2015-17 Policy Book

The policies in this book were approved by the Board of Directors of the Alberta Chambers of Commerce. Policies past by the Board remain a part of the Policy Book for 3 years. If you have any questions, contact Jonathan Seib, Policy Manager at jseib@abchamber.ca or (780) 425-4180 ext. 6

Provincial Policy Resolutions

Advanced Education

Dual Credit Opportunities in Alberta

Issue

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

Background

The current Provincial Dual Credit Strategy Fund was approved and awarded by the Government of Alberta in 2014 for a three year pilot project. To date there has been sixty dual credit projects in the province, twenty-four of which were approved within the last round of approvals. This pilot project funding follows a number of similarly funded projects that have been supported by government over a number of years. Dual credit funding also included targeted funding for post-secondary institution 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 Arts, 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.

There are significant benefits to providing stable and continuous funding through the Dual Credit Strategy Fund.

a. 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 an increased short and long term transition rates. We anticipate that this initiative will have long term positive social and business benefits for the province.
b. 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. Chambers of Commerce continue to take an active role in promoting Dual Credit opportunities that link students/adults and post-secondary institutions and local businesses in Alberta.
c. 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.
d. 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 Labour, Human Services, Education and Advanced Education.
e. 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.
f. 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 Chambers 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. Allocates a long term funding structure to the Dual Credit Program for students transitioning from high school to post-secondary studies.

Expanding Options for Canada’s Private Educational Institutions

Issue

Current federal government policy, as described in the Federal Government’s Post-Graduation Work Permit Program, under Citizenship and Immigration Canada, limits potential labour force growth and creates an uneven playing field (based on enrolment appeal) between publicly funded and private postsecondary educational institutions. The imbalance is created because post-graduation work opportunities in Canada are not permitted for foreign students who choose to obtain their education, through a Canadian private institution by way of a certificate or diploma, as opposed to degree program.

Background

Presently, foreign graduates of public institutions are eligible to work in Canada for a varying period of time if they achieve a certificate, diploma or degree from a “Participating (or recognized) Canadian Post-Secondary Institution.” Foreign graduates of private educational institutions, with the exception of Quebec, are not eligible to obtain employment in Canada unless the private institution confers degrees.

If the private post-secondary institution does not confer degrees, but instead grants diplomas or certificates, foreign students graduating from these programs are not eligible to work in Canada at all; even if the program they graduated from or the skills which they developed fully meet Canada’s labour needs.

Certificate- and diploma-granting private post-secondary institutions operating in Quebec attract foreign students and graduate them into work in the Canadian labour market. Foreign graduates from certificate and diploma granting private institutions in all other provinces are prevented from entering the labour market.

By practising a policy that prevents foreign graduates of private institutions from working in Canada, the federal government eliminates a potential inflow of workers with Canadian credentials who could easily transition into employment in Canada’s marketplace, and help resolve labour shortages.

By eliminating the current policy barrier, the federal government will not only level the playing field between public and private institutions, which already is reason enough to act, but also ensuring that foreign graduates of all skill levels have an equal chance of gaining meaningful by employment upon graduating from a Canadian post-secondary institution.

Further, by removing the work restrictions placed on foreign graduates of private institutions, the federal government will enable Canadian private institutions to attract more potential workers into Canada. This will have tremendous positive effects through increased tax revenue from private institutions and new students, as well as a growing labour pool to help resolve shortages.

A 2012 federal government report measuring the economic value of the presence of international students in Canada estimated that total expenditures by international students while they study in Canada (tuition, accommodation, living costs, travel and discretionary products and services) resulted in a $7.7 billion infusion to the Canadian economy. According to the report, expenditures of international education students have now surpassed exports of unwrought aluminum ($6 billion) and helicopters, airplanes and spacecraft ($6.9 billion). (Note that this amount does not include exports of education services, which were not part of the scope of the study). The same report also found that in 2012 these international students generated more than $445 million in government revenue and created economic activity that sustained employment for 81,000 Canadians.

Furthermore by expanding all work permit availability to private institution certificate or diploma graduates, the federal government would put more control and responsibly for success in the hands of private small and medium-sized businesses, which ultimately are what drive the growth of our country's economy. At a time when Alberta is striving for economic diversification, this policy shift would allow an emerging non-resource-based industry to thrive.

The Alberta Chambers of Commerce recommends the Government of Canada;

1. Expand the Post-Graduation Work Permit Program to allow foreign graduates from accredited Canadian private post-secondary institutions to obtain a Canadian Work Permit upon completion of their degree, diploma or certificate program.

Natural Gas Vehicle Training Requirement

Issue:

There is an increasing use of natural gas vehicles being used across North America, however as natural gas is a gaseous fuel and has unique fuel systems that are unfamiliar to traditional technicians, adequate training is required for cost-effective, efficient and safe maintenance and repair of natural gas vehicles.

Background

Fleet owners across North America are switching to natural gas for their truck and bus operations due to the power and performance similar to diesel engine technologies coupled with the benefits of natural gas vehicles. Some of the benefits include[1]:

- Fuel cost savings of up to 30% to 40% per kilometer
- Reduced greenhouse gas emissions by 20% to 25%
- Lower levels of air pollutants and air toxics
    - 90% reduction in Carbon Monoxide
    - 50 % reduction in Nitrogen Oxide (NOx)
    - 75% reduction in non-methane hydrocarbons (NmHC)
- CNG is non-toxic, non-carcinogenic, non-corrosive
- Natural gas vehicles comply with the 2016 emission standards
- Ability to operate on renewable natural gas for near-zero emission performance
- Quieter vehicles providing less noise in urban settings
- Mature engine technologies providing required power, torque, and reliability

More than three decades of technology development means that natural gas vehicles are ready-to-go and able to meet the demands of day-to-day fleet operations.

However with this transition to natural gas vehicles (NGV) comes a requirement for advanced education and training. As natural gas is a gaseous fuel, rather than a liquid, it behaves differently than liquid fuels. Additionally, all natural gas vehicles have unique fuel systems from their gasoline or diesel counterparts. CNG vehicle fuel systems operate at high pressures (3,600 psi), while LNG vehicle fuel systems use cryogenic fuels (-260°F). Both types of NGV fuel systems are unfamiliar to traditional technicians and the key to performing safe, efficient and cost-effective maintenance and repair of natural gas vehicles is adequate training.

[1] http://www.gowithnaturalgas.ca

Work is already underway in Canada to establish a national training program for natural gas vehicles and courses should be accessible at local technical and community colleges, as well as through natural gas service providers. However there is currently very limited access to certification within Canada with most NGV personnel requiring training from the United States. There are some existing training courses available including Toronto-based Centennial College's Internal Combustion Alternative Fuel Vehicle Technician for Natural Gas course. In the U.S., NGVi offers courses on a range of subjects including CNG System Inspector, Driver and Technician Safety Training, and CNG Fueling Station Operation and Maintenance.

Compressed natural gas (CNG) and liquefied natural gas (LNG) fuel safety as well as vehicle and station operation, inspection, and maintenance should be included in the scope of programs considered in Canada and should be applicable to not only fleet owners and personnel, but also to emergency first responders. Course content should look at the following:

i. Awareness – Natural Gas for Transportation General Knowledge and Safety Practices
ii. Vehicle Service – Light Duty Road Transportation
iii. Vehicle Installation – Light Duty Road Transportation
iv. Vehicle Service – Heavy Duty Road Transportation
v. Vehicle Inspection – CNG & LNG Tanks
vi. Vehicle Inspection – Hoses, Tubes & Fittings
vii. Awareness – Natural Gas for Transportation Dispenser Stations (CNG, LNG)
viii. Station Inspection – Natural Gas for Transportation Dispenser Stations (CNG, LNG)
ix. Station Service – Natural Gas for Transportation Dispenser Stations (CNG, LNG)
x. Awareness – Fleet Management

If Alberta was an early adopter of providing the necessary certification and training, we would also see an influx of personnel from other provinces coming to Alberta for NGV training due to the lack of national access to this type of programming.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with industry and training institutions to develop certification and training through the Alberta Apprenticeship and Industry Training System for Natural Gas Vehicle Certification program(s).
2. Provide education grants to schools seeking to establish or grow programs that support alternate fuels education programs
3. Work with CSA Group (formerly known as the Canadian Standards Association) to develop and harmonize standards for Natural Gas Vehicle certification and develop a defined set of competency criteria that assesses and evaluates skills and experience in Natural Gas Vehicle servicing, inspection and management.

Alberta Chambers of Commerce

The Advocate for Alberta Business

Agriculture and Forestry

Leaking Seismic Holes are Negatively Impacting Agricultural Production

Issue

Agriculture contributes $10.46 billion to the provincial economy each year[2]. The viability of agricultural production, however, depends on the availability of a ready source of water. Leaking seismic holes deplete the quantity and availability of groundwater and can contribute to damages on the surface, negatively impacting agricultural production.

Background

Seismic activity is used by the oil and gas industry to find underground sources of oil and gas. Seismic waves are transmitted into the ground using drill holes and explosive devices or specially designed vibration trucks that simulate an earthquake.[3] Alberta Environment issues permits for seismic operations and keeps a log of all seismic activity in the Province of Alberta. Occasionally, seismic operations contribute to a leak in the substrate causing groundwater to flow to the surface. Pursuant to Alberta Environment guidelines, these leaks are to be sealed and noted. These plugs can be damaged by cattle, farming operations and over time can give way. There are numerous examples of anecdotal complaints made by farmers and land owners of considerable damages and flow as a result of leaking seismic holes. Leaking seismic holes deplete the quantity and availability of groundwater and can contribute to damages on the surface, negatively impacting agricultural production.

Currently, the process for landowners and farmers who are negatively impacted by leaking seismic holes is to make a complaint to Alberta Environment. Alberta Environment and Sustainable Resource Development will make a determination if the water leaking is caused by seismic activity and if it is, will determine if the company that conducted the original seismic is still in operation. If the company is in operation, Alberta Environment will bring an action against the company for resealing the leaking seismic hole. There is currently no remedy for the farmer or landowner whose land has been damaged except for a civil legal claim against the company. If the company that conducted the seismic is no longer in operation, the landowner is responsible for incurring the costs of sealing the leaking seismic hole, unless the seismic leak is on Crown land, then the Crown will incur the costs. Landowners have no remedy to force Alberta Environment to take action against the seismic operator or to seal leaking seismic holes that are on Crown land (i.e. ditches) and any damages that the landowner may incur, including depletion of the groundwater source or surface damage. The average cost incurred by landowners to seal leaking seismic holes is approximately $5,000.00 and may require more than one application. All Albertans

---

[2] Government of Alberta. (2013). *Highlights of the Alberta Economy 2013*. Retrieved January 31, 2013 from http://albertacanada.com/files/albertacanada/SP-EH_highlightsABEconomyPresentation.pdf

[3] Seismic is defined in the Oilfield Glossary as: 1. adj. [Geophysics] Pertaining to waves of elastic energy, such as that transmitted by P-waves and S-waves, in the frequency range of approximately 1 to 100 Hz. Seismic energy is studied by scientists to interpret the composition, fluid content, extent and geometry of rocks in the subsurface.

benefit from economic development and sustainability of both oil and gas development and agricultural production. However, private agricultural producers and landowners should not be held responsible for attempting to recover for damages, loss of agricultural production, or the associated costs caused by seismic activity which is approved and permitted by the Alberta Government, which benefits all Albertans.

The Alberta Chamber of Commerce recommends that the Alberta Government

1. Establish a fund to pay for damages caused by seismic activities on private lands. These funds could be administered by an independent tribunal with agricultural expertise to assess and award damages to private landowners caused by seismic activities. The fund may be financed through public means or by requiring a bond be paid on all seismic surveys to cover the costs of maintaining seismic holes.

Need to Protect Property Rights

Issue

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

Background

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

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

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

Those rights are fundamental to a just and free society.

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Protecting Canola Production by Making Clubroot a Reportable Disease

Issue

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

Background

In 2013, 68,430 jobs in Alberta were related to the economic benefits of Canola production in the province of Alberta. The report prepared by LMC International, entitled "The Economic Impact of Canola on the Canadian Economy[4]" reported that canola's contribution to the Canadian economy surpassed $19.3 billion a year – with more than $6 billion per year generated by the canola industry in the province of Alberta. The report noted that the contribution to the national economy had doubled in less than a decade and that wages linked to the industry had tripled during the same time period.

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.[5]

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

---

[4] Alberta Canola Producers Commission

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

Alberta Clubroot Management Plan

http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex11519 enter on those lands to confirm clubroot infestation, and to restrict the landowner's rights to plant Canola on those fields, for example, restrictions on seeding for 4 years or longer.

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

Regional planning in the Alberta Land Stewardship Act

Background

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

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

It is estimated that by 2020 Canada will be one of only six net food exporting nations, with the bulk of Canadian exports coming from Alberta and Saskatchewan.[6] The volatility of the oil and gas industry is a strong reminder of the importance of a diversified and stable economic base. Alberta has a proud history of agriculture and Alberta's farm cash receipts were the highest in the country at over $10 billion in 2016.[7] Agriculture isn't just about the export market. Locally produced food reduces our dependence on foreign imports and ensures that Albertans have access to safe high-quality food, irrespective of the world economy.

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

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

---

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

[7] Government of Alberta. (2013). *Farm Cash Receipts*. Retrieved from http://economicdashboard.alberta.ca/FarmCashReceipts#interProvGraphGrid on Feb 6, 2017.

There are 66.4 million hectares in Alberta. In 2002, Alberta boasted a healthy percentage of agricultural land (the second largest in Canada, with 21.3 million hectares with 11 million hectares cultivated and producing grains.[8] The 2002 *Agricultural Land Base Monitoring Study*, found that since 1976 "…. *The net loss of agricultural land has ranged from 50,000 to 60,000 acres annually… land being lost out of agriculture has significantly higher (productive) capability than land coming into production… The greatest proportion of agricultural land being lost is within the Black Soil Zone in Alberta, in areas adjacent to Edmonton and Calgary, and along the Hwy 2 corridor. Lands in the Black Soil Zone are generally highest-overall capability for agriculture. As such, we need to give top priority to preserving those lands that are suitable for cereal and oilseed production for the benefit of current and future generations."*

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

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

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

Development policies aimed at preserving environmental and natural areas have the potential to take productive land out of agriculture. For example, conservation easements that limit the availability of grazing may have a negative impact on the maintenance of a healthy ecosystem.[9] Policies that restrict grazing on public lands negatively impact agriculture. The *Alberta Land Stewardship Act (ALSA)* was brought into law in October 2009, and amended in May, 2011. This legislation governs land use in the province of Alberta and does not employ and align with the guiding principles in the Land Use Framework. In particular, the *Alberta Land Stewardship Act* fails to mention land stewardship or recognize the importance of agricultural productivity in its guiding principles for the development of Regional Plans.

The recently released draft South Saskatchewan Regional Plan, the second of seven regional plans, directly impacts the livelihood of ranchers and farmers in southern Alberta, and the communities that rely on this economic driver.[10] The draft plan was critiqued in the November 2013 *Alberta Farmer Express* (Vol.10,

---

[8] Government of Canada. (2002). *Sharp Decline in number of farms in Alberta.* Statistics Canada. Retrieved from http://www.statcan.gc.ca/ca-ra2001/first-premier/regions/5214965-eng.htm on Dec 10, 2013.

[9] Holechek, Jerry L, Baker, Terrell T. "Red," and Boren, Jon C. (2006). *Impacts of Controlled Grazing Versus Exclusion on Rangeland Ecosystems: What We Have Learned*. New Mexico State University Library, New Mexico.

[10] Government of Alberta (2013). *Draft South Saskatchewan Regional Plan 2014 – 2024.* Retrieved from https://landuse.alberta.ca/REGIONALPLANS/SOUTHSASKATCHEWANREGION/Pages/default.aspx on Jan 4, 2014.

No.24) as failing to identify and prioritize long-term grazing leases on public lands. The plan increases conservation easements and effectively takes land out of agricultural productivity. The plan also fails to proactively address irrigation and the viability of expanding agricultural productivity in this region.

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Take a leadership role in placing a high priority, ensuring that government policies, legislation and regional planning considers the importance of agricultural operations and the benefits of agriculture to the economy, environment, and the social fabric of Alberta.
2. Amend the Alberta Land Stewardship Act to include a fourth purpose in section one that states: “(d) to give consideration to the importance of agricultural operations, land stewardship and environmental protection outcomes in land-use planning and decision making.”

*Section 2.0 of the ALSA, defines “land” as “everything in, or under the land.”

A Strong Agriculture Industry Includes a Strong Local Food Market

Issue

The "local food" movement is gaining momentum across Canada, and when balanced with a focus on investing in high-tech agri-business and a strong agricultural export market, it represents a significant opportunity for Alberta. Food costs are rising, and the economy in Alberta is still fragile. If Alberta is to be the bread basket of the world and a global agri-business mecca, it should enjoy the fruits of its own labour through the presence of a robust domestic food sector.

Background

Alberta's longstanding farming and agriculture tradition provides this province a strong foundation for a high quality of life. Alberta's high-tech agri-business sector and its quality agri-foods exports are increasingly in demand around the globe. While government develops plans to markedly increase agricultural production and export, Albertans are becoming more and more interested in locally grown, organic and niche market foods. This is desirable not just because Alberta-grown food is safe, of high quality and fresh, but also because it improves sustainability, breeds innovative small business opportunities, is environmentally responsible, and offers many health benefits.[11]

However, local food, within current structures, is typically more expensive, and often not widely available. Strong policy decisions are required to support the growth of the local food industry and make local food accessible and affordable for all Alberta families.

A local food policy can be a key driver in local and regional economic development. Key elements of local food policy could include:

- Attracting and cultivating small food business startups and supporting the scale up of new and existing businesses to serve emerging markets.
- Ensuring that locally grown food is widely available and affordable, e.g., domestic/regional purchasing policies for institutions and large food retailers, community-supported agriculture, establishing community gardens, establishing, promoting and/or expanding local farmers markets, etc.
- Supporting food providers in a widespread shift to ecological production in both urban and rural settings.
- Consulting and engaging producers, processors, retailers and business organizations to identify gaps in supply chain, policy obstacles, and co-operative marketing and distribution opportunities as part of business retention and expansion planning and support.

