedicated program for twinning Highway 3 with an annual sustainable contribution;

2. Conduct a functional planning study to assess the viability and affordability of twinning Highway 3 in the Piikani Nation; and

3. Begin the twinning of Highway 3 between municipalities as a highway rather than a freeway to allow for more cost flexibility.

[216] Lethbridge Export Highlights 2018.

[217] AMTA Press Release - https://amta.ca/8455-2/

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[218] [219]

Tire	Inflation									
Size	(psi)	6	10	12	14	16	18	20	22	24
18.4 R30	Load Index									
	SINGLE (LBS.)	NR	3520	3960	4300	4680	4940	5360	5680	5840
	DUAL (LBS.)	2290	3100	3480	3780	4120	4350	4720	5000	5140
	TRIPLE (LBS.)	2130	2890	3250	3530	3840	4050	4400	4660	4790

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:

1. 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;
2. 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;
3. 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;
4. Take into account appropriate exemptions for agricultural and other necessary time-sensitive uses for public roadways;
5. Improve communication and education about how to obtain the proper permits; and
6. Ensure permit providers obtain the correct and necessary information to make the process standard with minimal red tape.

[218] www.goodyear.com
[219] http://www.extension.umn.edu/agriculture/tillage/tires-traction-and-compaction/#3b

Extension of Hours at the Port of Wildhorse

Issue

Alberta is Canada's second most robust provincial economy with the 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 $1.2 trillion in 2019[220] as well as close to 400,000 people crossing our shared borders each day.

In particular, Montana and Canada continue a profitable trading relationship with bilateral trade flows totaling $4.68 billion USD in 2018[221]. Moreover, Canada continues to be Montana's most important customer with total Montana exports to Canada at $680 million USD in 2018 while total Montana imports from Canada totaled $4 billion USD. 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[222].

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.

	24-Hour	Total	Population

220 https://www.international.gc.ca/economist-economiste/performance/monthly-mensuel.aspx?lang=eng
221 https://www.tradecommissioner.gc.ca/tcs-sdc/united-states-of-america-etats-unis-amerique/business_fact_sheets-fiches_documentaires_affaires.aspx?lang=eng#montana
222 http://open.alberta.ca/dataset/9269de23-6d7a-448e-867e-293b4b0568e1/resource/7bd5fe74-c023-4388-99e0-17bde9e5c6db/download/2016-Montana-Alberta-Relations-August-2016.pdf

	Crossings	Crossings	(2019)
British Columbia	8	19	5,071,000
Alberta	1	6	4,371,000
Saskatchewan	2	12	1,178,000
Manitoba	3	16	1,373,100
Ontario	13	14	14,659,000
Quebec	21	30	8,522,000
New Brunswick	12	18	780,000

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. Fibre-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[22327]. By 2019, personal vehicle traffic for the Port of Wild Horse has halved.[224] While all Albertan border crossings have decreased as a result of the economic downturn, the drastic downward trend may be a result of irregular hours and poor facilities.

A 2016 survey of commercial trucking companies showed that extending the operating hours at Wild Horse to 9:00PM year-round and increase infrastructure improvements would cause carriers to divert traffic to Wild Horse at widely differing rates, ranging from five to 50 percent of current trips.[225] Based on the results of the survey, the cost benefit ratio would be in excess of 2.0 with over $1 million annual mileage savings.

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,

[223] HDR, Impact of Canadian Economic Development on Northern Montana Highways – Phase II, prepared for the State of Montana Department of Transportation, October 2014. p. xvii

[224] https://explore.dot.gov/views/BorderCrossingData/Annual?:isGuestRedirectFromVizportal=y&:embed=y

[225] http://www.palliseralberta.com/wp-content/uploads/Port-of-Wild-Horse-%E2%80%93-A-Business-Case-for-Service-Improvements-030817.pdf

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:

1. 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;

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

3. 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.; and

4. 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.

Further, the Alberta Chambers of Commerce recommends the Alberta government:

1. Evaluate needed upgrades to the highway corridors serving the port facility.

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.

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 through the twenty-four-hour Coutts/Sweetgrass border crossing and the Wild Horse border crossing south of Medicine Hat. Furthermore, an extensive rail network (Canadian Pacific) exists, with lines moving goods both east/west and north/south.

Yet despite this considerable 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 this region as an agricultural, manufacturing, and alternative energy 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), Cavendish Farms ($350 Million), a new ethanol and biomass plant in Taber ($200 Million), and the new Windy Point Wind Farm ($150 Million). Southern Alberta is a growing region, with a population of approximately 272,017 people, with a continued steady increase. 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 2020 Capital Plan has earmarked approximately $2.3 billion for roads and bridge networks[226] 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, manufacturing, and alternative energy hub, 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:

1. 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.

Further, Alberta Chambers of Commerce recommends the Government of Alberta:

1. 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;

2. Aide in creating 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.

[226] Government of Alberta, *Fiscal Plan: Capital Plan,* p. 47, accessed April 6, 2020 at: https://www.alberta.ca/capital-plan.aspx

Road Signage to Promote Communities

Issue

Lack of foresight in placing road signage on highway infrastructure negatively impacts community commerce.

Background

In the early 1980s, a bypass was constructed on the highway around the town of Vegreville which has positively benefited the community through effective management of traffic. There was, however, lack of foresight to provide appropriate road signage that would encourage highway travellers to stop in Vegreville for services and shopping. This has had a negative effect on the business community, as traffic has been diverted from services and retailer locations off the highway.

Currently, the timelines and the number and level of approvals that are required in the application process to improve road signage is a barrier to attracting commercial activities in the community. This impedes the community's ability to benefit from tourism and support a strong services sector.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Decrease the steps required to obtain approvals for new road signage on highways; and
2. Refer the signage applications process to the appropriate Red Tape Reduction committee.

The Need to Invest in Truck Driver Training

Issue

The trucking industry continues to be chronically impacted by driver shortages (Canadian Trucking Alliance, 2016). Estimates from the Canadian Trucking Alliance (2016) suggest that by 2024, there will be a need for 34,000 truck drivers. Some of that demand will come from an expanding industry, while a significant percentage will be needed to replace a retiring workforce. It is essential that the trucking industry work alongside the government to ensure that they can leverage the skilled professionals that are necessary, while still being conscientious of public safety.

Background

The transportation industry - which includes trucking - is very important to the Canadian economy. Statistics show that trucks haul 90% of all consumer goods and food across Canada (Beck, 2014). They are also responsible for two-thirds of Canadian trade with the US, including more than 80 percent of all US exports to Canada (Beck, 2014). As well, data suggest that trucking in Canada is a $65 billion industry that employs over 260,000 drivers and somewhere in the order of 400,000 employees including dispatchers, office staff and managers (Beck, 2014).

In Alberta, The Gross Domestic Product for the Transportation, Storage and Transportation Equipment industries represent 6% of the total GDP (Government of Alberta, 2018). Transportation factors have been shown to rank above all other considerations when industries look to new locations for development. Indeed, a recent Fortune magazine which polled 1000 major companies about factors that would attract them to new locations found that access to trucking was the top factor, followed by access to markets and skilled labour (Korosec, 2018).

The trucking industry in the province pays over $350 million in different levels of taxes, permits and licensing fees (Northern Labour Market Information Clearinghouse, 2000). The industry creates business in warehousing, dispatchers, mechanics, truck and truck parts supply and other occupations (Northern Labour Market Information Clearinghouse, 2000). It is estimated that for every dollar of revenue earned by the for-hire trucking industry, $0.71 in GDP is generated by other industries (Northern Labour Market Information Clearinghouse, 2000). In Alberta, this equates to $1.6 billion annually (Northern Labour Market Information Clearinghouse, 2000).

Despite trucking being a growing industry, a stagnant supply of drivers has resulted in an estimated driver supply and demand gap projected at approximately 48,000 drivers by 2024 (Northern Labour Market Clearinghouse, 2000). Further, according to labour market information, the trucking industry had the highest vacancy rate among all Canadian industries, averaging 6.6 percent in 2018, or more than double the Canadian average (Northern Labour Market Clearinghouse, 2000). This shortage has been cited as less of a supply and demand of drivers and more of a shortage of qualified drivers. That is to say that recruiting employees with the right training experience is the main challenge.

In an effort to set a higher training standard and improve the safety and competency of truck drivers, the Government of Alberta introduced Mandatory Entry Level Training (MELT) for all new commercial driving applicants in March 2019. This new program requires driver candidates to take a minimum of 121.5 hours of professional classroom and room instruction before becoming eligible to take the commercial driver's test (Government of Alberta, 2019). This program has been touted for adding a level of commitment by truckers to the industry and possibly reducing occupational attrition (Northern Labour Market Clearinghouse, 2000). Moreover, this has program has been credited for moving the industry towards a degree of professionalization. Certainly, when an individual feels they are in a professional occupation, they are more likely to remain in that occupation. That said, while MELT has been recognized for the latter, it has also been cited as possibly creating an additional barrier to entry for some candidates because of additional training costs and time required to attend a formalized training program (Northern Labour Market Clearinghouse, 2000).

Driver training is complicated by different regulations in each jurisdiction within Canada and the United States. Concerns continue to be raised over inconsistent levels of training and weakness in license testing for commercial drivers. The FMCSA Federal Motor Carrier Safety Administration in the U.S. is proposing harmonized regulations while Ontario is seeking mandatory entry level training for drivers.

This coupled with the National Occupational Classification (NOC) requirement adds to the deficit. The NOC is a federal organization responsible for classifying jobs based on requirements and duties and considers long haul trucking to be an unskilled profession (Government of Alberta, 2018). Because of this, the NOC requirement hinders the trucking industry from giving individuals the opportunity to qualify for funding and grants to support their training. Changing this classification would result in allowing the industry to access government programs but also change the stigma that is associated with trucking as an unskilled profession.

Currently, the Government of Alberta offers employment and workforce development programs such as Second Career and the Canada-Alberta Job Grants. These have been viewed as successful tools to bring people into the industry. Some employers have suggested that navigating and using employment programs as onerous and many of the smaller companies are unskilled, unaware or not interested in accessing training and development programs. Certainly, there is an inconsistent awareness and a limited uptake of employment programs, services and funding.

The Alberta Chambers of Commerce recommends the Government of Alberta and Government of Canada, in coordination with provincial and national trucking associations:

1. Create a minimum standard for accreditation of commercial driving programs based on the benchmarks created in Alberta;

2. Work with high schools to introduce students to professional truck driving at a much earlier age and provide them with opportunities to train for a professional driving career;

3. Change the National Occupation Classification Code (NOC) for the occupation of truck drivers and give individuals the opportunity to qualify for funding and grants to support their training; and

4. Better promote provincial programs, services and funding opportunities so that the industry is aware of and can leverage them.

Federal Policy

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.[227] 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 faming 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%.[228]

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.[229] 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.

[227] https://www150.statcan.gc.ca/n1/pub/96-325-x/2014001/article/11905-eng.htm
[228] https://www150.statcan.gc.ca/n1/daily-quotidien/170510/dq170510a-eng.htm
[229] 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:

1. 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.

Promote Agribusiness Growth Opportunities by Reducing Barriers to Interprovincial and International Trade

Issue

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.

Background

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.

SMEs 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[230].) As a comparison, the Province of Alberta charges $4 per hour for the first 7.25

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[230] United States Department of Agriculture. (2013). *Applying for a Grant: General Information. Retrieved from* http://www.fsis.usda.gov/wps/wcm/connect/01ede099-849e-4ed5-bb9b-f6759b0d5487/Grant_of_Inspection.pdf?MOD=AJPERES on Jan 3, 2014.

hours per day[231]. 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.[232]"

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[233]. 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[234].

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 Canada:

1. 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:

   (1) 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;

   (2) 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;

   (3) The implementation must be consistent and cost-effective throughout the food distribution chain, without compromising Canada's reputation for high food safety standards; and

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[231] Province of Alberta, *Meat Inspection Act 2009.* Web. 3 Jan 2014. http://www.qp.alberta.ca/1266.cfm?page=2009_116.cfm&leg_type=Regs&isbncln=9780779740383

[232] Aïcha L Coulibaly. "Does the Agreement on Internal Trade Do Enough to Liberalize Canada's Domestic Trade in Agri-food Products." *Library of Parliament.* 26 August 2010. Publication No. 2010-25E

[233] Canadian Chamber of Commerce. (2013). *Internal Barriers to Trade.* Retrieved from http://www.chamber.ca/advocacy/top-10-barriers-to-competitiveness/internal-barriers-to-trade/ on Jan 8, 2014.

[234] Parsons, Graham. 1996. *The Distant Realities of Free Trade in Canada.* Calgary: Canada West Foundation.

2. 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.

Finance (Federal)

Amend the Equalization Formula to Incent Less Spending and More Saving

Issue

The current formula of Canada's equalization transfer program includes a number of disincentives that result in inefficient levels of taxation and government spending.