[11] City of Edmonton, Food and Urban Agriculture Project

- Amending land-use bylaws as needed to facilitate urban homesteading, community gardens, small-plot intensive (SPIN) farming and edible forest gardening. [12][13]
- Partnering with local post-secondary institutions to develop agri-food entrepreneurship training opportunities

The provincial government has developed a strategy to promote local food initiatives called *Explore Local*[14]*,* which seeks to increase growth opportunities in Alberta's local food market through information sharing, learning opportunities, coaching, mentoring and advocacy. However, support for domestic consumption and the local food industry should be equally matched to the government's focus on significantly ramping up food production for export.[15] In the course of feeding the world, Alberta must be able to feed itself.

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

1. Work closely with food exporters to identify opportunities to establish a stronger domestic market and make food a driver for local economic development.
2. Leverage and expand the *Explore Local* program to improve the bottom line profitability of local food distribution, making food production for domestic consumption more accessible and profitable.
3. Encourage regional economic development alliances to focus efforts on attracting and facilitating business retention and expansion and new business opportunities in urban agriculture and local/regional markets.[16]

[12] SPIN-Farming is a non -technical, easy-to-learn and inexpensive -to-implement vegetable farming system that makes it possible to earn significant income from land bases under an acre in size. SPIN is being practised by first generation farmers because it removes the two big barriers to entry - land and capital - as well as by established farmers who want to diversify or downsize, as well as by part-time hobby farmers

[13] Edible forest gardening is the art and science of putting plants together in woodland-like patterns that forge mutually beneficial relationships, creating a garden ecosystem that is more than the sum of its parts. http://www.edibleforestgardens.com/

[14] Alberta Agriculture and Rural Development http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/explore13596

[15] In 2010 the Government of Alberta began calling for food production in Alberta to double by the year 2050.

[16] Urban agriculture is the growing, processing and distributing of food and other products through intensive plant cultivation and animal husbandry in and around cities. Community Food Security Coalition

Economic Development and Trade

Economic Development and Trade

Accelerating Foreign Direct Investment

Issue

An increasingly restrictive and burdensome regulatory and tax environment is making Canada a less competitive destination for foreign direct investment (FDI), which is critical to the country's innovation and diversification efforts.

Background

Deteriorating competitiveness:

The effects of globalization – such as reducing transportation and shipping costs and eliminating barriers to markets through trade agreements – have reduced the need for foreign investment into Canada to access the Canadian market. At the same time, recent policy shifts at the federal level have layered-on costs that cumulatively further threaten Canada's attractiveness as an investment destination.

According to Walid Hejazi of the Rotman School of Management, "The pace at which Canadian multinationals have expanded globally has far exceeded the pace at which foreign multinationals have expanded in Canada. Since 1997, Canada has had more Canadian direct investment abroad (CDIA) than there was foreign direct investment (FDI) in Canada."[17] According to various measures of openness to foreign investments, Canada does not rank favourably against many of its peers.[18]

The critical role of Foreign Direct Investment:

Studies have repeatedly documented that business innovation in Canada lags behind other developed countries.[19] If Canada aims to increase its lagging productivity levels, significant new foreign capital will be required. Positive outcomes of FDI include a higher standard of living, higher levels of employment, higher paying jobs, more innovation, access to larger and more diverse markets, and increased levels of trade. Indeed, strong trading relationships provide exposure to the Canadian market for foreign investors and provide a critical entry point for FDI. Federal, provincial and territorial governments must carefully consider the policy decisions required to position Canada as the preferred destination to locate economic activity, and benchmark our attractiveness in this regard across sectors.

Putting our citizens first:

In the current era of globalization, Canada needs to move past its existing economic structure, centred on the supply of raw product, into higher value added industrial and service sectors. This will require

---

[17] https://www.ic.gc.ca/eic/site/cprp-gepmc.nsf/vwapj/Hejazi.pdf/$FILE/Hejazi.pdf

[18] https://www.cdhowe.org/pdf/commentary_337.pdf

[19] http://www.ceocouncil.ca/wp-content/uploads/2015/02/Boothe-paper-March-2015-FINAL.pdf

significant investment. It matters less where the money comes from than what is done with it. The critical metric is the country's ability to ensure that the operations of both foreign and domestic firms equally obey our laws and meet our standards and policy goals.

In negotiations relating to the Canada – EU trade agreement (CETA) and the Trans Pacific Partnership (TPP) agreement wording relating to foreign investments is along these lines; "Each Party shall accord to investors of the other Party and to covered investments, treatment no less favourable than the treatment it accords, in like situations to its own investors and to their investments with respect to the establishment, acquisition, expansion, conduct, operation, management, maintenance, use, enjoyment and sale or disposal of their investments in its territory."

Canada's Foreign Investment Review Framework:

Under the *Investment Canada Act*, before any foreign investment over a certain threshold is approved Canada imposes a test of its 'net benefit' to Canada. For private sector investments, the threshold is $600 million (based on enterprise value[20]), while for state-owned enterprise investments the number is $375 million (based on asset value). The public position of the previous Conservative government also limited approval of majority ownership of oil sands businesses by State Owned Enterprises – a large and growing source of global investment capital – to an "exceptional" basis only.[21]

To determine an investment's 'net benefit', the government looks to potential effects on employment, exports and productivity. The onus is on prospective investors to demonstrate how their investment would be of net benefit to Canada, but there is a lack of transparency in how government makes its determination. This arbitrary discrimination between foreign and Canadian investors discourages the development of foreign investment proposals, and creates extra costs and uncertainty if an investor does submit such a proposal for approval.

In 2007, in response to a growing national debate over foreign takeovers, the federal government established the Competition Policy Review Panel. Its mandate included a review of Canadian foreign investment policies with the goal of making Canada more competitive in an increasingly global marketplace. Some of its key recommendations included:

- Amending the *Investment Canada Act* to reduce barriers to foreign investment by increasing review thresholds; reversing the onus to require the government to demonstrate that an investment would be contrary to the national interest before disallowing a transaction; increasing transparency and predictability; and preserving a distinct approach for the cultural sector while also initiating a broad review of Canada's cultural policies;
- Liberalizing investment restrictions in the Canadian air transport, uranium mining, and telecommunications and broadcasting sectors, and removing the *de facto* ban on mergers in the financial services sector;
- Updating and modernizing the *Competition Act* in line with best practices internationally;
- Creating a Canadian Competitiveness Council to give voice to and advocate for competition in Canada, and ensure sustained attention by governments on national competitiveness.

Accelerated Capital Cost Allowance:

---

[20] Enterprise value is calculated as the market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents.

[21] https://www.osler.com/en/resources/cross-border/2012/new-rules-for-foreign-investment-by-state-owned-en

The Accelerated Capital Cost Allowance (ACCA) has been a successful feature of mining sector taxation in Canada for decades and more recently has encouraged investments in the manufacturing sector. Now more than ever, ACCA needs to be broadened and applied to all sectors as a key component of a strategy to attract new foreign investment in any capital intensive project regardless of industry. Capital cost allowance rules specify the rate at which capital assets can be expensed annually. ACCA allows the normal costs of capital to be deducted as fast as income from the project will allow rather than deferring the deductions over time. As corporations recover their initial investments sooner, ACCA reduces the investment risk associated with the mine or project, thus improving the overall economics of the project.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Implement the recommendation of the 2008 federal Competition Policy Review Panel to improve Canada's competitiveness by reversing the onus to require the government to demonstrate that an investment would be contrary to the national interest before disallowing a transaction, as opposed to subjecting the foreign investor to the sometimes onerous task of having to demonstrate that the investment represents a net benefit to Canada as a condition of approval.[22]
2. Amend the *Income Tax Regulations* to provide generalized accelerated capital cost allowance (ACCA) treatment rather than targeting specific industries.
3. Work with provincial and territorial governments to:
    a. Pursue a more targeted and aggressive global trade policy and market development strategy, developed in partnership with the business community, to secure access for Canada's goods and services and secure a greater share of global foreign direct investment, which would stimulate economic growth, create jobs, and increase revenues for government.
    b. Identify the barriers to Foreign Direct Investment in Canada and work to address them; and,
    c. Promote Canada as a destination for foreign investment by highlighting our competitive advantages, including an educated workforce, reliable legal system, and strong international transportation networks;
    d. Educate the Canadian public on the critical importance and value of Foreign Direct Investment to Canada's economy, including investment by State-Owned Enterprises.

[22] http://www.ic.gc.ca/eic/site/cprp-gepmc.nsf/eng/home

Economic Development and Trade

Extension of Hours at the Port of Wild Horse

Issue

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

Background

Canada and the U.S. enjoy one of the most prosperous relationships in the world, with a staggering volume of bilateral trade totaling $886 billion in 2015[23] as well as close to 400,000[24] people crossing our shared border each day.

In particular, Montana and Canada continue a profitable trading relationship with bilateral trade flows totaling $4 billion in 2015[25]. Moreover, Canada continues to be Montana's most important customer with total Montana exports to Canada at $504 million in 2015 while total Montana imports from Canada totaled $3.5 billion. From 2011-2015 Alberta's exports to Montana have averaged $2.52 billion annually with exports to Montana in 2015 totaling $2.02 billion. These exports consist of primarily oil and natural gas, fertilizers, food wastes and cereals[26].

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.

---

[23] http://can-am.gc.ca/relations/commercial_relations_commerciales.aspx?lang=eng

[24] http://can-am.gc.ca/relations/border_frontiere.aspx?lang=eng

[25] http://can-am.gc.ca/business-affaires/fact_sheets-fiches_documentaires/mt.aspx?lang=eng

[26] http://open.alberta.ca/dataset/9269de23-6d7a-448e-867e-293b4b0568e1/resource/7bd5fe74-c023-4388-99e0-17bde9e5c6db/download/2016-Montana-Alberta-Relations-August-2016.pdf

	24-Hour Crossings	Total Crossings	Population (2016)
British Columbia	8	19	4,751,600
Alberta	1	6	4,252,900
Saskatchewan	2	12	1,150,600
Manitoba	3	16	1,318,100
Ontario	13	14	13,983,000
Quebec	21	30	8,326,100
New Brunswick	12	18	756,800

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[27].

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

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

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

[27] 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.

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.
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.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Economic Development and Trade

Considering the Cumulative Effect of Cost Increases from all Levels of Government

Issue

Policy shifts from the federal, provincial and municipal governments are increasing the cost of doing business in Alberta. Without strong consideration of the negative impacts caused by layering-on multiple cost increases, these policies may lead to dire unintended consequences for Alberta's business community.

Background

There are numerous policies that have been enacted or proposed by all levels of government. Each have a compounding effect and should be considered together when looking at Alberta's economic environment. The following is a list of policies that will have an impact to our business community.

PROVINCIAL:

Since the May 2015 election, the Government of Alberta has swiftly enacted several key platform policies and announced medium-term policy shifts:

- The *Specified Gas Emitters Regulation* (SGER) sets out the price on greenhouse gas emissions (GHGs) for large emitters and the percentage of emissions that need to be decreased or paid for. Announced increases will more than double the cost of SGER compliance for large emitters like oil & gas operations, refineries, cement facilities, power plants, and fertilizer producers;
- Alberta will be introducing a carbon tax that will see a tax increase of 7 cents per litre of gasoline by 2018, along with similar increases for other transport and home heating fuels. Some businesses and individuals will receive rebates to lessen the burden of the tax, although it is not yet clear which will qualify; and,
- By 2030, Alberta will retire all coal-fired power plants and increase the province's renewable electricity generation to 30% of the overall supply, which has the potential to increase electricity prices significantly.
- Corporate tax rates increased from the long-standing rate of 10% to the new rate of 12%;
- Personal income tax rates increased for all individuals with incomes over $125,000;
- The province is negotiating city charters with Edmonton and Calgary, these charters may include new tax powers for both cities;
- Locomotive fuel tax increased by 4₵ per litre;
- Insurance premiums tax increased by 1%;
  and,

- Minimum wage increased by $1/hour in October 2015 to $11.20/hour, and will increase to $15/hour by 2018, a 47% increase from the 2014 rate of $10.20.

FEDERAL:

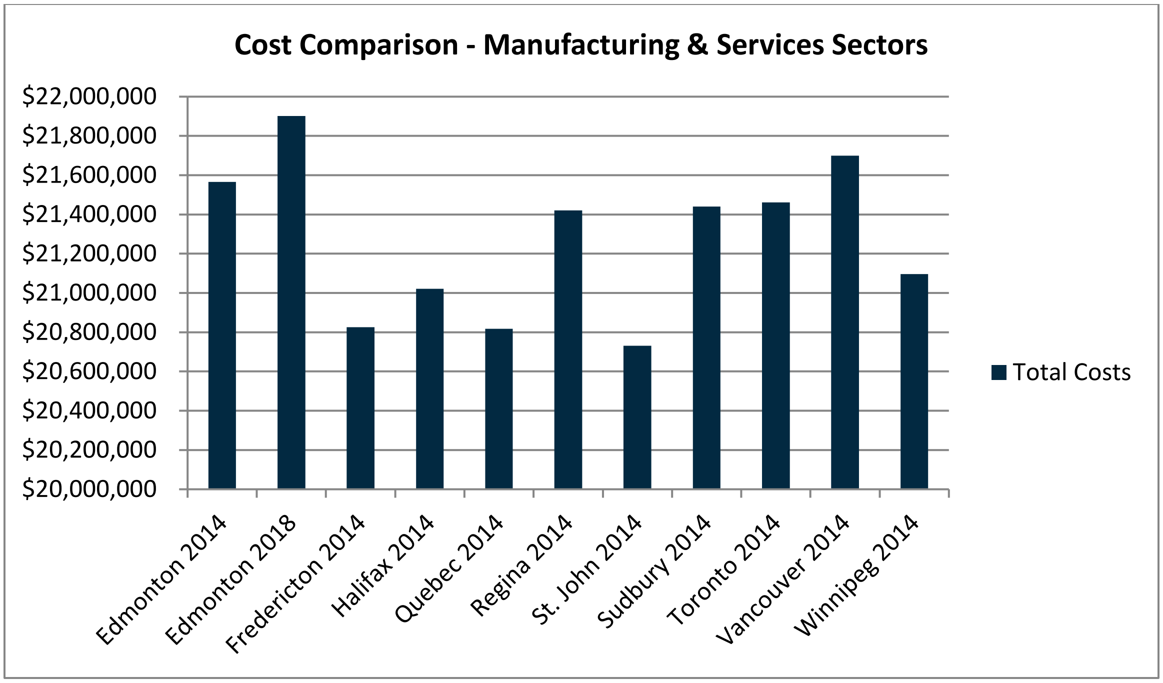
Through the Government of Canada's 2016-17 budget, along with other announcements, we can see policy initiatives that that may increase costs for businesses:

- **Small business tax rates were set to drop by 2%, this has now been changed to a 0.5% decrease;**
- Expanding the Canada Pension Plan could increase employer contributions;
- Increasing the Canadian-controlled private corporation investment income surtax by 4%;
- Changes to the Employment Insurance system could result in further increases to the costs of premiums for employers;
- Personal income tax rates have increased by 4% for those earning more than $200,000 annually;
- Changing focus to family unification in immigration policy, which may limit employers' ability to attract qualified workers through the immigration system; and,
- Recent changes to the National Energy Board's approval process, which may significantly increase the time needed to review and approve energy projects.

Comparative Analysis

Using KPMG's 2014 Competitive Alternatives data[28] on the manufacturing and corporate services, research & development services and digital services sectors, we can project the impact these new costs will have on typical businesses across Canada and the world.
This case study will use aggregated KPMG data on Edmonton-based manufacturing & corporate service firms, compared with KPMG's data from other major Canadian cities (Fredericton, Halifax, Quebec City, Regina, St. John, Sudbury, Toronto Vancouver and Winnipeg). Using Edmonton as an example, we can get a clear picture of how attractive Alberta jurisdictions are for capital investment.

[28] http://www.competitivealternatives.com/



Edmonton is not starting in a strong competitive position. Only Vancouver was more expensive in 2014. Once all the announced policy shifts are taken into account (which translates to a $336,000 cost increase by 2018), Edmonton ranks dead last. Of the major Canadian cities included in KPMG's data, Edmonton would become the most expensive jurisdiction in which to open a manufacturing or corporate services operation.

These impacts are not limited to the business community. Not-for-profits and community service organizations are exposed to these same cost increases. Albertans-at-large will also feel the squeeze. The new carbon tax, increased personal tax rates and higher property taxes all mean new costs on Albertans at a time when unemployment is at its highest since 2010[29]. This impact will also be felt in other areas of the country. As the 3rd largest economy in Canada, poor performance in Alberta will continue to impact jobs in other provinces.

With persisting low oil prices and the subsequent downturn in our energy sector, the ripple effect is being felt throughout the province and country. Simply put, tens of thousands of layoffs mean that less income is available to spend on groceries, restaurants, vehicles, housing, entertainment, tourism and consumer goods. Many businesses are closing their doors and laying-off their employees. Many other businesses are increasing prices to offset new costs, which increases the financial burden on consumers. This has taken a toll – **both personal and business insolvencies have increased by over 30% in Alberta since 2014[30].**

All three levels of government must think long and hard about the economic consequences of future policy decisions. While any single initiative may seem to have a negligible impact, the layering-on of

---

[29] http://www5.statcan.gc.ca/cansim/a47

[30] https://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br03467.html

multiple cost increases can lead to businesses closing up shop or relocating – especially at a time when layoffs number in the tens of thousands and capital investment is in decline.

In both good times and bad, governments should foster a strong climate for diverse economic activity. At a time when Alberta's communities need capital investment from many sectors to create new jobs and offset the economic downturn in oil and gas, our competitive advantage is more important than ever. Policymakers across all levels of government should be focused on making us more competitive, not less.