Background

The equalization transfer program was first introduced in 1957 and was designed to reduce the differences in revenue generating capacity across the provinces by compensating provinces with weaker tax bases or resource endowments.[235]

At present, the equalization formula works by calculating each province's ability to generate revenues on a per-capita basis with several exceptions that distort transfers such as under-reporting of revenues by crown corporations as well as excess government spending and employment.

Quebec, by far the largest recipient of equalization payments is home to crown corporation, Quebec Hydro. On average citizens of Quebec pay among the lowest electricity rates in North America that are far below comparable market rates. Exports by Quebec Hydro comprised nearly 30% of the utilities net profits in 2018 and are sold at a substantial premium to those paid by Quebec residents.[236] If Quebecers paid market rates for power their fiscal capacity would be calculated much higher than it is presently.

PEI is the largest per-capita beneficiary of equalization has two-thirds of its workforce in the public sector.[237] With a large portion of these jobs supported by transfer payments, there is little incentive for PEI to reduce the size and cost of its public service. Macroeconomic theory maintains that increases in government expenditure may result in crowding-out effects, displacing private sector spending.[238]

Another issue is that of natural resource revenue. Some provinces our rich in natural resources yet choose to disallow or discourage their extraction. An example of this would be Quebec with its vast energy reserves in the St. Lawrence Lowlands and other areas. Rather than allow for the development of these reserves, Quebec chose to ban fracking and instead imports massive quantities of natural gas from the United States.[239] This political decision is a self-imposed economic handicap greatly affecting Quebec's fiscal capacity - but unlike Alberta's decision to not charge a provincial or harmonized sales tax, is not reflected in the formula.

Canada would be well served by having an equalization formula that incentivizes the provinces to be thrifty with their spending, save for a rainy day, and fully recognize their economic and financial potential.

The Alberta Chambers of Commerce recommends the Government of Canada:

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235 https://lop.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/200820E

236 https://montrealgazette.com/business/hydro-quebec-poised-to-profit-from-u-s-thirst-for-green-energy

237 https://www.fraserinstitute.org/sites/default/files/analysis-of-public-and-private-sector-employment-trends-in-canada.pdf

238 ibid

239 https://montrealgazette.com/opinion/opinion-quebec-is-making-a-mistake-on-fracking-and-natural-gas

1. Amend the equalization formula such that it equalizes for both fiscal capacity and government spending while also allowing provincial fiscal surpluses to be exempt from the transfer calculation.

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.[240]

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:

1. Canada has lost its corporate tax advantage as the U.S. and other countries have reduced corporate taxes and improved their own tax competitiveness
2. Top personal income tax rates and thresholds in Canada are uncompetitive
3. Tax complexity makes it difficult for lower income and other vulnerable Canadians to access much-needed income supports through the tax system.
4. 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
5. Many Canadians have lost trust in the tax system, which may contribute to reduced compliance and increased underground economic activity
6. 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.
7. 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

[240] CPA Canada report reference – p. 4

8. Beyond SR&ED, the tax system does not adequately encourage innovation or attract investment in innovation to Canada

9. 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[241]

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:

1. Does Canada's tax system align with international norms and promote global competitiveness?
2. Does Canada's tax system help businesses grow and innovate?
3. Do Canada's tax expenditures achieve their goals at the right cost?
4. 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:

1. 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.

[241] 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 children1, 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:

1. Department of Finance immediately amend the Income Tax Act to exempt spouses from the application of the tax on split income legislation.

Fiscal Stabilization Policy

Issue

Canada's federal Fiscal Stabilization Program (FSP) is intended to provide protection for provinces whose economies experience economic shocks unrelated to the province's policy actions. However, recent events have shown the program needs updates to meet its own design intents. When Alberta's revenues shrank by $8.8 billion in 2015–16, Alberta received only $250 million from the program due to the $60 per person cap set in 1987, which would be worth at least $133 per person today. To receive that comparatively small amount, Alberta needed to formally apply to the federal finance minister, which puts needless delays and politics between Albertans and financial relief.

Those challenges reveal deeper inadequacies in the 1980s-era program design to meet today's needs. The *focus* of the program on providing relief of particular downturns fails to consider prevention of predictable future costs. The *breadth* of the provincial economy considered by the program does not consider drops in resource revenue as meaningfully as it counts drops in other forms of revenue.

In order to restore and sustain business and skilled worker confidence in Alberta's economy, changes are required to how Alberta is protected by the FSP. In the short-term, FSP needs operational updates to how provinces access and benefit from the program. In the long-term, FSP requires structural changes to reflect and respond to dynamics of today's economy.

Background

Remove the Per-capita Limit

FSP compensates for year-over-year revenue declines due to economic downturns, not for declines due to provincial decisions to reduce taxes. Policy changes made by a province in the rate or in the structure of provincial taxes are factored out when measuring revenue declines. A decline in resource revenues is taken into account only if—and to the extent that—the annual decline exceeds 50 per cent. The maximum payment to a province that makes a claim for a given fiscal year is $60 per person. Provinces may also request an interest-free loan for any amounts in excess of the $60 per person limit, to be recovered over a five-year period. However, the decision of whether to provide such a loan is at the sole discretion of the Minister of Finance.[242]

An oil price crash brought WTI from US$27 per barrel[243] in 1985 to US$14 per barrel in 1986 (US$63 and US$33 per barrel respectively in 2019 dollars), resulting in a drop in Alberta's provincial Non-Renewable Resource Revenues (NRRR) from $4.44 billion in 1985/86, to $1.66 billion in 1986-87 (current dollars). The effects on the broader economy and the provincial budget were magnified, reducing total provincial revenues by 27.7% from $13.29 billion to $9.6 billion (current dollars).

Alberta received an FSP payment of $419 million in 1986-87 ($171 in 1987 dollars for each of Alberta's 2.44 million persons; worth $892 million for the province or $364 per person in 2019 inflation-adjusted dollars). Thereafter, Ottawa imposed a cap of $60 per person in 1987 without inflation indexing.