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

1. Publish an economic impact assessment for proposed major policy shifts, which takes into account other cost increases from all levels of government and shows the impact these decisions will have on businesses in the region;
2. Analyse what actions other jurisdictions are taking to maintain competitive advantages;
3. Review current government expenditures to find efficiencies from within before putting more on the shoulders of the business community; and,
4. Examine existing policies to determine the impact they have on the business environment and ascertain what changes need to be made in order to mitigate harmful unintended consequences for business and investment.
5. Work in consultation with the Alberta Chambers of Commerce when publishing details that impact business as referred to in the previous recommendation.

Economic Development and Trade

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 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 poppies 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[31]. Of this figure, the U.S. accounts for 90.2%, or $109.5 billion of Alberta's exports[32]. 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 Alberta, and specifically 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.

---

[31] "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 .

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

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 Alberta market will lead to a long-term sustainable economy.

The Alberta Chambers 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 this industry to the Prime Minister of Canada.
2. Facilitate the creation of a new pharmaceutical industry by communicating to the federal Minister of Health that when reviewing applications for approval, the Minister recognizes the potential of farming and processing of high-level thebaine poppy in Canada for the pharmaceutical industry; and that these applications be expeditiously reviewed and approved by Health Canada and the Canadian Food Inspection Agency to help diversify the economy of Alberta.
3. 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 and the Southern Alberta region. Can be accomplished by possibly providing incentives to encourage the industry locate and remain in Alberta.

Economic Development and Trade

Expanding Market Access with the Trans Pacific Partnership

Issue

Ratification of the Trans Pacific Partnership (TPP) is important for the future of Alberta because membership in the largest free trade area in the world is a prerequisite for success in today's global economy. This is not to say that the TPP will not entail adjustment costs and disadvantages to some segments of our economy. It is simply that the benefits of the TPP far outweigh its costs and also offer new growth opportunities. Most important, it will allow Canada to fully exploit its potential as a trading nation.

Background

From a strategic standpoint, U.S. membership in the TPP means Canada must also join in order to defend our market position in the U.S., which is our largest export market. While the TPP offers no guarantee against an erosion of our market share in the U.S., it at least allows us a level playing field against other TPP members. This is significant as the TPP includes trade-enhancing provisions that are not currently embedded in NAFTA such as those regarding financial services, sanitary and phytosanitary measures, competitiveness and business facilitation, competition policy, rules of origins procedures and the environment etc. These chapters in the TPP effectively envision a free trade area that is much more advanced and integrated than any free trade area that has existed to date. Its inclusion of contemporary issues such as state owned enterprises, electronic commerce, telecommunication, intellectual property and small and medium sized enterprises (SME) will make TPP the foundation for trade governance for the contemporary global economy. (Indeed, the TPP is seen by many as an attempt to create a framework for global trade rules in reaction to a rising China). TPP members are expected to increase their trade with other TPP members at the expense of non-TPP members[33]. Canada must be part of the TPP community and help shape the future of world trade from within.

For Alberta, much of the expected benefits from the TPP are well documented. They include access to important new markets in the Asia-Pacific, elimination or significant decrease in tariffs on Alberta's key industrial and agricultural exports, reduction in regulatory barriers, and increased transparency and enforceability of trade rules. The benefits of these measures are particularly pronounced in TPP's Asian markets. For example, Alberta's beef exports will enjoy a reduction in rate under from 38.5 percent to 9 percent in Japan over the next 15 years and a reduction from 34 percent to zero in 7 years in Vietnam. Exports from Alberta will see its current tariff rates of 20 percent in Japan and 27 percent in Vietnam eliminated in 10 years and 9 years respectively. For most industrial, agricultural and agri-food products

[33] Marcos Piacitelli, "TPP-Trans Pacific Partnership – Overview," tax.thomsonreuters.com, Oct 16, 2015.

from Alberta, they can expect tariff reduction within 3 years and duty free access under the TPP within 10 years[34].

In sum, the following are benefits Alberta can expect from the TPP once its provisions are fully implemented:

- "Duty-free market access for the majority of industrial goods, including on metals and minerals, chemicals and plastics and industrial machinery;
- Duty-free market access for most agricultural and agri-food products, including canola oil, feed wheat, feed barley, and dog and cat food, as well as enhanced market access for food wheat, beef, pork, malt and food barley;
- Duty-free market access for wood and other forestry products, including lumber, oriented strand board and newsprint;
- Improved market access commitments for temporary entry of highly-skilled Canadian business persons;
- More transparent and predictable access for services suppliers in key sectors, such as professional and construction services;
- Predictable, non-discriminatory rules for Canadian investors;
- Strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions."[35]

The importance of the above measures in facilitating our access to Asia-Pacific markets cannot be overstated. In 2013, Canadian goods were only 1.44 percent of the market in Japan, 0.49 percent in Malaysia, 1.17 percent in New Zealand, 0.33 percent in Singapore, and 0.31 percent in Vietnam[36]. The Canadian presence in the Asia-Pacific markets is anything but strong. While our efforts to increase trade with Asia have led to some positive outcomes, the overall results to date are mixed. In the first half of 2015, Canada's trade with Australia, Malaysia, New Zealand, and Vietnam has grown by annualized rates of 8.58 percent, 10.39 percent, 8.18 percent and 77.26 percent respectively; our trade with Japan declined by 12.78 percent and that with Singapore by 12.72 percent[37]. The changes in tariff structure under the TPP are expected to help us increase our market shares in countries with high tariff barriers such as Malaysia and Vietnam and to improve our competitiveness in crowded market places such as Japan and Singapore. When 60 percent of future global economic growth is expected to occur in Asia, our access to markets in this region is vital to our economic wellbeing.

Beyond market access, the above benefits are essential also in helping Alberta diversify its economy. The TPP would allow Alberta to gain new access to consumer markets and diversify geographically by increasing the number of our export destinations. This would enable Alberta to reduce its current reliance on a limited number of markets for its exports and achieve greater income stability. The TPP would make it possible for Alberta to pursue a more dynamic and diversified economic path leading to greater efficiency and productivity gains.

---

[34] See Government of Canada, "Advantages of the Trans-Pacific Partnership Agreement for Alberta," Oct 5, 2015. http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/tpp-ptp/benefits-avantages/pt/ab.aspx?lang=eng

[35] ibid.

[36] Figures calculated from data published by Asia Pacific Foundation of Canada. https://www.asiapacific.ca/statistics/trade/market-share/canadas-market-share-asia

[37] Figures calculated from data published by Asia Pacific Foundation of Canada. https://www.asiapacific.ca/statistics/trade/bilateral-trade-asia-aggregate/canadas-bilateral-trade-asia-pacific

Indeed, the TPP's ability to increase Alberta's productivity and efficiency over time is an important argument in support of its ratification. Notwithstanding the short-term dislocation and disadvantage of any trade agreements, the effects of trade in making nations more efficient and productive through competition, scale economies and rational resource allocation are well known. Today, these benefits of trade are manifested through the global value chain (GVC). Companies now produce, distribute, invest and compete through their global supply chains. Trade and investment are interrelated like never before. Markets in different countries are increasingly interconnected leading to greater policy interdependency among nations. "The "them and us" of much old thinking about trade has increasingly been shunted aside by an "us" focus."[38] Trade policy must no longer be piecemeal and should be made in the context of the GVC. This is particularly true of the emerging global service trade. Capturing more value added and integrating a nation's industries into the GVC must now be a policy priority. In this context, the Rules of Origin and Origin Procedures chapter of the TPP is an acknowledgement of the importance of removing unnecessary hurdles to the GVC. It is intended to encourage more GVC integration within the TPP. Alberta wants to be part of this integration.

According to recent WTO data, most nations have significantly increased their participation in the GVC between 1995 and 2011[39]. Countries participate in the GVC either through importing into domestic production or exporting into foreign production. In Canada's case, our participation in the GVC is dominated by our imports. To understand our GVC participation, let us compare our GVC participation with that of Australia, a country similar to us in economic profile. While GVC participation account for 19 percent of Canada's exports and 23.4 percent of our imports in 2011, the similar figures for Australia are 29.5 percent and 14.1 percent respectively[40]. The average figures for exports into the GVC are 23.1 percent and 24.2 percent for developing and developed countries. These figures point to an urgent need for Canada to increase its export participation in GVC. Given the influence of GVC on investment, increasing our participation in the GVC is not simply an export question. It would also impact on FDI and prospects for new economic activities in Canada. Ratification of the TPP would be the essential first step for Canada and Alberta to increase its exports and create more value added activities to the benefits of our citizens.

In conclusion, the TPP should be supported for both its trade enhancing features and the strategic opportunity it provides for Alberta to increase our GVC participation. They are important to Alberta if we are to achieve our goals of new market access, economic diversification, income stability and greater involvement in the GVC. Alberta and Canada must be part of this significant evolution in global trade relations. Given that trade and market access are key dominant priorities for Alberta and Canada, the business sector and the public needs to be made fully aware of implementation obligations and new opportunities and impending competition.

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

1. Work together with all Provinces and Territories to have the Trans Pacific Partnership ratified by Canada in 2016.
2. Involve business in strategic market development initiatives and in identifying market insights that could lead to additional trade opportunities through business practice or product adaptations.

---

[38] Deborah K. Elims and Patrick Low, *Global Value Chains in a Changing World*, WTO Publications, 2013, p.xvii.

[39] https://www.wto.org/english/news_e/news16_e/stat_28jan16_e.htm

[40] https://www.wto.org/english/res_e/statis_e/miwi_e/countryprofiles_e.htm

3. Implement awareness and market access building activities on Pacific area trade opportunities within the global supply chain and with a focus on Alberta’s strengths in agri-food, forestry, energy and the technology and service sectors.
4. Work with chambers of commerce and industry associations to build knowledge within Canadian corporate executives relating to acceptable business practices, cultural etiquette and relationship building in the Trans Pacific partner countries.
5. Leverage enhanced market access channels resulting from the Trans Pacific Partnership by continuing to aggressively pursue bilateral trade agreements with countries such as China that are leading participants in Pacific focused trade.

Economic Development and Trade

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

Issue

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

Background

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

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

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

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

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

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

The Canadian Chamber of Commerce in its January 2008 report *Easing the Burdens, Unleashing our Potential: Fostering Growth and Investment in the New and Changing Global Commercial Environment* states that our position in the world and export growth should be tied to “a pan-Canadian brand, with common logos, images and themes.”

Alberta’s agricultural sector is an ideal place for the Government of Alberta to start vigorously implementing the mandate of APF and Growing Forward 2 to label Canada, promote locally grown and processed product, and brand our exported agri-food products.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Economic Development and Trade

Importance of Alberta's Membership in Ports-to-Plains Trade Corridor Alliance

Issue

Alberta's energy resources and agriculture sector make it an important part of the Ports-to-Plains Trade Corridor. Due to the economic benefits that flow from enhancing this vast North American trade region, it is critical that Alberta participate in the Ports-to-Plains Trade Corridor Alliance. Specific goals that can result from displaying leadership in the Alliance include expanding the Port of Wild Horse and developing the Eastern Alberta Trade Corridor.

Background

The Ports-to-Plains Alliance is a coalition of governments, communities, economic development regions and business leaders advocating for robust transportation infrastructure along a north-south trade corridor in order to promote economic security and prosperity throughout North America's energy and agricultural heartland, extending from Laredo, Texas to Fort McMurray.

The Province of Alberta and several regional economic development alliances in eastern Alberta – Palliser Economic Partnership, Lloydminster Economic Development Corporation, Battle River Alliance for Economic Development, Northeast Alberta Information HUB and Port Alberta– are members of the Ports-to-Plain Alliance.

A significant thrust of the regional economic development alliances has been in the development of an eastern Alberta trade corridor. The economic development groups represent over 100 eastern Alberta communities which share similarities in economies, agriculture and tourism. These communities are looking for opportunities for trade, partnerships and synergies that will complement, diversify and expand opportunities for the entire north-south corridor.

A key element for establishing a north-south trade corridor through "North America's agriculture and energy heartland" is the Wild Horse Port of Entry, located south of Medicine Hat at the Alberta-Montana border. The Ports-to-Plains Alliance encourages and advocates for the Canadian and American governments to expand their border facilities to provide 24-hour commercial and traveler services.

Alberta's main goals for participation in the Ports-to-Plains Alliance are to:

i. Establish rural trade development opportunities, business and community growth;
ii. Establish the Wild Horse Canada/U.S. border crossing as a 24-hour a day crossing;
iii. Enhance awareness and business development, trade, investment, tourism, legislative advocacy, and partnerships between Alberta and United States communities.

The eastern Alberta regional economic development alliances' ambition to see the creation of a corridor from the U.S. border north to the Regional Municipality of Wood Buffalo, complements Alberta's three main goals, although some of the alliances' objectives go beyond those goals and focus on the corridor solely within a provincial context.

These objectives are the following:

i. Marketing and expansion of the use of the corridor for:
    a. Moving products within Alberta, as well as to and from the US
    b. Serving Alberta and other Canadian and US tourists
    c. Attracting investment for existing and new businesses.
ii. Implementation of a plan for the corridor that will effectively support increased traffic volumes, as well as increased business activity and investment in both existing and new businesses in eastern Alberta
iii. Sustaining the Eastern Alberta Trade Corridor in order to implement the corridor plan.
iv. Defining initial activities for the corridor plan to be undertaken by the Eastern Alberta Trade Corridor. The main routes in the eastern Alberta corridor are Highways 41, 36 and 63, with links to the Edmonton-Calgary corridor to the west, as well as links east to Saskatchewan.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Continue to endorse and support the Ports-to-Plains Alliance initiative and commit to an ongoing membership in the alliance.
2. Work with industry groups to collect data and advocate for an extended hour port of entry at Wild Horse to enhance the efficient and effective movement of goods through the corridor.
3. Officially support and recognize the Eastern Alberta Trade Corridor as an avenue to assist in commercial transport and growth in the Eastern part of the province.
4. Recognize the Ports-to-Plains Corridor as a transportation corridor supported by the Government of Alberta, including, but not limited to recognition on the government’s website in Corridor Development.

Economic Development and Trade

Innovation in Canada: Preserve and Strengthen the Scientific Research and Experimental Development Tax Incentive Program

Issue

The Scientific Research and Experimental Design credit is vital to the continued growth, diversification, and strength of the Canadian economy. Despite this, the federal government has passed changes to reduce the amounts of this credit available to Canadian innovators.

Background

The federal Scientific Research and Experimental Development (SR&ED) Investment Tax Credit (ITC) was introduced in the 1980s and provides an incentive to Canadian businesses to conduct research and development (R&D) in Canada that will lead to advancements in technological products or processes. The majority of Canada's provinces and territories also provide tax incentives, including Alberta. The Canadian government is to be applauded for supporting SR&ED.[41]

"The SR&ED Program provides more than $3 billion in tax incentives to over 20,000 claimants annually, making it the single largest federal program that supports business research and development in Canada."[42] The tax credits act as a major stimulate for 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.[43] 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. Because the program utilizes tax credits as opposed to subsidies or other expenditures, it provides a simple and effective approach to supporting innovation with minimal distortion to regular functioning of the market.[44]

Despite its success in promoting research and development, and having a net benefit, the SR&ED program has seen a number of changes that has reduced its effectiveness. Recent changes to the SR&ED program

---

[41] The Canadian Chamber of Commerce. (2011). *The Scientific Research and Experimental Development (SR&ED) Tax Incentive Program*. Retrieved January 2, 2013 from http://www.chamber.ca/images/uploads/Reports/2011/SR-ED_Program-20110419.pdf

[42] Evolution of the SR&ED Program – a historical perspective. http://www.cra-arc.gc.ca/txcrdt/sred-rsde/vltnsrdprgrm-eng.html

[43] Department of Finance Canada and Revenue Canada. (1997). *The Federal System of Income Tax Incentives for Scientific Research and Experimental Development: Evaluation Report*. Retrieved January 2, 2013 from http://publications.gc.ca/collections/Collection/F32-1-1997E.pdf

[44] For example, see Feldstein, M. (1999). *Tax Avoidance and the Deadweight Loss of the Income Tax*. 81(4), Review of Economics and Statistics or Watkins, T. (unknown). *The Impact of an Excise Tax or Subsidy on Price.* San Jose State University Department of Economics Website.

have seen the elimination of capital expenditures as an eligible expenditure, reduced the eligible labour, overhead, and contract payments cost. In 2014 the general SR&ED investment tax credit was reduced from 20% to 15% and lease costs could no longer be claimed.[45]

The Canadian economy is struggling as we attempt to manage a fluctuating Canadian dollar, volatile commodity prices, and a generally a shaky and more competitive world economy. As a result, creating growth has become more difficult and less reliable. Adding pressure, countries around the world are seeing the value of supporting R&D. Twelve of the top 24 economies have recently improved their R&D incentives and this global trend is predicted to continue. We believe the Canadian government has a major role in ensuring Canadian businesses keep R&D in Canada and in making Canada a more attractive global destination for innovative businesses. The SR&ED program is critical to supporting innovation, attracting new, and keeping existing R&D activities in Canada, and diversifying the economy. Canada's historic leadership in encouraging innovation is under threat with the global competition for attracting global R&D investments is intensifying.

The government appointed an independent panel to review federal support for R&D. The panel produced recommendations, *Review Panel of Federal Support to Research and Development*, otherwise known as the Jenkins Report.[46] There are many good recommendations in the Jenkins Report. However, we believe the measures "to streamline and improve the SR&ED tax incentive program" could indeed harm Canada's innovation economy and the high-value jobs and economic growth it provides.

Investing in Research and Development leads business to find innovations, create efficiencies, and develop technological breakthroughs. A robust Scientific Research and Experimental Development tax credit is key to creating a diversified and competitive Canadian economy.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Maintain the Scientific Research and Experimental Design credit at pre-2012 levels and index with inflation.
2. Identify the Scientific Research and Experimental Design credit as vital to economic growth in Canada and should be altered only with significant accountability to stakeholders and industry, and would require consultation with major industry representatives, including the Canadian Chamber of Commerce, at least 12 months prior to legislative changes taking place.

[45] Canada Revenue Agency. "Evolution of the SR&ED Program – a historical perspective. http://www.cra-arc.gc.ca/txcrdt/sred-rsde/vltnsrdprgrm-eng.html

[46] Jenkins, T., Dahlby, B., Gupta, A., Leroux, M., Naylor, D., Robinson, N. (2011). *Innovation Canada: A Call to Action*. Review of Federal Support to Research and Development – Expert Panel Report. Retrieved January 2, 2013 from http://rd-review.ca/eic/site/033.nsf/eng/h_00287.html

Economic Development and Trade

A Manufacturing and Processing Policy for Alberta

Issue

The recent rise of wage rates in developing nations, as a result of past off-shoring supply chain strategies and increases in transportation costs, present an opportunity to recapture and reinvigorate the manufacturing sectors in North America. Yet, the competition amongst the three nations will be high given the already high competition for labour resources and the scale of global supply chains.

There are opportunity costs to not implementing a comprehensive and differentiating set of manufacturing and processing policies and programs in Alberta. Alberta currently lacks an enabling and competitive industrial manufacturing and processing policy framework.

Background

Alberta has a strong base of manufacturers at various stages of growth and development, which have emerged from Alberta's core economic strengths and newer knowledge-based industries. Despite this strong foundation, there has been a decline in job creation in the manufacturing sector over the last several decades, as there is with most developed nation and jurisdictions. The Canadian Chambers of Commerce notes that:

"[In Canada], [t]he goods-producing sector shed 6,800 jobs in 2013, with the manufacturing sector losing 35,100 jobs." (CCC Report on Labour Market)

Furthermore, in the Canadian Chamber's *Top Ten Barriers to Competitiveness, Barrier X Insufficient Support for Innovation in Canadian Manufacturing* states that:

"Canada has dropped five places to 14th on the Global Competitive Index. Continuing to focus on low value-add, commodity-based products instead of leveraging high value-add, knowledge or serviced-based products is identified as a key factor in Canada's decline. Competing on cost inputs leaves Canada at a disadvantage." (CCC Top Ten 2014)

A 2012 World Economic Forum Report, *The Future of Manufacturing: Opportunities to Drive Economic Growth*, asserts that competitive success for businesses in the manufacturing and processing supply chain will only become more elusive:

"The strategic use of public policy as an enabler of economic development will intensify, resulting in competition between nations for policy effectiveness and [will] plac[e] a premium on collaboration between policy-makers and business leaders to create win-win outcomes… [N]ations will increasingly compete with each other to drive high-value job creation and harness the advantages of a globally leading manufacturing innovation ecosystem."[47]

---

[47] World Economic Forum, *The Future of Manufacturing Opportunities to drive economic growth*, 2012 (Pg. 5)

Diversification and technological upgrading of the overall economy has been identified to be on the forefront of many business and government leader's agendas in Alberta, including chambers of commerce. Chambers of commerce also, in general, support the removal of trade barriers and improved access to markets. But, manufacturing and processing industry competitors external to Alberta are supported by strategic government policies that offer suites of incentives and supports to ensure the global competitiveness of their manufacturing sector.

Without a similar policy response that can induce job growth, innovation and global impact of this growing trend of increasingly sophisticated private/public strategies will negatively affect the Alberta economy. SME's, which form the majority of chamber membership, are particularly vulnerable.

The Government of Alberta should recognize the importance of these sectors and initiate the design of an industry-driven and led integrated, strategic "roadmap" for Alberta that includes both the manufacturing and processing sectors. An industry led design approach should initiate a full discovery of gaps and opportunities inside and outside Alberta.

A supporting ecosystem used to advance business growth and scale-up in the manufacturing and processing sectors should:

- Follow the alignment of Alberta's key industry sectors to ensure appropriate, available manufacturing capabilities
- Meet workforce needs, training opportunities, skill-sets and competency requirements in manufacturing and related areas, such as automation, robotics, etc.
- Use product design as a driver for new company growth and identify specific opportunity areas for Alberta to determine how to advance the regional delivery of manufacturing support to meet Alberta-based needs
- Produce innovative policy that includes product design to encourage manufacturing by diversifying through spin offs from the energy sector
- Ensure a trade focus on global supply chain demand for food and agriculture, wood products, nanotech, plastics and Alberta industry strengths that include the manufacturing and processing industries

There is a role for chambers of commerce to bring potential coalition members together and encourage the relevant Alberta associations to meet to examine needs, issues and opportunities aligned with the key outcome of opportunity roadmaps. The Government of Alberta can then fulfill its role to implement a differentiated set of strategic industrial policies framed on strong linkages between the private, public and research sectors to support growth in Alberta's manufacturing and processing industries with a view to long term and global competitiveness.

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

1. Establish a Premier's Council on manufacturing and processing, or a similarly focused and resourced structure, comprised of industry experts, thought leaders and innovators with a one year mandate to identify and develop a comprehensive framework of public industrial policies, programs and initiatives that will be competitive differentiators for companies located in Alberta; and
2. Implement the set of differentiating manufacturing and processing policies, programs and support mechanisms in a manner that is clear and stable, and will provide transparency and certainty to investors without creating bureaucracy that may excessively distort or interfere with the market.

Economic Development and Trade

Market Access for Alberta Based Energy Products

Issue

Alberta business will benefit from policies that promote increased value added from the resources extraction industry. Action needs to be taken by the Government of Alberta to facilitate value added industry to locate and remain in the province.

Background

The growth in the Alberta economy is driven by the export of hydrocarbons, hydrocarbon derivatives and related technologies. Capital investment in our economy by foreign, national and local firms puts money into the hands of Alberta businesses. Construction and continuing operations provides high paying jobs, creates long term employment opportunities and builds strong communities. .

The hydrocarbon market is wide, deep and competitive and competitive. Capital resources flow to the region that has the superior combination of a low price and stable supply. The greater value that we can obtain from our exports the great economic surplus that Alberta business and the people of Alberta can capture from our nonrenewable hydrocarbon resource base.

The possibility of increased economic value added in Alberta is a function of several related supply chain variables which must combine in the chain to provide a low cost, low risk supply. If achieved, value added industry and all associated benefits with those industries will locate and stay in the province. The variables are:

- Resource availability
- Facilities to convert the material to a higher value added product
- Access to markets

The element of the supply chain that is the greatest threat to expanding the value added industrial base in Alberta is access to markets. With the exception of the volumes that are consumed within Alberta and Canada, the vast majority of our raw crude oil and natural gas resources, along with our 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.

Low prices for international oil pricing ease capital cost inflation and create opportunities to invest in value add industries with improved economics in Alberta. In combination with the depressed pricing for Alberta natural gas, which provide feedstock costs advantages, the current low-cost environment is an opportunity for developing value-added industry in Alberta. By increasing value-add industry capacity, a domestic market is created for Alberta feedstock products that can benefit when international pricing for hydrocarbon feedstock's is low.

With a strengthened value-add industry, Alberta's energy economy can benefit from both low and high cost international pricing environments for feedstock products. In addition to ongoing economic activity and job creation that come with a balanced energy industry across the hydrocarbon value chain, tax revenues that flow from value-add industry can provide stable energy-driven revenues streams to support the delivery of services by government.

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. The greater the economic value that is captured from the hydrocarbon industry, the greater the wellbeing of Alberta's business community and population.

Conclusion

Strategic investments in value add industry and technologies, combined with expanded infrastructure to access diverse markets for hydrocarbon products, can position Alberta businesses to fully benefit from the hydrocarbon energy industry in the long term.

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, where it makes sense, rail to refineries in eastern Canada, the US Gulf Coast, Canada's West Coast or Alaska for shipment to Asian Pacific regions.

Economic Development and Trade

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

Background

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

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

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

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

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

[48] 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-

hours per day[49]. 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.[50]"

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[51]. 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[52].

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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:
    a. 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.

---

f6759b0d5487/Grant_of_Inspection.pdf?MOD=AJPERES on Jan 3, 2014.

49 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

50 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

51 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.

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

b. 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.
c. The implementation must be consistent and cost-effective throughout the food distribution chain, <u>without compromising Canada's reputation for high food safety standards</u>.
d. To encourage the Canadian Food Inspection Agency and provincial/territorial agencies to shift away from a rules-based regulatory regime to an outcomes-based food safety discipline, with the onus on the processor to meet targeted safe food standards.
e. 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.

Economic Development and Trade

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.[53] 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 Alberta Chambers 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.[54]

[53] 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

[54]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

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).[55] Not only will GMOs play a major role in feeding 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."[56]

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.[57] Since the introduction of GMO Canola in 1995 (comprising 90%+ of cdn canola), yields have climbed from 21 bushels per acre to over 41.[58] Soil erosion has decreased 66%, greenhouse gas emissions have decreased by 26%, and fuel usage has been reduced by 31%.[59] 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.[60] The newly approved Innate Potato resists bruising, reducing waste, and has reduced levels of asprigine, a compound that increases levels of the likely carcinogenic acrylamide.[61] 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 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

---

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

[56] "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

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

[58] 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.

[59] Ibid.

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

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

19 people. In 2010 that number rose to 155 people and the reason is the massive leaps forward in technology.[62] It's imperative for the ongoing economic viability of the agriculture sector and the food security of our nation that genetically modified foods to be properly recognized as the safe and stable source of food that they are.

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

1. Support more research and science-based communication and public education in the fields of genomics and genetic engineering in agriculture.
2. Support Health Canada's stance that approved Genetically Modified Organism foods (novel foods) are safe for consumption.
3. Continue to support Genetic Engineering research use in agriculture.

---

62 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

Energy

Alberta's Leadership in the Development of a Canadian Energy Strategy

Issue

Every region in the world faces growing policy challenges in the production and use of energy. Global demand for energy is increasing to meet population growth and higher living standards. The International Energy Agency forecasts global energy use will grow 36 per cent by 2035.[63] Meanwhile, there are greater public demands on government and industry to reduce environmental impacts, including greenhouse gas emissions, add more renewable sources, improve energy efficiency, and demonstrate leadership in energy innovation. Canada is a growing net exporter of energy. It's a country blessed with vast and diverse energy resource endowments spread across the width and breadth of the nation, from hydropower to oil, gas, coal, uranium, and vast potential for renewable energy, such as wind. These endowments are a significant strategic advantage among developed nations, an important export commodity, and integral to Canadians' quality of life. A Canadian energy strategy could promote continuous environmental performance, infrastructure for export, regulatory enhancement and drive innovation.

Background

In Canada, jurisdiction over energy is divided between the federal and provincial governments. Provincial governments lead energy development while the federal government is primarily concerned with regulation of interprovincial and international trade and commerce, and the management of non-renewable resources on federal lands. Environmental management is controlled by both parties.

As such, Canada's provinces have developed energy systems that leverage their own natural endowments. This fragmented approach misses an opportunity for greater co-operation and collaboration across Canada.

Development of a Canadian energy strategy would create a national vision for the country's energy future, and develop policies and actions in alignment. The strategy would recognize the important contribution of the energy sector to economic growth, job creation and quality of life. It would allow Canada to provide a coherent position to the world, particularly important given increasing international attention on the oil sands, the third-largest oil reserves in the world. The strategy would align resources and further eliminate interprovincial barriers to trade, and would add stability and predictability for investors.

The Government of Alberta has taken an important leadership role in the creation of this strategy. As the host of the 2011 Energy and Mines Ministers' Conference, Alberta built consensus on elements that could serve as a foundation, including regulatory enhancement, developing new export markets and energy

[63] International Energy Agency. 2010. 2010 World Energy Outlook Presentation.

efficiency. Subsequent, the Government of Alberta has hosted further discussions to build support. This strategy must be driven by the provinces with involvement from the federal and municipal levels of government. It cannot be a top-down federal policy approach.

Broadening the dialogue and demonstrating the benefits to all provinces to build additional backing will be important next steps. Also, integrating environmental targets and strategies to improve performance will be vital, as energy and environment are inextricably linked. This includes a carbon management component – be this regulation, a carbon price compliance mechanism, or other methods. The price signal must be strong enough to initiate action by industry and consumers to reduce emissions, but not at a level that impedes international competitiveness or the Canadian economy. In addition, attention on the consumer through energy efficiency and conservation will be required components.

The Alberta Chamber of Commerce recommends the Government of Alberta:

1. Lead the development of the Canadian energy strategy with the other provinces in consultation with the federal government to ensure the framework respects provincial jurisdictions.
2. Continue to move towards a “one project, one assessment” by the best-placed regulator approach, which involves provincial leadership and equivalency agreements with the federal government.
3. Work with the other provinces, in particular the New West Partnership partners and Aboriginal communities, to encourage additional West Coast export options for energy producers.
4. Establish a vision for responsible energy development that is applicable across federal and provincial jurisdictions, complete with equitably applied best practice benchmarks for environmental performance.
5. Work with the federal government to develop a national level carbon strategy that is manageable for the economy.
6. Promote energy efficiency and conservation through focused tax incentives from an energy consumption perspective.

Energy

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 directly employs 550,000[64] workers across the country. In 2012 approximately 122,000 people were employed in Alberta's upstream energy sector[65]. This production generated over $3.5 billion in annual energy royalties, in turn directly funding many public services[66]. 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[67]. The severe drop in oil prices since 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, but that number jumped to over 60% of the share in 2015[68]. With oil production located in the prairies, and no cost effective means to transport it East, Canada needs to develop pipeline infrastructure to gain leverage in supplying our own citizens and new customers. This will prevent us from exporting at a discounted price and purchasing at world prices.

Regardless of the 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 to $19 billion that could otherwise be gained by selling directly to the Asia-Pacific market. Loss of this revenue puts severe pressure on all Canadians, as evidenced by job losses and the strain on social services currently being experienced across the nation.

---

[64] Petroleum Services Association of Canada "Facts about Canada's Oil and Natural Gas Industry," accessed May 4, 2016, www.oilandgasinfo.ca/jobs .

[65] Government of Alberta, "Alberta's Oilsands" accessed May 4, 2016, http://oilsands.alberta.ca/economicinvestment.html .

[66] Ibid.

[67] Jeff Gaulin, "The State and Future of Canada's Oil and Gas Industry" *Canadian Association of Petroleum Producers* Presentation to Lethbridge Chamber of Commerce, April 28, 2016.

[68] Peter Tertzakian, "Like a rocky romance, the oil relationship between Canada and the U.S. is complicated", accessed May 4th 2016, http://business.financialpost.com/news/energy/peter-tertzakian-column?__lsa=36f5-69c9 .

A key piece of critical infrastructure that is 'shovel-ready' is the Trans Mountain Expansion Project (TMEP). This pipeline runs from Edmonton to the West Coast, and is a key component in getting Canadian oil to tidewater - and ultimately international markets. The development phase of this expansion will boost Canada's GDP by $13.3 billion in the first 20 years of its operation[69]. 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 the other provinces and territories[70]. This will bring 58,000 person-years of employment, with the majority of these being well-paid, family supporting jobs.

A 4,600 kilometer pipeline that will transport 1.1 million barrels of oil per day to Eastern Canadian refineries is the Energy East Project. Moving product east will generate an estimated $11.5 billion in GDP for the Canadian economy during the construction and development phase[71]. The Energy East Project is suspected to take 7 years to complete with 14,000 well-paid direct and indirect jobs across the nation[72]. This pipeline would reduce the current reliance and intensity on rail shipping to the east, therefore reducing the overall cost of getting this resource to market. Additionally, this would decrease Canadian dependence on American pipeline infrastructure, leading to greater control for Canadian producers and citizens.

Enbridge, headquartered in Calgary, is currently pursuing the approval and construction of the Northern Gateway pipeline from Bruderheim Alberta to Kitimat, B.C. This pipeline is necessary to connect to the Asia-Pacific market, while simultaneously bringing significant economic benefits to Canadians. Estimated at $6.5 billion, this project will provide thousands of well-paid jobs with an anticipated impact of $300 billion to Canada's GDP over the next 30 years[73]. From a competitive standpoint, the ability for Canadian oil producers to have direct access to tidewater through cost effective infrastructure would positively benefit all Canadians.

Western Canadian oil is predominantly transported by railcar, which under current infrastructure circumstances is expected to increase by 44% in 8 years[74]. Looking at the costs of transport, rail is twice as expensive as compared to pipeline transport, and 4.5 times more susceptible to a spill[75]. Taken alone, this lack of pipelines acts as a barrier for Canadian oil and gas companies trying to get their product to both the West and East coasts, thus impacting the overall feasibility of supplying Canadians and having tidewater access to additional markets.

Currently, multiple companies are prepared to develop the above pipeline projects and have the private capital ready to provide thousands of jobs, taxes, and economic growth across Canada. Our nation must take action to position our oil as competitive and accessible to foreign buyers, and Canadian consumers coast to coast. Failing to do this will remove the leverage Canada has as a seller, and will severely hurt the long term stability and relevance of the Canadian economy.

Ultimately, in an increasingly competitive global oil and gas market, Canada needs to take action. The United States has moved from being a reliable customer, to seeking energy independence through

---

[69] Kinder Morgan "Trans Mountain", accessed May 6, 2016, https://www.transmountain.com

[70] Ibid.

[71] TransCanada "Energy East Pipeline", accessed May 6 2016, http://www.energyeastpipeline.com/

[72] Ibid.

[73] Enbridge "Gateway Facts", accessed May 6 2016, http://www.gatewayfacts.ca/

[74] Susan Noakes, "Oil-by-rail shipments set to boom, study find" *CBC News*, June 11, 2015, accessed May 4, 2016, http://www.cbc.ca/news/business/oil-by-rail-shipments-set-to-boom-study-finds-1.3110022 .