[242] Department of Finance Canada. *Backgrounder: The Fiscal Stabilization Program*. https://www.fin.gc.ca/n16/data/16-027_1-eng.asp

[243] InflationData.com "Historic Crude Oil Prices". https://inflationdata.com/articles/inflation-adjusted-prices/historical-crude-oil-prices-table/

Owing to an oil price decline from US$86 per barrel WTI in 2014 to US$42 in 2015, Alberta had an FSP claim in 2015-16 for $251 million by the current claim formula, which would be worth $1.6 billion ($1,650 per capita) if the per capita cap was removed, against an NRRR shortfall of $6.16 billion and an overall revenue shortfall of $6.86 billion. Further oil price decline, to US$36 per barrel in 2016, required Alberta to file another FSP claim for 2016-17, which would be valued at $634 million if uncapped, on modest NRRR growth of $316 million, but overall provincial revenue shortfall of $326 million ($77 per person).[244]

Other federal programs that help communities to address unexpected events and disasters[245] are not generally arbitrarily capped at per-capita limits.

Automate FSP Payments

Provinces currently need to apply for FSP payments within 18 months after a fiscal shock has occurred. The federal government has the option to punish provinces for reducing their own-source revenues, even when measures such as reducing corporate tax rates are prudent to stimulating local economies. Although there is a formula prescribed under the *Federal-Provincial Fiscal Arrangements Act*, the federal Minister can decide, for the purpose of calculating FSP payments, how much revenue a province has received from natural resources and other sources.

Ottawa's final determination of Alberta's FSP claims for the 2016-17 fiscal year was delayed until after the October 2019 federal election, to almost 11 financial quarters after the end of the 2016-17 fiscal year. Formula-based assistance from FSP should not depend on provincial or federal political priorities of the day. Time delays add to compounding costs for both governments due to the inability to plan programs and related cash flows, leading to avoidable provincial borrowing or program reductions. In the decades since FSP was established, accurate financial data have become available more quickly due to advances in information technology which allow provincial and federal governments to gather, share, and report financial data at least quarterly.

Prevent Need for Future Claims

The current FSP predominantly addresses symptoms of a fiscal shock, not its causes. Provinces can spend FSP payments in any ways that they prefer, including repaying loans required to operate programs during deficits, without a requirement to improve conditions that exposed the province to fiscal shock in the first place. The *focus* of FSP on providing *relief* from effects of particular shocks fails to consider *prevention* of predictable future shocks and their costs. In Alberta, there is broad consensus that diversifying our economy is necessary to reduce fiscal shocks resulting from volatile oil markets.

Federal policy has previously included investments to address and prevent downstream impacts from economic shocks that can be anticipated, including $3.5 billion Ontario auto bailouts in 2008-2010[246],

[244] Bev Dahlby (2019). *Reforming the Federal Fiscal Stabilization Program.* University of Calgary School of Public Policy.
[245] Public Safety Canada. *Disaster Assistance Programs - List of all federal programs*. https://www.publicsafety.gc.ca/cnt/mrgnc-mngmnt/rcvr-dsstrs/dsstr-ssstnc-prgrms/dsstr-ssstnc-prgrms-ll-en.aspx
[246] Globe and Mail (April 7, 2015). "Canadian taxpayers lose $3.5-billion on 2009 bailout of auto firms" https://www.theglobeandmail.com/report-on-business/canadian-taxpayers-lose-35-billion-on-2009-bailout-of-auto-firms/article23828543/

$372 million Bombardier bailout in 2017[247], $1.6 billion energy industry bailout in 2018[248], and the $4.5 billion Trans Mountain Pipeline purchase[249] in 2019 plus billions more in construction costs.

In other areas where governments protect against unexpected events, governments: buy out floodplains to ensure that homes do not get re-flooded; invest in traffic control devices and upgrades to make highway intersections safer; and require developers to design and construct buildings that are resilient against extreme weather.

Treat Resource Revenues Fairly

The *breadth* of a provincial economy considered by FSP does not consider drops in resource revenue as meaningfully as it counts drops in other forms of revenue. The fiscal stabilization program is intended to protect all provinces, but it discriminates against resource-dependent provinces of Alberta, Saskatchewan, and Newfoundland and Labrador, while favouring manufacturing economies of Ontario and Quebec. A decline in resource revenues is taken into account only if—and to the extent that—the annual decline exceeds 50 per cent.

Provinces are exposed to different economic shocks than the federal government. The federal government can pool the fiscal risks that individual provincial governments face. Lack of insurance coverage for significant loss of natural resource revenues in one province harms all provinces by diminishing each province's future capacity to support the federal government and other provinces. It is important to share risk between natural resource provinces and the rest of Canada because those economies may act counter-cyclical to each other.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Remove the per capita cap from calculation of Fiscal Stabilization Program payments;

2. Provide an automatic and immediate upfront non-discretionary minimum portion of a province's total FSP payment under transparent and unambiguous terms, followed by remaining portions requiring ministerial discretion on a defined schedule so that managers of provincial programs can plan effectively; and

3. Revise FSP to ensure that it adequately insures resource-dependent provinces, when:

    The annual decline in a province's resource revenues exceeds 50 per cent:

        Maintaining the current policy of considering and compensating for 50 per cent of annual decline in resource revenues;

        Additionally, compensating for the remaining 50 per cent of a province's annual resource revenue decline by providing funds restricted to investments in a province's non-resource industrial sectors; and,

    When the annual decline in a province's resource revenues does not exceed 50 per cent:

[247] CBC (Feb. 7, 2017). "Federal government to give $372.5M in loans to Bombardier" https://www.cbc.ca/news/canada/montreal/bombardier-announcement-feds-1.3971263
[248] CBC (Nov. 18, 2019). "1 year on, most oil-and-gas bailout money has moved, federal government says" https://www.cbc.ca/news/canada/edmonton/oilsands-bailout-money-alberta-ottawa-1.5363218
[249] CBC (May 29. 2018). "Liberals to buy Trans Mountain pipeline for $4.5B to ensure expansion is built" https://www.cbc.ca/news/politics/liberals-trans-mountain-pipeline-kinder-morgan-1.4681911

Compensating for the entirety of a province’s annual resource revenue decline by providing funds restricted to investments in a province’s non-resource industrial sectors.

Further, the Alberta Chambers of Commerce recommends that the Alberta government:

1. Invest a significant portion of future FSP funds received toward policies that: enable Alberta to take proactive leadership to diversify Alberta’s economy, build capacity of Alberta firms to scale up and scale out, attract export-oriented industries to Alberta, strengthen Alberta’s assets and workforce, and increase all Albertans’ quality of life.

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.