[75] James Conca, "Pick Your Poison For Crude -- Pipeline, Rail, Truck Or Boat" *Forbes,* April 26,2014, accessed May 4, 2016 http://www.forbes.com/sites/jamesconca/2014/04/26/pick-your-poison-for-crude-pipeline-rail-truck-or-boat/#3048e5245777 .

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 recommend the Government of Canada:

1. Prioritize supplying all Canadians with a secure and stable source of Canada's natural resources.
2. Expedite the objective review and environmental assessment of pipeline projects as is currently in front of the National Energy Board.
3. Facilitate the development of pipeline infrastructure to ensure Canadian oil can be delivered to tidewater and sold on global markets.

Extension of Northern Gateway's Certificate of Public Convenience and Necessity

Issue

On May 6, 2016, the Northern Gateway Project filed a request with the National Energy Board to extend the sunset clause on their Certificate of Public Convenience and Necessity until December 31, 2019.

If the Sunset clause extension is not granted, Northern Gateway would no longer have the approvals to build this pipeline.

Background

Since 2002, Enbridge has been leading the development of the Northern Gateway Project (the Project) with the support of potential Canadian and international shippers. The Project consists of two pipelines extending from an initiating pump station near Bruderheim, AB to a Kitimat, BC terminal. One pipeline is a 36-inch diameter oil export pipeline, with an average throughput of 525,000 barrels per day flowing west from Bruderheim, ending in Kitimat. The second pipeline proposes 193,000 barrels per day of condensate flowing east from Kitimat to Bruderheim.

In June 2014, the Project received a Federal Order in Council granting the Project a certificate for the construction and operation of the Project subject to 209 conditions. The second of these conditions is a sunset clause which requires construction of the Project commence prior to December 31, 2016. Earlier this month, the project filed a request with the National Energy Board to extend the sunset until December 31, 2019. The request cited "delay in obtaining approvals from other regulators; judicial challenges to required approvals; and changes in market conditions affecting commercial arrangements." as reasons for the delay and that the additional time will also be used to build stronger partnerships with First Nation, Metis and local communities.

During the regulatory review of the Project, Wright Mansell Research was retained to provide an independent assessment of the benefits of the Project from a Canadian public interest perspective. Their report concluded that the project would result in Canadian oil producers' revenues increasing by $2.39 billion in the first full year of operations and growing to over $4.47 billion by 2025.

Further, Wright Mansell Research's report concluded that over a 30-year operating period, Canadian gross domestic product (GDP) would increase by $270 billion. Over the same 30 year period, labour income would be a projected $48 billion, a result of an additional 558,000 person years of employment. Federal and provincial governments would be positioned to collect an additional $81 billion in revenue.

From 2010 to 2013, the Project underwent the most comprehensive review in Canadian history. The Joint Review Panel, tasked with reviewing the project, concluded: "we are of the view that…the Enbridge Northern Gateway Project, constructed and operated in full compliance with the conditions we required, is in the Canadian public interest. We find that Canadians will be better off with this project than without it."

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

1. Write a letter supporting Northern Gateway's sunset extension request to December 31, 2019, to the National Energy Board prior to the National Energy Board's letter of comment period. (date yet to be determined)

The Alberta Chambers of Commerce recommends that the National Energy Board accept the extension request to December 31, 2019.

Trans Mountain Expansion Project

Issue

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

Background

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

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

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

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

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

The $6.8 billion Trans Mountain Expansion Project is a key to unlocking that wealth. Through the expanded pipeline, oil producers gain increased access to tidewater, and see their product transported to new markets that would pay world rather than domestic prices[76]. Despite a fallback in oil prices, the NEB estimates oilsands output will double between 2015 and 2020. This demonstrates the ongoing need for the Project.

Economic benefits generated during construction and 20 years of operations from the Trans Mountain Expansion Project include:

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

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

- 14,600 construction jobs
- 13,340 pipeline operations jobs
- 11,200 jobs generated by dividend payments from oil producers
- 400,600 jobs related to additional investment in oil and gas development as a result of higher netbacks to producers.
- Overall, the project generates more than 800,000 person-years of work for Canadians

In addition to direct construction work for Albertans there are indirect or supply chain job opportunities in:

- Rail transportation
- Equipment rental and leasing
- Truck transportation
- Steel products
- Transportation support activities
- Computer services
- Engineering
- Machinery and equipment wholesalers

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

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

---

[76] Referenced by Kinder Morgan Canada

- $44,000 to Jasper

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

- $250,000 to Hinton
- $225,000 to Stony Plain
- $225,000 to Strathcona County
- $300,000 to Edson
- $225,000 to Parkland County
- $200,00 to Spruce Grove
- $140,000 to Yellowhead County

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with the Governments of British Columbia, Canada, and relevant municipalities to support the Trans Mountain Expansion Project so it can meet its commitments to delivering jobs and economic benefits and meeting its regulatory requirements during the construction and operation of the pipeline.
2. Work with local chambers of commerce to enable local procurement and job creation during the construction project.

Environment and Parks

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

Issue

The Province of Alberta implemented the first phase of the "carbon levy" as part of the new Climate Leadership Plan, January 1, 2017. It is agreed that there is an imperative for the province and the country to demonstrate environmental responsibility. The carbon levy is assessed at $20.00 / tonne in 2017 and $30.00 / tonne in 2018.[77] The levy is to help diversify our energy industry and create new jobs, and according to the provincial government is already improving access to new markets and better prices for our traditional energy products. i.e. Kinder Morgan pipeline approval(s). The cost of doing business and the cost to consumers are on the rise (i.e. vehicle fuel, household heating and product costs as business passes the increased costs off to consumers). Those costs, according to the province will be offset by consumer credits and new business rebate programs for infrastructure upgrades for industry (not much evidence of new business rebate programs to date).

The provincial government has identified Emissions-Intensive and Trade-Exposed (EITE) industries as mining, smelting and refining, pulp and paper, iron and steel, cement, lime and gypsum as well as chemicals and fertilizers. The province has executed their due diligence through the Eco fiscal Commission 2015; Provincial Carbon Pricing and Competitiveness Pressures; Guideline for business and policy makers, the Climate Leadership Report, the Climate Leadership Plan and in identifying that EITE will require some measures to remain competitive. The identification and implementation of competitive measures is of significant interest to industry. Industry, in Alberta, have long recognized the necessity of reducing environmental impact through carbon emissions, transportation and other designate footprints, and have consistently applied new research in effort to minimize environmental impact as examples: Trans Alta Coal Transition[78]; Canada's Oil Sands[79].

Background

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

[77] https://www.alberta.ca/climate-carbon-pricing.aspx

[78] http://www.transalta.com/about-us/coal-transition/FAQ-new-coal

[79] http://www.canadasoilsands.ca/en/explore-topics/ghg-emissions

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

e) avoid the transfer of wealth outside of Alberta

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Ensure that the carbon output based allocation system is supported by a mechanism that relieves emissions intensive, trade exposed industries of carbon costs until such a time as competing jurisdictions implement comparable pricing with solutions and that relief applied now.

Environment and Parks

Climate Change Policy for Alberta

Issue

The Government of Alberta has announced that it is developing new climate change policies. Such policies could positively affect environmental outcomes and support Alberta's position as a leader in environmental stewardship. However, if not developed in a manner which considers the impacts on business, could have strong negative effects on Alberta's economy.

Background

The Alberta Chambers of Commerce supports the Government of Alberta's efforts to address the very real threat of climate change. The ACC also believes that greenhouse gas (GHG) reductions can be achieved without sacrificing economic success by focusing on incentives for businesses to limit their carbon footprint.

In 2007, the Alberta Government introduced the Specified Gas Emitters Regulation (SGER). This regulation is Alberta's version of a "price on carbon" or a "carbon tax". SGER only applies to the largest emitters in the province and focuses on reducing the emissions intensity of producing oil, electricity and other goods. With the potential expiry of this regulation, The Government of Alberta announced increases to SGER and the creation of a Climate Change Advisory Panel. Led by Dr. Andrew Leach, this panel provided recommendations on 4 policy areas: **renewable electricity deployment; phasing out coal-fired electricity; energy efficiency; and, economy-wide carbon programs**.

Maintaining competitiveness

Policymakers should take great care in carefully weighing the additional costs of new climate change policy against the expected GHG reductions. Businesses may be able to carry the extra burden of a modest carbon tax, but could suffer if that tax increase is paired with a significant increase in electricity costs. The Province has also increased minimum wage and corporate taxes in recent months, and results of the royalty review are still pending. Taken together, these costs to business are very real and can have significant negative impacts. At a time when Alberta's economy is in decline, increasing the cost of doing business may hurt our competitiveness, decrease capital investment further and leave more Albertans out of work. The Government should show great restraint and caution in adding new costs to Alberta's businesses through new climate policy, and should ensure that new costs are balanced with new tools for businesses to use to mitigate those costs.

Renewable electricity deployment

Policy shifts in these areas have the potential to severely impact the ability of Alberta businesses to thrive and attract capital investment. New financial incentives for renewable electricity – if not designed properly – could see substantial increases in electricity costs for Alberta homes and businesses. In Alberta's unique electricity system, special focus must be given to programs that incent renewable electricity deployment while having the least distortive effect on the deregulated electricity market. This could be achieved by setting out realistic policy standards, like GHG targets to be hit, and allowing companies to decide for themselves how best to meet those targets.

Phasing out coal-fired electricity

The federal government has mandated the retirement of Canada's coal-fired power plants over the next 50 years. Regardless of any new provincial policy, all but two coal plants in the province will be shut down by 2034. Accelerating this timeline will likely mean additional costs to consumers as electricity providers invest capital to convert coal plants to natural gas or build new facilities altogether. The Province must take into account the effect of new policy on electricity prices for all consumers.

Energy efficiency

Properly designed, energy efficiency programs can be a boon to business by reducing rates of consumption. Businesses can decrease their energy usage through rebate programs and other financial incentives. While these programs cost the taxpayer, some of this cost is offset if businesses and individuals can save each month on their electricity bills and fuel costs. Government should look at historical successes and achievable programs to incent further energy efficiency.

Economy-wide carbon programs

While GHG reductions can be achieved through incentives, it has become increasingly clear that carbon pricing measures such as carbon taxes are being heavily considered. As such, it is important to design a carbon price system that limits the harm to the business community.

Policymakers should be very wary of cap-and-trade programs. If Alberta were to join the Ontario-Quebec cap-and-trade scheme, the result would be a direct transfer of wealth. Imagine, for example, oil and gas operators paying hydro operations in Quebec for the privilege to continue extracting our resource. A preferable outcome would be an economy-wide carbon tax. In BC, this took the form of a 7 cent surcharge on gasoline, along with similar surcharges on other fuels. Given that the Province already increased gasoline taxes by 4 cents, recommending an additional 3 cent increase, and earmarking all 7 cents as a "carbon tax", could prove an efficient way for enacting a form of carbon tax.

The real success in BC's carbon tax is that it is revenue-neutral. The additional funds collected through this tax are not used as government revenue, but rather given back to British-Columbians through personal and corporate tax cuts. This policy has also delivered short-term results, with BC's per-capita fuel consumption decreasing 16% following the carbon tax's introduction. The major downside to BC's experience is that the GHG reductions they achieved were largely a one-time event. Once drivers and businesses adjusted their habits to fit the new reality, GHG reductions flattened out and total emissions have again begun to rise. If policies are not shown to be effective in producing absolute long term GHG reductions, then the economic consequences of enacting these policies are not worth the outcome. Alberta needs a program that persists over a longer term to achieve emissions reductions objectives, and government should regularly report on the results publicly to ensure objectives are being met. This can be achieved by reinvesting some of the collected funds from a carbon tax into initiatives that decrease overall GHG emissions.

Use of funds

If the government collects any new revenue through new climate change policies, it can lessen the burden on businesses by:

1) Decreasing taxes

2) Creating green programs through which businesses can benefit

By decreasing taxes, the Government of Alberta ensures that new climate policies do not unnecessarily impact our competitiveness. By creating green programs for business, the Province will see continuing GHG reductions as businesses reduce their carbon footprint. These could include rebates for purchasing more efficient equipment, education and awareness for consumers to reduce their usage or incentives to install solar panels on homes and businesses. Furthermore, these funds should be made available as research and development grants, allowing businesses to develop and take and advantage of new technology that will help reduce their GHG emissions.

Opportunity

Repairing Alberta's environmental reputation now will help alleviate the market issues we face. This is more important than ever as oil prices remain depressed. Furthermore, there is a new government in Ottawa. If Alberta strikes the correct balance between economy and environment, this can serve as an example for national climate change plans.

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

1. Implement new environmental policy only after completing a cost-benefit analysis of the economic and distortive impacts of the proposed changes, taking into account the increased costs already in place.
2. Implement new policies in a staged manner, allowing businesses to adjust to these policies.
3. Focus on outcome-based policies, with flexibility for businesses to choose how best to meet these outcomes.
4. Reinvest all new revenues from climate policy into applied research and development grants, renewable electricity incentives, education and awareness initiatives, energy efficiency rebates and significant tax relief, all of which must be made accessible and available to individuals and businesses.
5. Ensure that revenue generated through new policy stays within Alberta.
6. Include measurable targets, with effective monitoring, public reporting, and periodic review at appropriate intervals.
7. Advance a broader stakeholder consultative process which would include chambers of commerce members, as well as industry members.

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)[80], 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 recent 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.[81]

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.

Encourage the use of domestic reclaimed water and storm water in toilet flushing, irrigation and industry.

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

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

Pine Beetle Management in Alberta

Issue

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

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

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

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

Background

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

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

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

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

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

The Alberta government's Pine Beetle Action Plan addresses the following priorities to manage the beetle infestation:

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

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

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

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

Mountain pine beetle control initiatives protect:

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Regulatory Approval for Soil and Water Technologies

Issue

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

Background

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

Many of the products used today also pose a risk via the carrier/distribution means (e.g., surfactants, etc.). There are limited guidance and decision-making tools available to regulatory staff in accepting the best product (via the current system – MSDS/toxicity report, yet no range/thresholds). Furthermore, fines are not restrictive enough to cause change. Some end users are saying that if they are caught one in 10 times, the cost of a fine doesn't warrant the use of a product that could help avoid the problem.

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 Environment, 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 labour 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. 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.
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.

Species at Risk: Albertans Working Together to Strike a Balance

Issue

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

Background

Recovery Strategy for the Woodland Caribou

In 2003, Woodland caribou were federally listed as a threatened species in the Species as Risk Act (SARA). Under the federal "Recovery Strategy for the Woodland Caribou," all provinces are required to produce range plans that outline how 65 percent of boreal woodland caribou habitat will be restored to undisturbed habitat and maintained undisturbed over time, and how the land and activities within the range will be managed for habitat protection. These provincial range plans are due by October 2017.[82] The range plans are to support a working landscape where species at risk and industrial activity co-exist.[83]

In May 2016, the Alberta Government accepted recommendations from a report developed by an external consultant, "Setting Alberta on the Path to Caribou Recovery," which states that 1.8 million hectares of land be designated as permanent protection areas for caribou recovery in northwestern Alberta.[84] The Province used these recommendations as a basis to complete the first draft range plan for the Little Smoky and A La Peche ranges in northwestern Alberta. This plan is currently under revision.

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

---

[82] Environment Canada, Recovery Strategy for the Woodland Caribou (Rangifer Tarandus Caribou), Boreal Population, in Canada, Update, 2012, doi:10.2307/3796292

[83] https://auma.ca/advocacy-services/resolutions/resolutions-index/species-risk-and-need-overall-socio-economic-impact-assessment

[84] http://aep.alberta.ca/fish-wildlife/wildlife-management/caribou-management/caribou-action-range-planning/documents/OnThePathtoCaribouRecovery-May-2016.pdf

of $27 million/year to the forest industry[85], places an additional burden on the sector. With caribou herds located where the highest value of Alberta's oil and gas resources are situated, including the Montney Formation – one of the top natural gas basins in the world – the energy industry faces the potential of significant restrictions on development.

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

In addition, the current process takes a one-species approach. A multi-species approach, the strategy being taken in Southern Saskatchewan, recognizes that these species do not exist in isolation of one another and, as such, makes for a more practical and efficient path for planning.[86]

Striking a Balance

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

Approximately 58 percent of the province is forested, helping to not only maintain a healthy environment, clean water, diverse wildlife habitat and a backdrop for tourism, but also to support the continuity and further development of forestry, one of the cornerstones of Alberta's economy.[87] The forest industry employs 15,000 Albertans directly and creates an additional 30,000 jobs, contributing over $4 billion to the province's economy.

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

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

---

85 http://albertaforestproducts.ca/

86 http://www.sodcap.com/Docs/EnvironmentCanada_MarkWayland_2016.pdf

87 https://www.albertacanada.com/AlbertaForestSector-2012EconomicImpact.pdf

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

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

Striking a Balance Between a Healthy Economy and Low Carbon Emissions

Issue

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

Background

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

We also recognize through the panel's report that Alberta's emissions are challenging to reduce for three primary reasons. First, our population and economic growth rates, as well as our incomes, have grown faster than other provinces, and emissions tend to be correlated with population, income and wealth. Second, our large, anchor industries are emissions-intensive and consist of long-lived assets (oil sands plants, gas plants, chemical production, refineries, etc.) which can improve performance over time, but not as rapidly as other sectors with shorter asset lives[88]. 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)[89]. Finally, our choice of fuels for electricity generation drives emissions. The Climate Change Advisory panel's policy architecture is expected to reduce emissions from current trends by approximately 20 Mt by 2020, and approximately 50 Mt by 2030. This would roughly stabilize emissions, by 2030, just above current levels at approximately 270 Mt. However would not meet the targets set under the Paris Agreement to reduce emissions in Canada to 30 percent below 2005 levels by 2030.

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

Since Alberta's economy is particularly sensitive, there is concern that unduly aggressive actions taken to reduce emissions in Alberta may not lead to real emissions reductions. Instead investment may just shift

[88] Climate Leadership Report to the Minister: https://www.alberta.ca/documents/climate/climate-leadership-report-to-minister.pdf
[89] https://ecofiscal.ca/reports/provincial-carbon-pricing-competitiveness-pressures

to other jurisdictions without stringent GHG policies, negatively affecting Alberta's economy and not ultimately impacting global greenhouse gas emissions due to carbon leakage. Insuring that our economy and small businesses remain vital and competitive is imperative as small businesses makes up 95% of all businesses in the province and are responsible for 35% of all private sector employment in the province. Government needs to strike a balance between achieving its emissions goals and preserving the competitiveness of a "vital lynchpin" of the economy[90].

The measure most anticipated to have an adverse effect on small business is carbon pricing. To mitigate the effects of the increased cost to run businesses the government has announced a tax cut from 3% to 2% for small business and a commitment of $645 million in incentives through Energy Efficiency Alberta. The small business tax deduction is in place for the first $500K of active income, meaning a 1% rate cut is a maximum benefit of $5000, which will not be sufficient for businesses that may be facing major costs from the new carbon levies. Initial energy efficiency programs have indicated items such as free installation of residential energy efficiency products and rebates for residential energy efficient appliances, lighting and insulation. The only incentives mentioned for business include high-efficiency retrofits of lighting, heating, cooling and hot water systems for business, non-profits and institutions, which are not believed to be significant enough to offset the costs of the new carbon pricing model.[91] In an effort to achieve cost neutrality for the business sector as a whole, levies paid by the business community should be returned through Energy Efficiency Alberta programs or other tax reduction measures to preserve the business climate while also encouraging the goal of reducing carbon emissions.

There are many businesses, industries and municipalities that are looking to reduce their carbon footprint by converting to natural gas as an alternate energy source. While still a source of GHG emissions, in comparison with other fuel sources natural gas is less carbon intensive, relatively clean-burning, abundant, safe, reliable and efficient. Burning natural gas gives off much fewer toxic emissions than coal or oil and for the same amount of energy produced; gas emits 30% less carbon dioxide when burned than oil, and as much as 45% less than coal[92]. Despite this known benefit, natural gas still has significant carbon pricing applied. When looking at the chart below, the unit of measure is different for natural gas, as its energy content is typically measured in Gigajoules (GJ), whereas other fuels are measured in litres. We do know that one GJ of natural gas has the same amount of energy as 27 litres of diesel, 39 litres of propane, 26 litres of gasoline or 277 kilowatt hours of electricity. Taking these conversions and applying the levies to the same units of energy, there is very little difference between the costs for the various fuel types. Moving towards natural gas conversions, as in the case of fleet vehicle conversions, while still implementing a carbon levy in this manner seems to be counter-productive given the costs and the benefit that natural gas has over the other fuel types. As natural gas is the obvious alternative to coal and has been used to power transit and fleet vehicles in various municipalities, it seems that only when a less carbon intensive and cost effective solution is available to take the place of natural gas should a levy be placed on this energy source.

---

[90] http://www.albertacanada.com/files/albertacanada/SP_EH-SmallBusProfile.pdf

[91] https://www.alberta.ca/energy-efficiency-alberta.aspx

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

Carbon levy on major fuels

Type of Fuel	January 1, 2017	January 1, 2018
Diesel	5.35 ¢/L	2.68 ¢/L
Gasoline	4.49 ¢/L	2.24 ¢/L
Natural Gas	1.011 $/GJ	0.506 $/GJ
Propane	3.08 ¢/L	1.54 ¢/L

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Not exceed other jurisdictions on carbon pricing and regulations and maintain competitiveness with neighbouring or like jurisdictions in Canada and the United States that have similar investment interests.
2. Communicate the goals of the Climate Leadership Plan; the timelines for benchmark goals to be met; how it will be measured and amendment or modifications plans if the goals and timelines are not met.
3. Ensure there is cost neutrality within the business sector and that carbon levies collected from the business community are available and cycled back to the business community through other tax reduction measures or energy efficiency Alberta initiatives.
4. Only implement a levy on natural gas when a less carbon intensive and cost effective solution is available.
5. Implement options to measure net carbon impact of a company and its activities and only apply levies to the net amount, taking into account the measures used to mitigate the total carbon footprint, including absorption of carbon dioxide and technologies such as green carbon capture.
6. 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.
7. Measure both the direct and indirect cost impacts of the carbon levy.

Water for Sustainability

Issue

The Alberta Chambers of Commerce is concerned about how best to deal with the significant pressures Alberta 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 northern part of the province.

Background

The past several years have 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 man's 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 some 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.*
- *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 management in Alberta is guided by the *Water Act* and the Water for Life strategy. In November 2008, the Water for Life Strategy was renewed with three goals:

1. Albertans are assured that their drinking water is safe.
2. Albertans are assured that Alberta's aquatic ecosystems are maintained and protected.
3. Albertans are assured that water is managed effectively to support sustainable economic development.

Knowledge and research is key to achieving these outcomes and the renewed strategy identifies three key directions:

4. Albertans will have access to the knowledge needed to achieve safe drinking water, healthy aquatic ecosystems, and reliable, quality water supplies for a sustainable economy.
5. Water for Life partners are empowered, informed, and fully engaged in water stewardship.
6. All sectors: understand how their behaviours impact water quality, quantity, and the health of aquatic ecosystems; adopt a "water conservation ethic"; and take action.

Water touches all of our lives and is a significant factor in the economy of all sectors, but good information about the water resource base and various uses 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. Reporting of water uses and return flows is an essential part of adopting a watershed approach to water resource management.

The Alberta Chambers supports the goals of the renewed Water for Life strategy, especially the commitment to empower stakeholders and other Water for Life partners, in developing action plans that address the unique conditions in each of Alberta's river basins.

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

1. Continue to support implementation of the renewed Water for Life strategy and strive to be a world leader in water management, thereby setting the standard for other provinces and countries.
2. 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 and modelled after the process used in creating Alberta's Water for Life strategy.

3. Continue work with other provinces to ensure there is consistent and effective management of watersheds that cross provincial borders, including agreement on water sharing and water quality.
4. 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:
    a. Take a proactive role with respect to feasibility studies, infrastructure development, water supply, and conservation projects.
    b. 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.
5. 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.
6. Continue to communicate and promote conservation measures and watershed protection, and to increase public awareness of the water management roles and responsibilities of municipalities, irrigation districts, basin councils and watershed groups throughout the province.
7. Continue to use partnerships and provide funding that will support and promote regional, place based, stakeholder-driven solutions.

Wood Recycling: Turning Waste Problem into a Resource Solution

Issue

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

Background

According to the World Bank report titled *What a waste* (2012), the OECD countries generate 44% of global waste.[93] Canada ranks first of the 34 countries participating in this organization, generating almost 780 kg of waste per person as compared to an OECD average of 578 kg per person. At the same time, Alberta generates the most waste among all Canadian provinces, almost 40% more (1100 kg per person) than an average Canadian. Managing these amounts of waste creates a burden for Alberta businesses and municipalities, but it also represents an opportunity to more effectively utilize Alberta's resources and create new sustainable business opportunities.[94]

Currently, Canada ranks the 3rd in total global wood production and utilizes almost 99% of its manufacturing inputs (pre-consumer recycling) at sawmills and at secondary wood processors (e.g. furniture). The challenge lies in increasing utilization of wood classified as post-consumer, including waste from Municipal Solid Waste (MSW), comprised by Construction, Renovation and Demolition (25% of all waste in Alberta), and Industrial Commercial and Institutional materials. The main types of post-consumer wood waste include crates, poles, boards, wood shavings, sawdust, beams, pallets and cut-offs. The volume of available post-consumer wood disposal in Alberta is difficult to estimate. However, the Natural Resources Canada estimates that on a national level unrecovered wood debris in MSW reaches 1.75 million metric tons per year which is 7% of the total annually disposed and unrecovered waste stream.[95]

As reported by Statistic Canada, in 2009 forestry biomass was the second, after agricultural biomass, source of bioproducts production and accounted for 16 million metric tonnes.[96] The wood waste can be used as animal bedding, mulch, soil amendment, compost, ground cover, dust control, pellet plants or an ingredient to manufacture pulp and paper products. There is also a growing market of green buildings and products made with reclaimed wood (e.g. doors, floors, furniture). Wood waste and fiber that cannot be

---

93 World Bank, *What a Waste. A Global Review of Solid Waste Management*, March 2012, www-wds.worldbank.org/ (Retrieved on December 22, 2013).

94 Recycling Council of Alberta, *Letter to all Alberta MLAs outlining how the government's Too Good To Waste strategy offers resource solution*, November 5, 2012, http://www.recycle.ab.ca/uploads/File/pdf/positionletters/20121105_MLA_letter.pdf (Retrieved on December 4, 2013).

95 J.Howe, S. Bratkovich, J.Bowyer, M. Frank, K. Fernholz, *The Current State of Wood Reuse and Recycling in North America and Recommendations for Improvements*, Dovetail Partners, May 2013, pp. 4-6, http://www.dovetailinc.org/files/ReportWoodRecyclingUSCanadaReport0513.pdf (Retrieved on December 19, 2013).

96 Statistic Canada, *Results from Statistics Canada's Bioproducts Production and Development Survey 2009*, pp. 8-10, http://www.statcan.gc.ca/pub/88f0006x/88f0006x2011001-eng.pdf (Retrieved on December 27, 2013).

recycled into new products may be better used to support bio-fuels and bio-energy. Reduced use of fossil fuels would help Alberta meet its growing electricity demand, diversify and green the power supply. Nonetheless, continued support from the Government of Alberta for this transition is needed.[97]

Since 1972, when the first provincial recycling program called Beverage Container Recycling Program was established, Alberta has been continuously working on developing waste management best practices and has been a leader in implementing waste management legislation on a national scale. It was a pioneer in introducing Hazardous Chemicals Act (1985) and Electronics Recycling Program (2004) as the first province in Canada. However, the wood waste management has never occupied a central position in provincial strategies.[98] As of now, there are only five regulated stewardship wastes programs introduced in the province and they encompass used tires, electronics, beverage containers, used oil and the new paint and paint container programs.[99]

Moreover, in 2011 the Government of Alberta closed two of three grant programs introduced by Nine Point Bioenergy Plan (2006), called Biorefining Commercialization and Market Development Program (BCMDP) and Bioenergy Infrastructure Development Program (BIDP). These two grants helped to fund, among other projects, a commercial scale plant that uses forestry wood waste to generate thermal and electrical power. [100] They have also partially funded Waste-To-Biofuels facility in Edmonton that is able to convert 100,000 tonnes of municipal solid waste into 38 million litres of biofuels annually.[101] [102] The third grant, called Bioenergy Producer Credit Program (BPCP) has been discontinued by Budget 2013.[103]

Last but not least, for many businesses the wood recycling is still not an option worth considering since the majority of landfills in Alberta continue to accept wood waste. It is particularly surprising given the fact that the price of wood waste recycling is lower than dumping it in the landfill. As estimated by one of the main recycling wood waste companies in the province, the Greater Edmonton and northern Alberta landfill costs reach $68 per metric tonne plus roll-off container, rental, fuel surcharge and haulage transportation. At the same time, the average rate for wood waste recycling services is $40 per metric tonne and includes scaling fee, unloading and wood waste grinding.[104]

---

[97] Alberta Innovates Bio Solutions, *Forest Products Roadmap*, http://bio.albertainnovates.ca/media/39149/alberta_forest_products_roadmap_booklet.pdf (Retrieved on December 28, 2013).

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

[99] Alberta Environment and Sustainable Resource Development, http://environment.alberta.ca/02795.html (Retrieved on December 4, 2013).

[100] Alberta Energy, News Release, *Provincial dollars help convert waste into watts*, http://alberta.ca/release.cfm?xID=22668A70EB041-DF87-229C-E8C546906FE1FDCA (Retrieved on December 27, 2013).

[101] The City of Edmonton, *Waste-to-Bio Fuels Facility*, http://www.edmonton.ca/for_residents/garbage_recycling/biofuels-facility.aspx (Retrieved on December 28, 2013).

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

[103] Alberta Energy, http://www.energy.alberta.ca/bioenergy/1400.asp (Retrieved on December 27, 2013).

[104] Waste Reduction and Recycling Consultants, http://www.wrrci.ca/closedloop.php (Retrieved on January 24, 2013).

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Set recovery targets for wood and other materials along with the reliable reporting systems and information collection to allow for appropriate measurement and analysis.
2. Develop a stewardship program dedicated to post-consumer wood recycling and promote creativity in finding end markets for recycled wood.
3. Reopen grants for businesses that are interested in developing bioproducts or bioenergy projects based on wood recovery. Encourage partnerships between municipalities, businesses, academics and engineers to promote development of bioproducts and bioenergy based on wood waste.
4. Address wood waste issues through awareness campaigns that promote community benefits of wood recovery as well as indicate development opportunities for businesses in this field.
5. Introduce measures that would limit the landfills' access to wood waste and that would promote the utilization of wood waste management centres. The only exception would be if a landfill has a wood waste recycle program or hires a contractor who offers recycling services.

Finance and 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.[105] 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.[106] Similar program that have been implemented have helped achieve priorities such as increasing competitiveness, enhancing environmental stewardship, and energy efficiency.

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

---

[105] 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

[106] “Rachel Notley’s NDP to promote energy savings for Albertans,” http://www.albertandp.ca/rachel_notley_s_ndp_to_promote_energy_savings_for_albertans

Finance and Treasury Board

Alberta Budget 2017/18

Issue

The Government of Alberta needs to work with the business community, alongside other community stakeholders, to develop a fiscal plan that will strengthen economic recovery without burdening future generations with unmanageable debt.

Background

Alberta's Economy

The Alberta economy continues to experience the consequences of low oil prices. 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. Oil prices are projected to increase only slightly through the remainder of 2017. Pipelines to reach new customers have been approved but will not be operating for several years. Real GDP contracted by 3.6% in 2015, 3.0% in 2016, and 2017 is expected to see modest growth of 2.1%.

While Edmonton's economy has been somewhat buoyed by large construction investments made prior to the oil price shock, many of these projects are now finishing their construction phases.

This difficult economic environment is, for the most part, externally driven and beyond the province's control. However, it is being exacerbated by actions of the Government of Alberta and municipalities across the province. These orders of government have announced policy shifts that affect the competiveness, sustainability and cost of doing business in Alberta. These shifts include higher corporate taxes, increased property taxes, a 48% increase in the provincial minimum wage, and a carbon tax which increases fuel costs, to name a few.

The Province has attempted to offset cost increases to business with a 1% small business tax reduction. This reduction does not provide sufficient relief to significantly defray these new costs for most businesses, and businesses that are struggling to keep income above their costs will not receive any benefit from this tax relief.

Capital Spending for Future Growth

Following significant capital investments by the Province in 2016, Budget 2017 included a $29.5 billion Capital Plan for the following four years. This is the right move, at the right time. By spending on capital projects in an economic downturn, the Province is making critical investments in needed infrastructure. The Province is also realizing relative savings by taking advantage of lower construction costs, as construction demand has decreased. Albertans benefit by having new and upgraded schools, roads and hospitals. Given that Alberta's population continues to increase, despite the economic downturn, this infrastructure will help Alberta prepare for the 323,000 new Albertans that we can expect to arrive in the next five years. The Edmonton Chamber of Commerce encourages the Province to maintain the Capital Plan for future budgets and to continue investments in trade-enabling infrastructure.

Operational Spending

While increasing capital spending is the right move, increasing operational spending at this time is not. Budget 2017's announced spending increases for the year, stated at 2.2%, appear to have increased modestly from the previous year's budget. However, this does not account for the $774 million in-year spending increase for the Ministries of Health and Education in 2016-17. Compared to the budgeted amounts from Budget 2016, the operational spending increase for Budget 2017 rises to 4%. Furthermore, the Province does not include operating expenses from the Climate Leadership Plan or debt servicing costs within the overall operating budget. When these are included, total operating expenses have risen nearly 6% since Budget 2016.

If the Province continues down the path set out in Budget 2017, new debt in excess of $38 billion will be added to the provincial balance sheet over the next three years. The provincial contingency account, set aside to help cover budget deficits, will be empty by 2018. Alberta's debt servicing costs will reach $2.3 billion by 2019–20. This is larger than ministry budgets for Energy, Culture and Tourism, Environment and Parks, Economic Development and Trade, and Labour combined. This continued trend of growing government spending without a clear plan to address the deficit was a major factor in Alberta's credit rating being downgraded by credit rating agency Standard and Poor's. With little fiscal restraint, the absence of a plan to end deficits, and no path forward on how the growing debt will be repaid, Alberta's current fiscal path is not sustainable.

Back to Balance

Considering local and global factors and the cumulative impact of policy decisions influencing Alberta in the coming years, the Edmonton Chamber of Commerce urges the provincial government to 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.

The Province must now present a clear path back to balanced budgets. To that end, the Edmonton Chamber of Commerce recommends 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.

Both Edmonton 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 Edmonton Chamber of Commerce recommends the Province undertake a similar review.

Trade Diversification

Looking outside our borders creates further uncertainty. The election of Donald Trump as the 45th President of the United States may have a significant impact on the Alberta economy. The Alberta economy remains heavily reliant on energy exports and will likely continue to rely on these exports for some time. The United States serves as our largest trading partner, accounting for over 90% of total exports.

While Alberta may receive some benefit from the revival of Keystone XL, the risks of the Trump Presidency's protectionist approach to trade may outweigh any gains. A border adjustment tax, or any other form of tariff, placed on Canadian exports would have serious consequences for the Alberta economy. It is of crucial importance that Alberta continues to show political leadership on pipelines and access to new markets, ensuring the province can sell to a more varied customer base.

Trade diversification is also needed for small- and medium-sized firms (SMEs). 34% of Alberta's SMEs rely entirely on clients in a single city, 38% rely on a single major client, 62% rely on a single sector and only 20% sell to international clients. This insular business environment creates significant volatility for Alberta's economy.