[1]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					2019 and on – Earned Income				
	Earned Personally	Earned at general rate	Earned at SBD rate	Earned as Investment Income	Earned as Capital Gains	Earned Personally	Earned at general rate	Earned at SBD rate	Earned as Investment Income	Earned as Capital Gains
Corporate										
Income Earned		1,000.00	1,000.00	1,000.00	1,000.00		1,000.00	1,000.00	1,000.00	1,000.00
Federal Corporate Tax		150.00	110.00	150.00	346.70		150.00	100.00	386.70	193.35
Alberta Corporate Tax		100.00	30.00	110.00	100.00		120.00	10.00	120.00	60.00
Total Corporate Tax		250.00	140.00	260.00	446.70		270.00	110.00	506.70	253.35
After-Tax Cash (Dividend)		750.00	860.00	740.00	553.30		730 00	890.00	493.30	246.65
Dividend Refund (Federal)					266.70				306.70	153.35
Effective Tax Rate	0.00%	25.00%	14.00%	26.00%	18.00%	0.00%	27.00%	11 00%	20.00%	10.00%
Personal										
Dividend received/Income earned[250]	1,000.00	750.00	860.00	740.00	820.00	1,000.00	730.00	890.00	800.00	400.00
Taxable dividend	N/A	1,035.00	1,075.00	1,021.20	1,025.00	N/A	1,007.40	1,023.50	920.00	460.00
Federal tax @29%/33%	290.00	300.15	311.75	296.15	297.25	330.00	332.44	337.76	303.60	151.80
Dividend tax credit	N/A	155.45	143.33	153.38	136.67	N/A	151.31	92.42	27.42	13.71
Net federal personal tax	290.00	144.70	168.42	142.77	160.58	330.00	181.13	245.33	276.18	138.09
Alberta personal tax	100.00	103.50	107.50	114.89	102.50	150.00	151.11	153.53	138.00	69.00
Dividend tax credit	N/A	(103.50)	(37.63)	(102.12)	(35.88)	-	(100.74)	(20.06)	(18.03)	(9.02)
Net Alberta personal tax	100.00		69.88	12.77	66.63	150.00	50.37	133.46	119.97	59.98
Total personal income taxes	390.00	144.70	238.29	155.53	227.21	480.00	231.50	378.80	396.15	198.08
After-Tax Cash to S/H	610.00	605.30	621.71	584.47	592.79	520.00	498.50	511.20	403.85	701.92
Effective Rate[251]	39.00%	19.29%	27.71%	21.02%	27.71%	48.00%	31 71%	42.56%	49.52%	49.52%

250 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.

251 Personal effective rate for capital gains earned personally is 24% due to the 50% inclusion rate.

Taxation of Dividends in Alberta - 2012 vs. 2019 (Cont.)

	2012 - Income					2019 and on – Earned Income				
	Earned Personally	Earned at general rate	Earned at SBD rate	Earned as Investment Income	Earned as Capital Gains	Earned Personally	Earned at general rate	Earned at SBD rate	Earned as Investment Income	Earned as Capital Gains
Total income taxes paid										
Corporate		250.00	140.00	260.00	180.00		270.00	110.00	200.00	100.00
Personal	390.00	144.70	238.29	155 53	227.21	480.00	231.50	378.80	396.15	198.08
Total tax paid (corporate + personal)	390.00	394.70	378.29	415.53	407.21	480.00	501.50	488.80	596.15	298.08
Effective combined tax rate	39.00%	39.47%	37.83%	41.55%	40.72%	48.00%	50.15%	48.88%	59.62%	29.81%
Over/(Under) integration		-0.47%	1.17%	-3.72%	-1.72%		-2.15%	-0.88%	-11.62%	-5.81%

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Department of Finance undertake a full review of the integration mechanisms that currently exist within the Act, including, but not limited to:
(1) CIT rates for active small business, general and investment income;
(2) The additional tax on investment income earned in a corporation;
(3) The PIT dividend gross-up mechanism;
(4) The PIT dividend tax credit;
(5) The CIT RDTOH rates;
(6) Eligible dividend PIT rates;
(7) Non-eligible dividend PIT rates; and,
(8) PIT rates; and
2. 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:

1. 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.[252] 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%. Business spending on R&D is near the bottom of all OECD countries.[253] 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.[254]

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.[255] 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. [256] 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

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[252] KPMG, Canadian Manufacturing Outlook 2014: Leveraging Opportunities, Embracing Growth, 2014.
[253] OECD, Science, Technology and Industry Scoreboard 2015.
[254] Standing Committee on Industry, Science and Technology, The Canadian Intellectual Property Regime – Dissenting Opinion of the New Democratic Party
[255] Government of Canada. (2012). Do Your Research in Canada: It Pays Off! http://investincanada.gc.ca/eng/publications/rd-tax-credit-fact-sheet.aspx
[256] Department of Finance Canada and Revenue Canada. (1997). The Federal System of Income Tax Incentives for Scientific Research and Experimental Development: Evaluation Report. http://publications.gc.ca/collections/Collection/F32-1-1997E.pdf

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:

1. Maintain the Scientific Research and Experimental Development tax incentive at least at pre-2012 levels, including eligible expenses;
2. 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
3. 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:

[42] …. 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:

1. 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:

1. 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.

Streamline Size of Government

Issue

There is a relationship between the size of government and economic growth. While government spending is needed, there are studies that have shown that when government grows beyond a certain size it can hinder economic growth and lead to lower living standards for citizens.

Background

There are a variety of methods that size of government is measured. One method is per person spending. Another is to compare government spending as a percentage of GDP, while also factoring in measures for tax expenditures and regulation[257]. These measures have shown that the size of our federal government has grown more in the 2018-19 fiscal year than ever in the history of Canada[258]—until the global COVID-19 pandemic of 2020.