Carbon Pricing

If President Trump follows through on promises to drastically cut corporate tax rates and roll back environmental regulation, Alberta will find itself at a competitive disadvantage. This would make investment attraction more difficult and slow the pace of a much-needed economic recovery. While policy decisions regarding the carbon levy have already been made, the Province has not yet announced what will replace the Specified Gas Emitters Regulation, which serves as the price on carbon for large industrial emitters.

If Alberta is to achieve significant reductions in greenhouse gas emissions, it is of the utmost importance that the new carbon pricing system allows our emissions-intensive and trade-exposed sectors to remain viable in Alberta. If Alberta's carbon pricing system on large emitters is too stringent, investment will be lured to jurisdictions without a carbon price. This does nothing to combat global climate change; it simply shifts emissions across borders. Alberta needs its industries to stay and continue to provide employment and prosperity for Albertans.

The carbon tax is collecting $1 billion in revenue. A significant portion of this revenue is coming from businesses that now face higher taxes on gasoline, natural gas, and other fuels. Reducing the corporate income tax rate for small business from 3% to 2% as a rebate for businesses is a step in the right direction but has little material effect for most. The Province has provided significant relief for vulnerable families who have been affected by the tax but has not done so for vulnerable businesses, as was recommended by the Climate Leadership Panel. Now is the time to put this relief into place.

Consolidating Tax Collection

Alberta is one of two remaining jurisdictions in Canada that has not consolidated its corporate income tax with the federal government. An Alberta corporation must file one income tax return with the Canada Revenue Agency and another with Alberta Treasury Board and Finance (Tax and Revenue Administration division). Individuals, however, can file their provincial and federal taxes in a single return, as personal tax collection has already been consolidated. For Alberta businesses, this continued duplication of functions, including reporting, auditing, and returns, imposes an additional tax compliance burden and creates unnecessary compliance risks and costs.

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

Capital Spending for Future Growth

1. Prepare for Alberta's continued growth by maintaining the current five-year Capital Plan.

Back to Balance

2. Establish a long-term plan to achieve a balanced budget by limiting operational expenditure growth. Maintain this policy until provincial economic performance is generating sustained government revenues sufficient to support increased spending with overall rates of taxation and fee collection at levels similar to the existing regime.

3. 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.
4. 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.
5. 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.
6. Report publicly on the results of cost-saving measures outlined in Budget 2016, including the actual savings realized.

Trade Diversification

7. Continue to show leadership on pipeline development to help diversify Alberta's export markets.
8. Expand programming aimed at increasing small- and medium-sized businesses' ability to export to new markets.

Carbon Pricing

9. Prevent carbon leakage by ensuring that the carbon pricing system due to replace the Specified Gas Emitters Regulation allows emissions-intensive and trade-exposed sectors to remain competitive with neighbouring jurisdictions.

Consolidating Tax Collection

10. Reduce business tax compliance costs by working with the Government of Canada to consolidate the collection and administration of provincial corporate income tax.

Alberta Budget cuts to Wildfire Management put business and people at risk

Issue

The recent and ongoing trend of warm and dry weather has significantly increased the risk of wildfires in Alberta and resulted in devastating losses to Alberta communities. In Budget 2016, the provincial government made significant cuts to the wildfire management budget. This attempt to reduce government expenditures in Budget 2016 has reduced the contract for air tanker services, damaging the Alberta aerospace industry, and putting the safety and livelihood of Albertans at risk.

Background

The budget cuts to wildfire management has resulted in the contracts for Alberta air tanker services reduced from 123 days to 93 days, ending them on August 16th. While the government will obviously pay to fight the fires after the 16th of August, the budget reduction eliminates the guarantee that the air tanker companies will keep their services and operations in Alberta after the 16th of August as they look for contracts elsewhere. This potentially results in businesses leaving the area, as well as extra costs and time delays for other air tanker companies to come to Alberta from afar.

The reduced budget for wildfire management is poor budgeting, being totally misleading to the true cost. For wildfire management the province paid $225 million in 2014-2015, $470 million in 2015-2016, and yet only estimated $86 million for 2016-2017 despite it being a “high-risk” year.

There have been an average of nearly 1500 wildfires a year between 2005 and 2014, and with the frequency of extreme warm summer temperatures (exceeding 30˚C) expected to increase, the risk of wildfires only increases.[107][108] In August of 2015, 7 of Alberta’s 8 air tanker groups were on high alert (meaning there were active wildfires burning). In 2014, 5 of the air tanker groups were on high alert.[109] This combined information leads one to question the wisdom of reducing the wildfire management budget and eliminating the guarantee that the air tanker groups will be available after August 16th.

Along with providing invaluable fire protection services, the ongoing operations and maintenance of Alberta-based air tanker companies provide significant economic contribution to the economy of Alberta. Air tanker companies employ hundreds of mostly high skilled, highly paid people, many of whom do much more than provide fire protection services. An example is Air Spray, a company that employs as many as

---

[107] http://wildfire.alberta.ca/wildfire-maps/historical-wildfire-information/documents/WildfiresByYear-2005-14-Apr14-2015.pdf
[108] http://www.nrcan.gc.ca/environment/resources/publications/impacts-adaptation/reports/assessments/2008/ch2/10321
[109] https://issuu.com/blackpress/docs/i20160419224237185/1

150 pilots, aircraft maintenance engineers, and other technical staff to keep the aircraft operational throughout the fire season. Air Spray spends 8 months preparing their fleet ahead of each fire season and provides maintenance, training, and parts fabrication services for other aerospace operators, all of which is put at risk of leaving the province if the air tanker companies receive a more lucrative contract outside of Alberta.[110] This will export jobs out of Alberta, when we should be supporting Alberta workers. It is not reasonable for the Government to expect companies such as Air Spray to invest in their business, only to be granted a contract that ends August 16.

While we applaud the government for looking for savings in the budget, we feel the cuts to Wildfire Management put the province at far too great of a risk to be worthwhile.

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

1. Reinstate the budget for wildfire management, including a guarantee for Alberta-based air tanker services and other businesses providing wildfire management services for 123 days.
2. Reinstate the budget allocation for Fire Smart to 2015 levels.

[110] http://www.airspray.com/

Alberta Investor Tax Credit

Issue

The inaccessibility of early-stage capital investment is a major impediment to the growth and sustainability of Alberta's small businesses. Often lacking the resources and administrative capacity to raise capital via debt financing, these businesses rely heavily on equity investments made by angel investors and venture capital firms. Despite this need, Alberta is currently one of the only provinces in Canada without an income tax credit for those who invest in local small businesses.[111] The province lacks an incentive structure aimed specifically at encouraging private sector agents to purchase equity in local—capital starved—enterprises. Without policies that foster small business growth, the province's productivity, level of innovation, and overall competitiveness stand to suffer.

Background

In their 2013 Report on Competitiveness, the Alberta Economic Development Authority identified key competitiveness indicators, and compared the province's performance against other jurisdictions—both within Canada and abroad. The report found that one of the greatest obstacles to the provinces' overall competitiveness was a lack of access to venture capital. In the report, Alberta was ranked near last in terms of both venture capital investment relative to GDP, and the number of venture capital deals per 100,000 people. Venture capital is vital in the development of innovative companies within the province. This inability is intrinsically linked to Alberta's other low scores in non-resource export growth, employment in high-tech manufacturing, and employment in knowledge-intensive services. [112]

Currently, provincial programs have focused mainly on the demand-side of the business development equation. Through the Alberta Innovation Voucher program and support in R&D funding, there has been an attempt to spur the creation of new businesses and start-ups. These programs are important for creating investment ready businesses, [113] but more must be done in encouraging private sector investment to help these ventures move forward. Early stage equity investment is a necessary component in allowing small businesses to grow and become sustainable enterprises.

Alberta Enterprise Corporation (AEC) is one body which provides public funding to venture capital firms, which is then invested in the larger community. Yet, creating a sustainable ecosystem for small business investment in Alberta is not possible without greater private sector involvement. The AEC's fund-of-funds model does an important job of providing liquidity into the marketplace, but mechanisms need to be enacted to keep private capital within Alberta as well.

New businesses backed in large part by public venture capital tend to underperform compared to those funded by private investors, both in terms of patent production and the likelihood of a successful market

[111] http://acca.coop/wp-content/uploads/2014/02/Coop-Development-White-Paper-May-5-20111.pdf
[112] http://aeda.alberta.ca/media/11184/final-abcomp-2013-may-22-2014-re-26.pdf
[113] https://www.cvca.ca/files/Downloads/Government_Involvement_in_the_VC_Industry_Intl_Comparisons_May_2010.pdf

exit via an IPO or third party acquisition. [114] Also, venture capital firms one are only component of a healthy venture capital marketplace, broader incentives needs to be created for all sources of investment.

Econometric studies out of the University of British Columbia and Shanghai Advance Institute of Finance have shown that the best investment mix is of majority private capital, with some early stage public funding. Mechanisms for public funding are already in place. Therefore, the most effective policies going forward are ones which take steps to increase the flow of private capital into these firms. One which allows creates an incentive, yet allows the free-market to determine the most efficient allocation.

<u>Small Business Venture Capital Tax Credit</u>

In order to increase capital investment in small businesses, and contribute to the overall stability and growth of the Albertan economy, the provincial government should incentivize investors through an income tax credit. Considering Alberta is the only jurisdiction without this type of program, it stands as an effective tool that the province should take advantage of. Other jurisdictions have successfully used an income tax credit to spur investment in small businesses. With high pickup rates, low costs, and general efficiency, they illustrate how such a program may be structured and potential outcomes.

Research out of the University of British Columbia, evaluated their province's program. It found that between 2001 and 2008, $256 million worth of tax credits helped to attract $2.3 billion of equity investments, creating over 4,000 jobs. They also estimated that the average company participating in the program raised a total of $2.14M of equity. In the same period, every $1 given as a tax credit generated $2 in provincial tax revenue, making it a net benefit gain for the province. [115] [116]

A 2010 survey of B.C investors found that 73.8 percent of respondents said they would invest less without the tax credit and 11.9% said they would not invest at all. If this program did not exist 41.3% said they would seek to invest more in the US, 23.8% more in Canada outside B.C. [117]

In Nova Scotia, a similar program has been incredibly popular, and there are strong advocates for its expansion. Between 2002 and 2011, $115.7 million was invested using the program, in exchange for $35.7 million in tax credits. It hit a historical peak in 2006, right before the world financial recession, with $5million in tax credits being leverages into over $16million in investment. The success of this program, has led some to suggest an Atlantic Canada-wide initiative to attract capital investment. [118]

As has been shown in British Columbia, it is possible to create a very successful program without a loss to tax revenue and large administrative costs. This creates a more efficient outcome than direct government participation in investment decisions, and keeps both the investment of capital and the subsequent rewards within the province.

Increased venture capital investment has compounding benefits for the economy. Early stage investment spurs more investment from other sources, it creates a more mature venture capital eco-system, and if an investor finds success, they are more likely to invest in the future. There is also a "legacy effect" in which successful businesses make generous contributions back into the overall business community. This has been observed across tech-hubs both in Canada and the United States.

Alberta is fortunate to have large pools of capital, yet a system must be put in place to encourage the flow of this capital back into the province's small businesses. This tax credit is a hands-off approach which puts

---

[114] http://strategy.sauder.ubc.ca/hellmann/pdfs/BranderDuHellmannOct04.pdf
[115] http://www.mikevolker.com/Hellmann_Venture_Capital_Report_2010.pdf
[116] http://www.initiativespg.com/wp-content/uploads/2014/06/VentureCapitalPresentation.pdf
[117]strategy.sauder.ubc.ca/hellmann/pdfs/Angels%20in%20BC%20Preliminary%20Survey%20Report%20October%202010.pdf
[118] http://entrevestor.com/images/uploads/Entrevestor_September_2012.pdf

the onus on investors to make the final decision on risk and efficiency, but incentivises them to keep their money within Alberta and put it toward high-growth businesses. A program such as this is an important step towards protecting the long-term health of the Albertan economy, while ensuring that the province remains competitive for both investors and small businesses owners.

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

1. Establish an investor tax credit which incentivizes equity investment in small and medium size businesses in Alberta
    a. Provide a non-refundable tax credit equal to 30% of investment made through the program against provincial taxes
    b. Allow the credit to be moved forward or back 2-4 years in order to smooth the fiscal impact of the program
    c. Place a cap on the amount of tax credit available each year
    d. Establish a yearly maximum on how much a company may raise through the program in order to ensure investment is not being pooled in a small group of firms and that the program is only attracting early-stage investment
    e. Require that the investor not have held a major stake in the venture prior to investment in order to ensure the program is only attracting new investment
    f. Set a threshold for what constitutes an Albertan small-business based on the number of employees and the percent of wages paid to the Alberta residents, but consider a lower wage threshold for firms who primarily engage in exports
    g. Allow common shares, preferred shares, and convertible debentures to be eligible, in order to properly reflect current venture capital practices
    h. Eligible investors include individuals, companies, and pooled funds who pay taxes in Alberta
    i. Emulate B.C's online registration system to minimize administrative costs, regulatory burden and wait times
2. Consider leveraging an investor tax-credit incentive to diversify Alberta's economy

Allowing Investment Advisors to Incorporate Can Enhance Alberta's Professional Attractiveness

Issue

Over the past several years, Alberta has fallen behind Canada's other provinces in fostering the business competitiveness of its highly educated, trained, and successful professionals.

Background

Alberta's leading economy has been built on its commitment to encouraging business and fostering an environment of success. As our economy evolves, it is important that Alberta maintains its commitment to business and maintains its competitiveness. Over the past several years, Alberta has fallen behind Canada's other provinces in fostering the business competitiveness of its highly educated, trained and successful professionals.

Alberta is home to some of Canada's leading professionals. Our doctors, dentists, engineers, accountants and lawyers provide a high level of expertise and service to Albertans. On November 24, 2009, the Alberta Legislature passed Bill 53, the *Professional Corporations Statutes Amendment Act, 2009,* to finally acknowledge that Alberta professionals have been at a disadvantage when it comes to their business structure and planning opportunities.

Alberta's rules governing the ownership of shares, both voting and non-voting of professional corporations have differed materially from those of other provincial jurisdictions, including those of British Columbia, a signatory of the *New West Partnership Agreement*.

The *Professional Corporations Statutes Amendment Act, 2009,* takes steps to correct the limited tax planning options of the professional. With Alberta raising overall tax rates plus having artificial limits on the tax-planning opportunities afforded to its professionals, it has resulted in a larger disadvantage for professionals in Alberta.

Much like the ownership restrictions that had limited planning opportunities for professional corporations, the rules in Alberta for investment advisors differ from those of British Columbia, where an investment advisor can receive compensation to their personally owned corporation.

Life insurance agents operating in Alberta are permitted under Alberta's *Insurance Act* to incorporate their business. Yet a dual-licensed advisor for insurance and mutual funds/securities can operate their insurance business through a corporation, but not their mutual funds and securities business. This creates a duplication of costs and closes doors on proper tax and succession planning.

Currently, under a temporary exemption granted by provincial securities regulators in Ontario, Manitoba, Saskatchewan, Nova Scotia, New Brunswick and British Columbia, members of the Mutual Fund Dealers

Association of Canada (MFDA) are permitted to pay commissions to incorporated salespersons. Alberta is the only province recognizing the MFDA to not permit this temporary exemption. The MFDA exemption was scheduled to expire on March 31, 2010. Other provinces have stated that they will not extend this temporary exemption and that a permanent solution needs to be implemented. It is likely that these provinces will continue to allow advisors in neighbouring provinces to be compensated to a corporation through their own permanent solutions.

Many Alberta advisors with large investment practices will often choose to work in other provinces such as BC because of the specific ability to have securities incomes paid to a corporation in that jurisdiction. As a matter of fact, advisors who have built practices in Alberta before moving to other provinces are still able to retain their Alberta based clients while residing in those other provinces. Effectively, this means that another province is earning the tax revenue that could otherwise have been earned in Alberta. All things being equal, advisors may be more inclined to reside in Alberta if they had the ability to incorporate.

For Alberta to keep in step with the other provinces, its *Securities Act* needs to be amended to allow the definition of "salesperson" to include a corporation, and allow for the exemption of the corporation from being registered, as the individual advisor is already a registrant under the *Act*. This exemption has worked successfully in British Columbia and Manitoba. These changes will remove the competitive disadvantages that Alberta's investment advisors have as compared to advisors in neighbouring jurisdictions.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Implement legislative amendments to the *Securities Act* that would allow financial advisors (mutual fund and securities representatives) to incorporate through a change to the definition of salesperson to include a corporation under that definition.
2. Provide an exemption from the requirements in the *Securities Act* that require a corporation to be registered, given that the individual financial advisor is already a registrant under the *Act*.

Finance and Treasury Board

Applying the Accelerated Capital Cost Allowance for Oil Sands, Upgrading and Petrochemical Industries

Issue

The Alberta Chambers of Commerce has consistently delivered the message to federal and provincial governments that the accelerated capital cost allowance (ACCA) needs to remain in place as a key component of a strategy to attract new investment in resource extraction and value-added manufacturing including resource upgrading. In particular, for Alberta's value-added strategy it is critical that standalone upgraders and other petrochemical industry be eligible for the accelerated depreciation treatment. Under the current rules they do not qualify. With oil prices approaching all-time lows, a stagnating economy and the near complete withdrawal of energy investments, now is the time for the government to reinstate ACCA for all oil and gas related projects.

Background

Accelerated capital cost allowance (ACCA) has been a feature of mining sector taxation in Canada for decades to encourage investment and value-added processing. Capital cost allowance rules specify the rate at which capital assets can be expensed annually. Accelerated capital cost allowance or ACCA, as the name implies, allows the normal costs of capital to be deducted as fast as income from the project will allow rather than deferring the deductions over time. As corporations recover their initial investments sooner, ACCA reduces the investment risk associated with the mine or project, thus improving the overall economics of the project.