While events such as wars and the introduction of federal social programs have seen the per person figure increase for obvious reasons, in the fiscal year of 2018-19, the federal government spent more money per person in program spending than ever before, including the Second World War and the more recent Great Recession. Adjusted for inflation, per person spending reached $8,869, more than the previous all-time high record, with no related historic event like a war or economic recession to account for such an elevated amount.[259] In September of 2020, the Parliamentary Budget Officer projected a budgetary deficit of $328.5 billion for 2020-21 fiscal year, including an estimated $225.9 billion in COVID-19 response measures. Relative to the size of the economy, the projected deficit amounts to 15.0 per cent of GDP—the largest budgetary deficit since the beginning of the series in 1966-67.[260]

Using the second measure of calculating size of government and 2018-19 figures, comparing government spending with the size of the economy, the share of the economy had risen by 14.6 percent which means that the government spends a little more than 40 per cent of GDP. When tax expenditures and price regulation is added to this calculation the size of government increases to an alarming 64 per cent of GDP.[261] Research shows that the optimal size of government is between 26 to 30 per cent of GDP after which economic growth rates decline.[262]

While the growth of the size of government can at times seem inevitable, there is a solution in Canada's not so recent past. Canada has successfully navigated out of a position where size of government and its

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[257] Macdonald-Laurier Institute – Estimating the True Size of Government in Canada: https://www.macdonaldlaurier.ca/size-of-government-in-canada/

[258] Fraser Institute Blog – Size of Government Matters: https://www.fraserinstitute.org/blogs/size-of-government-matters

[259] Fraser Institute Blog – Size of Government Matters: https://www.fraserinstitute.org/blogs/size-of-government-matters

[260] Parliamentary Budget Officer September 2020 Fiscal Outlook: https://www.pbodpb.gc.ca/web/default/files/Documents/Reports/RP-2021-027-S/RP-2021-027-S_en.pdf

[261] Macdonald Laurier Institute – Estimating the True Size of Government: https://www.macdonaldlaurier.ca/size-of-government-in-canada/

[262] Fraser Institute – Measuring Government in the 21st Century : https://www.fraserinstitute.org/sites/default/files/measuring-government-in-the-21st-century.pdf

related spending had seriously impeded the growth of the economy and put Canadian's prosperity at risk. Steps to put Canada back on a road of fiscal sovereignty were taken by successive governments starting in the mid 80's and culminating in the Government of Canada initiating a Program Review in 1994 which was implemented over five years. This program review rejected the concept of across the board cuts and a view that a sizable deficit could be eliminated through increased productivity. Instead it focused on the roles and importance of government programs and services within the overall fiscal framework. The program review wasn't about "what to cut" but more about "what to preserve" in order to put the country on a footing that would allow it to prosper in the future while using methods of fiscal restraint.

The foundation for this review used a series of six questions when looking at the services and programs administered by the federal government.

1. Does the program or activity continue to serve a public interest?
2. Is there a legitimate and necessary role for government in this program area or activity?
3. Is the current role of the federal government appropriate or is the program a candidate for realignment with the provinces?
4. What activities or programs should, or could, be transferred in whole or in part to the private or voluntary sector?
5. If the program or activity continues, how could its efficiency be improved?
6. Is the resultant package of programs and activities affordable within the fiscal restraint? If not, what programs or activities should be abandoned?

The result of this ongoing process looped back on itself if the overall proposal did not generate significant savings.[263] In addition, this process ensured that the federal government used only the resources it needed in order to deliver on services that were strictly the purview of the government. As a result of this program review Canada's total government spending as a share of GDP fell from a peak of 53 percent in 1992 to 39 percent in 2007, and despite this more than one-quarter decline in the size of government, the economy grew, the job market expanded, and poverty rates fell dramatically.[264]

The rationale behind having a government that is scaled properly to deliver essential services is not just one borne from a budgetary standpoint. When a government functions efficiently and uses its resources to their maximum potential it could be argued that it is on a much better footing when the economy or market forces pose challenges. Ensuring that government has the ability to adapt, maneuver and respond is dependent on how its resources are allocated and the ability to absorb temporary budgetary increases if needed can help weather economic head winds.

This is not to be confused with across the board cuts and freezes that affect programs and services or by strictly asking departments and agencies to do more with less. What is needed is a repositioning of the role of government within the collective means of citizens[265] using the criteria above. An essential

[263] Institute for Government – Program Review: The Government of Canada's experience eliminating the deficit, 1995-99: a Canadian Case Study:
https://www.instituteforgovernment.org.uk/sites/default/files/publications/Program%20Review.pdf
[264] Fraser Institute – Proper Size of Government: https://www.fraserinstitute.org/article/proper-size-government
[265] Institute for Government – Program Review: The Government of Canada's experience eliminating the deficit, 1995-99: a Canadian Case Study:

component of this course of action would be a comprehensive review of the regulatory environment, using the recommendations set forth by the Canadian Chamber of Commerce in the Regulate Smarter report, Death by 130,000 Cuts: Improving Canada's Regulatory Competitiveness[266]. The recommendations laid out in this report mirror the reasoning behind a comprehensive full program review. By modernizing Canada's regulatory systems and reducing duplication and misalignment within regulations, competitiveness and a well-functioning regulatory regime will ensure a government ready and able to meet the challenges and respond to opportunities that present themselves in a more integrated global economy. This would ensure that protective measures would be balanced with a regime that is navigable and preserves economic growth and competitiveness.

Another essential step in the road to streamlining government will require serious tax reform. Currently, our tax system is a culmination of a disjointed tax code that has been the product of successive governments making adjustments, additions and cuts based more on election promises rather than a clear vision or strategy. Recommendations set out by Canadian Chamber in its report 50 Years of Cutting and Pasting: Modernizing Canada's Tax System[267] stress the need for a comprehensive reform of our tax system. By using the same mindset set forth with a program review and regulatory reform, a modernized tax system would allow for competitiveness, simplicity, fairness and neutrality and support Canadians in their pursuit of prosperity.

However, the longer the process of streamlining government is delayed the harder it is to reset. External factors beyond the government's control can take precedence and make needed changes that much more difficult. An immediate first step is to aim for a federal budget that is balanced which will then set a solid foundation allowing for a re-visioning of size of government. Canada needs to ensure that it is set on a firm fiscal footing in order to allow for flexibility should market forces beyond its control create an economic downturn and stimulus spending is needed come to the aid of struggling Canadians. It is not only good fiscal policy but responsible governing to create a safe cushion for the country.

As in the past this exercise will be one that requires a long-term vision that spans government administrations and political parties. Good government is not a question of ideology, right or left, but rather a commitment to a government structure that is more accessible, navigable, competitive and streamlined so that all Canadians benefit and prosper.

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

1. Initiate a Program Review of all ministries based on a set of criteria that looks at what role is appropriate for the federal government and looks at possibilities to realign programs with provincial and private or voluntary sectors;

2. Commit to comprehensive regulatory reform based on cost-benefit analysis and a focus on economic competitiveness;

3. Commit to serious tax reform with an overarching vision and strategy focused on competitiveness, simplicity, fairness and neutrality;

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https://www.instituteforgovernment.org.uk/sites/default/files/publications/Program%20Review.pdfhttps://www.instituteforgovernment.org.uk/sites/default/files/publications/Program%20Review.pdf

[266] Canadian Chamber of Commerce - Death by 130,000 Cuts – Improving Canada's Regulatory Competitiveness: http://chamber.ca/media/blog/180703-in-discussion-death-by-130000-cuts/180620DeathBy130000Cuts.pdf

[267] Canadian Chamber of Commerce – 50 Years of Cutting and Pasting: Modernizing Canada's Tax System: http://www.chamber.ca/download.aspx?t=0&pid=fb9a4d42-d42e-e911-9d4c-005056a00b05

4. Pursue a path to a balanced budget in order to ensure fiscal flexibility; and

5. Set and maintain a target of total government spending as a share of GDP at 26 to 30 per cent.

The Impact of the Mortgage Stress Test on Local Economies

Issue

The mortgage financial stress test was introduced by the Federal Government in late 2017, followed by an augmentation in 2018 to include all mortgages. The stress test, initially designed to address household debt, has had negative consequences for all of Canada. The test, which was imposed amid an already-slowing housing market has had a dramatic and negative effect that will continue the longer the policy remains in effect.

Background

The Stress-Test in Guideline B-20 is a new regulation that was created as a way of determining what homebuyers can afford under the in the event mortgage interest rates rise between mortgage origination and renewal. This means that mortgage borrowers must not only qualify for a rate that they negotiate as part of a mortgage, but also a “stressed” version of their mortgage. “This entails subjecting their mortgage to a higher rate without adjusting the household’s financial situation. The borrower would still pay the rate they were preapproved for, they just need to qualify for a higher rate in order to lock it in.”[24] It was intended that buyers don’t overstretch their finances when dealing with financial hardship.[25] This regulation affects buyers who are intending to put a down deposit of at least 20 percent and buyers with default insured mortgages (i.e. anyone who makes a down payment of less than 20%) must qualify using either the Bank of Canada five-year benchmark rate or the rate offered by the lender (without adding the extra 2%) – whichever is higher. Ultimately, stress testing is about protecting the buyer, by ensuring that they can comfortably afford their monthly payment in case of interest rate increases.

The guideline failed to consider a few things about the ‘borrower’, as laid out by CIBC: “borrowers’ income is likely to rise during the mortgage terms. Average personal income has risen by a cumulative 12.5% over the past five years—the stress test does not take that into account. Nor does B-20 allow for the fact that during the course of the mortgage term, equity position rises due to principal payments. Another shortcoming is that the stress test doesn’t consider mortgage term and the decreasing borrower risk with longer terms selected. And finally, B-20 is in part behind the strong rise in alternative lending.”[26]

More than a year later we can see that the regulation has caused many unintended consequences. Instead of removing risk from the housing market a great share of buyers has been driven to alternative lenders, this is a transfer from the regulated to the less regulated segment of the market. The Teranet Market Insights Report from October of 2018 found that, “20% of refinanced mortgage transactions (defined as mortgages registered on a property that did not involve a sale) during the second quarter of 2018 were sourced from private lenders…Turning to mortgages for properties with a sale, private lenders accounted for 6.8% of mortgage transactions in Q2 2018, up from 4.9% two years ago.”[27] The regulation also does not provide an exemption for those who are purely are trying to switch lenders to lower their interest burden or those who want to refinance to reduce their total debt burden.[28]

In many regards, this policy has failed as there is little evidence that the housing market has cooled down in areas of Canada, but more importantly in those areas of the Canadian Housing Market where pricing was out of control. As well, there has been a slowdown in construction that has resulted in job losses in not only the housing industry that has created a ripple effect into other connected industries.

According to a 2018 report by The Canadian Real Estate Association (CREA), one job is generated for every three home sale transactions however at the time the report was written, however at the time the report was written, national activity for home sales was on track to hit a five-year low. Some parts of the country are being hit especially hard such as Calgary which is on track for the fewest sales since 2000; Regina and Saskatoon which were on track for the fewest sales in 2006; and St. John's which was on track for the fewest sales since the 1990s.

One of the impacts we are seeing in Alberta is the compression of the housing market into a narrower price range. This will impact future sales and could make it more difficult for people to sell their homes in oversupplied price ranges.

Utilizing a National policy on mortgage qualification will have a more dramatic and negative effect on slow housing markets as opposed to that on heated markets. The reason for this is that slow, unhealthy markets are very sensitive to factors that affect the availability of capital, along with employment rates impact on borrowing capacity.

Canadian Imperial Bank of Commerce's Deputy Chief Economist, and member of the Economic Committee of the Canadian Chamber of Commerce, Benjamin Tal said he supports the principle of a stress test but believes it should be flexible and adjusted to account for interest rate moves and market conditions.

"It's not something that has to be set in stone. It should be more dynamic," he said. "You have to assess the damage to the housing market, whether that damage is too severe, and what other forces in the market are leading to slower growth.

In a later interview, he went on to say, "Is 200 basis points the right number? At the end of the day, there is no real science behind that number."

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

1. Remove the stress-test for those who are merely trying to switch lenders to lower their interest burden, with no increase in risk, refinancing to reduce their total debt burden;

2. Remove the stress-test for those who are acquiring a mortgage in the same price range as their original mortgage;

3. Review the "one-size-fits-all" nature of this policy and create more flexible benchmarks: The qualifying rate needs to be established utilizing criteria designed to account for real-time market conditions, regional/community risk assessments and to allow for regional adjustments as unique community risks arise;

4. Lower the 200-basis points to a 75-basis point stress test, which achieves an appropriate protection to consumers in the event that rates rise, while not unduly pricing too many consumers out of the marketplace;[29]

5. OSFI should unify requirements for uninsured mortgages with those of insured mortgages, and to work with the Bank of Canada and the Department of Finance by implementing an independent mechanism that would see the benchmark set at approximately 75-basis points higher than commonly available market rates; and[30]

6. Provide a 30-year amortization option for first-time homebuyers.

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.[268]"

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[269]. 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

[268] "American Meat Institute (AMI) and the Canadian Meat Council (CMC)." Canada's Economic Action Planhttp://actionplan.gc.ca/en/page/rcc-ccr/american-meat-institute-ami-and-canadian-meat Retrieved 3 February 2015.
[269] *Ibid*.

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."

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, <u>it is not done at the border</u>, 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 <u>Joint Action Plan</u> *"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[270]"*

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[271]

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[270] *Ibid*.
[271] "Canada-United States Regulatory Cooperation Council Joint Forward Plan August 2014." Canada's Economic Action Plan. http://actionplan.gc.ca/en/page/rcc-ccr/canada-united-states-regulatory-cooperation-1 Retrieved on 3 February 2015.

The Alberta Chambers of Commerce recommends the Government of Canada;

1. Achieve the goals identified in the 2014 Joint Forward Plan;
2. 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;
3. Ensure any re-inspections of Canadian meats exported into the USA be conducted only at USDA sanctioned processing facilities; and
4. Maintain current border re-inspection fees on Canadian meats exported into the USA constitute a trade barrier and should be eliminated.

Human Resources and Skills 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 (ADMs) 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.'*[2721]

In a more recent ruling on these standards [2019], the Supreme Court of Canada majority stressed:

"It is not enough for the outcome of a decision to be justifiable. Where reasons for a decision are required, the decision must also be justified, by way of those reasons, by the decision-maker to those to whom the decision applies."[273]

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 LMIAs. 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

[272] *Canada (Director of Investigation and Research) v. Southam Inc.*, [1997] 1 S.C.R. 748

[273] *Canada (Citizenship and Immigration) v. Vavilov,* [2019] S.C.R 66

be subject to review and appeal when necessary. Decisions subject to review are made with an increased level of consideration.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Institute an appeal process for denied Labour Market Impact Assessment applications;

2. Give clearly detailed explanations when Labour Market Impact Assessment applications are denied; and

3. Ensure that appeals are heard by independent and unbiased decision makers.

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.[274] 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.[275] 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

[274] Alberta Labour, *Alberta's Occupational Demand and Supply Outlook, 2015-2025*, Pg. 4
[275] Global Affairs Canada, *Economic Impact of International Education in Canada – 2016 Update*

permanent Canadian residency. Under Alberta's Provincial Nominee Program, employer offers must be at minimum one year to similarly qualify graduates for permanent residency.

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:

1. 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;
2. Improve the student visa procedure to make it quicker and easier for potential international students to receive study and work visas;
3. 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;
4. 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;
5. 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
6. 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.

Infrastructure & Communities (Federal)

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[276]. Scotiabank reported delayed oil pipeline construction will cost the Canadian economy $10.7 billion in 2018.[277] 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.[278]

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.

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[276] http://www.nrcan.gc.ca/energy/facts/crude-oil/20064

[277] http://business.financialpost.com/commodities/energy/scotiabank-says-pipeline-constraints-to-cost-economy-10-7-billion-in-2018

[278] https://sencanada.ca/content/sen/committee/421/BANC/reports/CorridorStudy(Final-Printing)_e.pdf

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 geographically distributed economic development and access to new markets.[279] 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.[280]

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:

1. 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;
2. 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;
3. 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; and
4. Ensure that the processes for moving forward follows best practices for consultation with Indigenous communities, existing landowners, municipalities and businesses.

[279] https://www.policyschool.ca/wp-content/uploads/2016/06/northern-corridor-sulzenko-fellows.pdf
[280] 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[281].

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[282].

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[281] Industry Canada Key Small Business Statistics June 2016. http://www.ic.gc.ca/eic/site/061.nsf/eng/h_03018.html#point2-1

[282] 2017 Fall Reports of the Auditor General of Canada to the Parliament of Canada. http://www.oag-bvg.gc.ca/internet/English/parl_oag_201711_02_e_42667.html

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[283].

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

1. 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;
2. Implement a case management process for small business in order to improve communications flow and make compliance faster, cheaper and simpler; and
3. 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:

1. 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;
2. Implement a case management process for small business in order to improve communications flow and make compliance faster, cheaper and simpler; and
3. 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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1 Industry Canada Key Small Business Statistics July 2010. http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/eng/h_rd02488.html

Canada Revenue Agency Form RC4483. http://www.cra-arc.gc.ca/formspubs/pbs/rc4483-ctntmspdt-eng.html

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

"Focusing on Small Business Priorities: Canada Revenue Agency Consultations on Cutting Red Tape." 12 November 2012. http://www.cra-arc.gc.ca/gncy/rdtprdctn/rprt2012-eng.html#_Toc227916449 Canada Revenue Agency. Retrieved on 10 February 2015.

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[283] "Focusing on Small Business Priorities: Canada Revenue Agency Consultations on Cutting Red Tape." 12 November 2012. http://www.cra-arc.gc.ca/gncy/rdtprdctn/rprt2012-eng.html#_Toc227916449 Canada Revenue Agency. Retrieved on 10 February 2015.

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[284]. 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[285]. This production generated over $118.5 billion in 2017, following a 10.9% decline in 2016[286], 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[287]. 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[288]. The United States is predicted to continue to drastically reduce its oil and gas imports over the next 25 years[289].

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 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.

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[284] Context Energy Examined. "How many jobs does natural gas support?" accessed April 15, 2019, https://context.capp.ca/infographics/2018/infographic_533000-jobs

[285] Alberta Government. "Mining and Oil and Gas Industry," accessed April 15, 2019. https://work.alberta.ca/documents/industry-profile-mining-oil-and-gas-extraction.pdf

[286] Statistics Canada. "Oil and gas extraction, 2017," accessed April 15, 2019. https://www150.statcan.gc.ca/n1/daily-quotidien/180924/dq180924d-eng.htm

[287] Jeff Gaulin, "The State and Future of Canadas Oilsands" *Canadian Association of Petroleum Producers* Presentation to Lethbridge Chamber of Commerce, April 28, 2016.

[288] Peter Tertzakian, "Like a rocky romance, the oil relationship between Canada and the U.S. is complicated," accessed May 4, 2016, https://www.nationalnewswatch.com/2016/05/04/like-a-rocky-romance-the-oil-relationship-between-canada-and-the-u-s-is-complicated/#.XLYqHfZFyas.

[289] Canadian Chamber of Commerce, "Canadian oil and gas: the US needs less. Asian needs more," accessed April 15, 2019. file:///C:/Users/polic/AppData/Local/Temp/50_Million_a_Day_brochure.pdf

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[290].

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 Canadas GDP by $13.3 billion in the first 20 years of its operation[291]. 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[292]. 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:

1. Prioritize supplying all Canadians with a secure and stable source of Canada's natural resources; and
2. 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.

[290] Fraser Forum. "Cost of cancelling Trans Mountain could be staggering," accessed April 16, 2019, https://www.fraserinstitute.org/blogs/cost-of-cancelling-trans-mountain-could-be-staggering
[291] Kinder Morgan. "Trans Mountain, accessed May 6, 2016, http://www.transmountain.com
[292] *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:

1. 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:

(1) 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.

(2) Emphasize science-based decision making

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.

(3) 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.

(4) 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.

(5) 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.