The ACCA for in situ oil sands projects was introduced by the Liberal government in 1996 when oil prices were low in an effort to stimulate investment in the oil sands. In addition to the regular capital cost allowance, oil sands mining and in situ projects were able to claim ACCA on the assets of the particular mine, up to the income from the mine or project. Oil sands projects started prior to March 2007 currently qualify for a 100-per-cent accelerated capital cost allowance, which is a much higher rate than that provided to conventional oil and natural gas. An oil sands company only pays federal income tax on the income from an oil sands operation once it has written off all of the eligible capital costs.

The ACCA for oil sands provided a significant boost for this costly industry and companies had announced investments of $150 billion in spending before oil prices collapsed.

In the 2007 federal budget, Finance Minister Jim Flaherty eliminated ACCA for new projects and announced that by 2010 the government would phase out the ACCA for mining and oil sands mining projects. The timing for this decision was unfortunate. The elimination of the accelerated capital cost allowance coincided with a plunge in the price of oil as well as the ongoing threat of significant new costs to combat environmental issues, including climate change.

While the federal government was eliminating the ACCA for oil sands, at the same time it introduced an ACCA for investments in manufacturing machinery and equipment. Originally intended to be available for two years, the ACCA for manufacturing machinery and equipment was extended for a further year in 2008. In response to the economic crisis, the federal government extended the ACCA for machinery and equipment for a further two years until 2012. Clearly, the government understands the power of the ACCA as an inducement to further investment.

As green-field projects, new upgraders in Canada are more costly, especially with our higher construction (labour and material) costs, as well as the need to develop supporting public and private infrastructure. Competing locations in the U.S. (i.e., the U.S. Gulf Coast and the U.S. Midwest) enjoy the benefits of existing infrastructure. They are also shielded from the inherent high cost of transporting heavy barrels through the averaging down of regulated pipeline tariffs based upon depreciated capital invested in pipelines constructed years ago at lower historic costs.

Alberta also has in place a rigorous environmental and socio-economic public interest tests for major energy projects operated through the Energy Utilities Board regulatory process. This process extends the lead-time and upfront costs of projects. Addressing the climate change challenge will undoubtedly require investment of significant new capital investment. By providing for more rapid capital recovery, the ACCA will greatly assist in making Canadian upgrader projects more competitive with U.S. refineries.

In addition to the uneven playing field created by applying the ACCA to manufacturing machinery and equipment and not oil sands mining and upgrading, the ACCA has not been available for merchant upgraders or for additional value-added processing, such as petrochemicals and refining. This means, for example, that some upgraders are eligible (those with common ownership and processing feedstock from a particular mine or in situ project) and some are not (those purchasing bitumen on the open market). This creates a further disincentive or barrier to investment in upgrading capacity in Canada.

The transfer of potential upgrading capacity in Canada to the U.S. will have devastating consequences.

A strategy is to secure and strengthen an advantage in value-added manufacturing. Partly based on natural gas liquids (NGL) extracted from new northern gas supplies and new supplies of petrochemical feedstocks and refinery grade petrochemicals that are generated as co-products of the upgrading of bitumen. These new feedstocks are critical as conventional sources of petrochemical feedstocks will decline over time. Without the feedstocks from upgrading by-products, there simply will be no sustainable petro-chemical industry.

The oil sands boom has been Canada's economic engine over the past decade. Ultimately, the effective integration of oil sands, refining and petrochemical industries will position Canada as an energy leader for decades to come. However, these industries are capital intensive, and face competition from other jurisdictions and considerably higher operating costs due to labour and regulatory controls. Faced with these challenges, seizing the new economic opportunities will require our governments to implement fiscal policies like the ACCA that encourage rather deter investment.

Fairness also dictates that standalone upgraders receive similar tax measures as those directly associated with upstream supply projects. And fairness dictates that value-added sectors like the petrochemical industry should be treated similarly to other manufacturing sectors and be allowed to apply the ACCA.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Reinstate the accelerated capital cost allowance for oil sands projects.
2. Extend accelerated capital cost allowance to include resource processing investment, including integrated upgraders, merchant upgraders and petrochemical industrial projects.

Consolidation of the Provincial and Federal Corporate Tax Administrations

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 Treasury Board and Finance division of Alberta Finance. It was only recently 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, however 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 cuts and budgetary deficits.

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 2008, Ontario consolidated its corporate income tax system with the Federal government, 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.[119] In a 2012 report, PriceWaterhouse Coopers indicated that the single administration was estimated to have saved Ontario corporations more than $136.7 million each year.[2] The benefits of moving ahead with eliminating the duplication of corporate tax collection are proven with

[119] website reference for new PWC report prepared for the CRA http://www.cra-arc.gc.ca/whtsnw/tms/ctao-airso-eng.html#_Toc309979729

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.

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.

	Rate in 2005	Rate in 2015*	Rate in 2016
General	11.5 per cent	11.0 per cent	12.0 per cent
M & P	11.5 per cent	11.0 per cent	12.0 per cent
Small Business	3.0 per cent	3.0 per cent	3.0 per cent

*Rate changed from 10% to 12% 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.
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.

Registered Savings Plans Can Ease Administration, Support Prosperity, Retirement and Lifelong Learning

Issue

An improved RRSP savings system would encourage Canadians to save, improve access to capital, and better prepare Canadians for their futures.

Background

With the economic downturn and resulting depressed values of Canadians' investment plans, it is now more important than ever for Canadians to review the funding of their retirement and other savings needs. Since the introduction of the Registered Retirement Savings Plan (RRSP), the government has been encouraging Canadians to save for their futures.

Enhancements to RRSPs, including the Home Buyers Plan and Life Long Learning Plan have expanded the use of RRSPs. New plans such as Registered Education Savings Plans (RESPs), Registered Disability Savings Plans (RDSP), and Tax-free Savings Accounts (TFSAs) have been developed to help Canadians fund other needs such as education, care for the disabled and for other uses.

With an aging population and reducing personal income tax base, the funding of an individual's retirement and social services is becoming more of a responsibility of Canada's employers – the business owner. Each of these existing plans comes with its own rules and complexities. They are costly to offer to administer, costly to offer to employees and are unfortunately not used to their full potential.

Streamlining and simplifying the various savings plans registered with the Canada Revenue Agency (CRA) will encourage more Canadians to save and more employers to assist their employees in establishing savings plans. Building upon the base of the current infrastructure of the CRA and financial intermediaries, the current RRSP could be refined and redefined to allow a true lifetime savings vehicle.

Taking the best of the RRSP and combining it with the best of the existing programs would give Canadians a flexible and cost-effective lifestyle funding mechanism. Tax deductible contribution limits, partially tax-free and tax-deferred qualifying withdrawals would encourage Canadians to self-fund many of the cash needs that currently are paid through ad hoc government programs, tax credits and grants

The refined Registered Savings Plan would complement currently established limits, grants, bonds and qualifying tax-deferred withdrawals with permitted withdrawals for:

1. Home purchases
2. Home renovations
3. Childcare
4. Temporary loss of employment

5. Disability

It would also provide a complete restoration of contribution limits after withdrawal and defined repayment schedules that would encourage a broader use in all income brackets.

Fully indexed tax-deductible contributions of 20 per cent of earned income up to the top tax bracket, with matching grants for non-deductible contributions earmarked for education and disability care, tax- free withdrawals of contributed capital, and tax-deferred withdrawals of growth for qualified purposes will allow the funding of various expenses throughout a Canadian's lifetime.

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

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

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

Finance and Treasury Board

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 continue with the next phase of 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:

2. 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.

Smart Spending Bandwidth

Issue

Alberta has benefited significantly from the development of its natural resources with non-renewable resource revenues contributing a large proportion of total provincial government revenues in the last decade. In 2013/2014, 21 per cent of the province's total revenue came from resource revenues. However, provincial government operational expenditures have, at times, increased beyond the rate of inflation and population growth creating an unsustainable dependence on volatile resource revenue in order to balance the budget.

Background

The government's continued reliance on non-renewable resource revenue for current consumption creates an unsustainable and unhealthy dependence on volatile revenue sources, and distorts incentives to maintain or improve efficiencies in program delivery, which needs to be amended.

To help address this challenge, ACC recommends that the province adopt a bandwidth approach to operational spending by targeting increases within a range delimited by population and inflation growth, and real GDP and inflation growth.

This bandwidth ensures that the province is able to increase operational spending in response to increased demands for services as a result of population and economic expansion, while ensuring expenditures do not exceed our collective ability to pay, especially during sudden resource revenue declines.

With inflation estimated at 1.8 per cent[120], population growth at 1.6 per cent[121], and GDP growth at 2.0 per cent for 2015[122], this range is between 3.4 and 3.8 per cent for 2015.

Though the current and operation spending is currently below the bandwidth, Figure 1 shows that the province has, on average, exceeded the smart spending bandwidth between 2008 and 2010. Consequently, ACC strongly encourages the province to target the lower end of the five-year average bandwidth (3.4 per cent) for 2015 and beyond, particularly given economic uncertainties in the global economy.

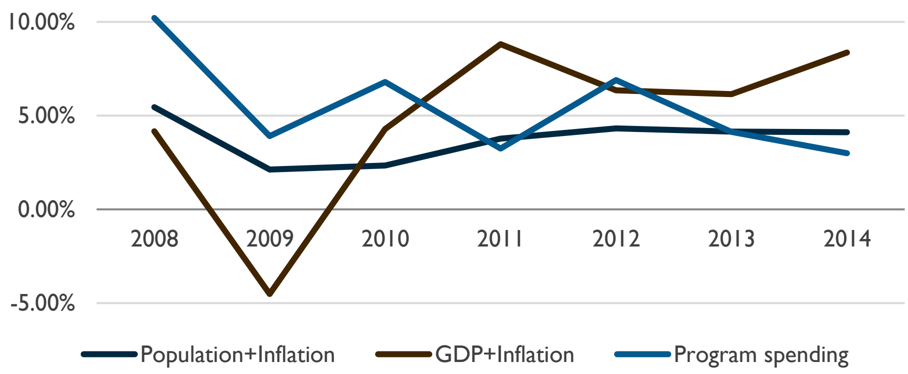
---

120 ATB Financial. *Alberta Economic Outlook Q1 2015.* January 5, 2015. http://atb.com/SiteCollectionDocuments/About/Alberta-Economic-Outlook-Q1-2015.pdf

121 Alberta Treasury Board and Finance. *Alberta Population Projections by Census Division 2014-2041.* July 15, 2014. http://finance.alberta.ca/aboutalberta/population-projections/2014-2041-alberta-population-projections.pdf

122 ATB Financial. *Alberta Economic Outlook Q1 2015.* January 5, 2015. http://atb.com/SiteCollectionDocuments/About/Alberta-Economic-Outlook-Q1-2015.pdf

Figure 1: 2008-2014 Smart Spending Bandwidth



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

1. Adopt a bandwidth approach to operational spending by targeting increases within a range delimited by population and inflation growth, and real GDP and inflation growth.
2. Target the lower end of the five-year average bandwidth (3.4 percent) given global and provincial economic uncertainties and the volatility of resource revenue.

Finance and
Treasury Board

Tax Provision Threshold Indexing

Issue

When introducing new measures to the Canadian taxation system, a great deal of study is generally conducted to ensure that the measure being introduced fits within the existing Canadian taxation framework. As a result of this process various thresholds and limits are introduced along with the tax measures, to ensure their fairness or that policy aims are achieved and to ensure that there is not an undue amount of administrative burden placed on the taxpayer as a result of the new measure. Unfortunately, following the introduction of a new measure, the thresholds and limits introduced are not re-examined to ensure their fairness and administrative relevance in the future.

Background

Examples of these thresholds include:

- A rebate of goods and services tax ("GST") under the Excise Tax Act ("ETA") on the purchase of a new home reduces the rebate on "luxury homes" with a purchase price of over $350,000 and under
- $450,000. For homes over $450,000 there is no rebate. The luxury home thresholds were introduced in 1991 with the introduction of the GST, and have not been changed since
- The Lifetime Capital Gains Exemption was increased in Budget 2007 to $750,000 from $500,000, the only increase since it was first introduced in 1988. It excludes from taxation the first $750,000 of gains realized on the sale of qualified small business corporation shares or farm under the Income Tax Act ("the ITA")
- The ITA restriction on capital cost allowance on "luxury automobiles" was first introduced in 1987 and limited the capital cost allowance which may be claimed on these vehicles to $20,000 of the actual vehicle cost. The federal government reviews this limit annually. Over the years the limit has gradually increased to $30,000 but has been unchanged since 2000
- The "small supplier threshold" for registering for the GST under the ETA was introduced at $30,000 in 1991 with the introduction of the GST. This threshold has not changed since. While the federal government has recognized the importance of reviewing certain thresholds / limits, as evidenced by the recent indexation of personal tax credits and registered retirement savings plan limits, many measures have not been revisited in years and some since their introduction a generation ago

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Immediately revise existing tax provision thresholds to reflect increases in pricing and inflation, ensure the thresholds and limits adequately reflect economic conditions, and are updated to reflect the same benefits and gains as intended when originally introduced. These would include revisions to the:
   - Rebate of goods and services tax (“GST”) under the Excise Tax Act (“ETA”)
   - Income Tax Act restriction on capital cost allowance class 10.1, specifically luxury automobiles
   - “Small supplier threshold” for registering for the GST under the ETA
2. Ensure that new and existing tax provisions contain thresholds and limits and are introduced and / or updated with annual indexation as an integral part of the provision.

Health

Alternate Relationship Plan for Nurse Practitioners

Issue

Alberta's current funding mechanisms do not effectively support Nurse Practitioners to alleviate current or future demand on primary health care.

Background

- Nurse Practitioners (NP) are Registered Nurses (RN) with advanced education (master's degree).
- NPs are legislated under the Health Professions Act (HPA) and licenced and regulated to practice by the College and Association of Registered Nurses of Alberta (CARNA).
- The NP scope of practice is broader than RNs, and allows them to:
    - Conduct comprehensive health assessments
    - Treat and manage chronic illness
    - Order and interpret diagnostic tests
    - Prescribe some forms of medications
- NPs are not physician substitutes; they work in collaboration and consultation with physicians, nurses, and other health professionals
- Alberta has a growing need for primary health care providers, and NPs are a clear solution with a track record of providing patient centered quality health care for over four decades.
- NPs could play an important role in alleviating pressures on Alberta's health-care system if Alberta had appropriate funding models in place to enable NPs to practice within a collaborative primary care team.
    - An appropriate funding model(s) would not only increase access to primary care across the province, but also integrate NPs as collegial health care team members.
- The development of a NP Alternate Relationship Plan (ARP) in the primary care setting is an important first step towards improving Alberta's health care system that would get the right care, to the right people, at the right value.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Develop an Alternate Relationship Plan (ARP) for physicians and Nurse Practitioners that would provide direct funding for both.
2. Reallocate funds from existing budgets for Alberta Health and Physicians Services to ensure nurse practitioner role integration and utilization in areas of need and/or for populations of need.

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 a number of key indicators.[123] 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 $4,862 per capita compared to the national average of $4,018.[124] 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.[125]

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. Execute and implement the recommendations of a third party system delivery review of Alberta health care services, ensuring Albertans are getting the best services for their considerable investment.

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

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

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

Improving Rural Health Care

Issue

Despite Alberta having the most expensive per-capita Health Care system in Canada, rural health care continues to lag behind the service level of large urban centres. This creates a drag on rural economic growth. There is a need to improve services and reduce costs.

Background

Availability and accessibility of basic health care services in rural and small urban communities is a barrier to community sustainability and economic development in rural Alberta. Basic health care services are essential for the recruitment and retention of a healthy and productive workforce. There are currently 5 million Canadians without a primary care provider.

The Canadian Chamber of Commerce identified availability of labour as one of the biggest barriers to economic development.[126] Having a robust and effective health care service in rural communities is a key tool in the attraction and retention of workers, and as such, is an inextricable tie between enhancing community sustainability and promoting economic development.

The 2015 Rural Health Services Review identified that all Albertans deserve and require equitable access to basic health care services regardless of where they reside and that a vibrant and engaged rural Alberta is essential to the economic, social, and cultural health of Alberta as a whole. The report also identified many issues facing the success of Alberta's rural health services.[127]

This has a direct impact on the viability of a rural community's workforce and the businesses that rely on this workforce. Without accessible health care in the community, individuals are often required to take time off work and travel considerable distances. As a result, follow-up and preventative care is often lacking. *A healthy workforce is a productive workforce.*

A number of communities have found success improving local health care services through untraditional means. One such example of a community-based approach, which was recognized by the Rural Alberta Physician Action Plan in 2011, was taken by Kneehill County. The community recognized that the physicians that they were most likely to be successful in attracting to the community were newly graduated family physicians or foreigners. The community understood that these physicians just want to practise medicine and are not interested or in a financial position to be able to buy into a medical clinical practice in the community, if one exists.

---

[126] Canadian Chamber of Commerce. (2012). *The Top 10 Barriers to Competitiveness.* Retrieved January 4, 2013 from http://chambertop10.ca/10-barriers/

[127] Rural Health Services Review Committee. (2015). *Rural Health Services Review Final Report.* http://www.health.alberta.ca/documents/Rural-Health-Services-Review-2015.pdf

The community bought out the retiring physician's clinic and operated the clinic as a community service. Physicians providing family medical services were supported with administrative services and assisted with working through the accreditation and billing processes. The community also recognized that the retention of family physicians would require access to other community supports, including schooling for young families.

Other communities such as Bassano are exploring the use of alternative funding and payments and an all-under-one-roof model for their Primary Care Networks. Similar services have popped up in other communities such as those in Taber and Okotoks. Much of their success can be attributed to the collaborative and integrated multi-disciplinary team-based approach. This approach has led to better health outcomes and better value of resources.[128]

Unfortunately, these are the exception as many regulatory and financial hurdles make their set up and ongoing viability difficult. Often the largest hurdle seems to be the fee-for-service compensation system. This builds a strong argument for the usage of more Alternative Relationship Plans which would remunerate Health Practitioners by allocating a block of funding to serve a set number of patients or a specific period.

Communities that are not of a size to support a physician may benefit from the services of a Nurse Practitioner (NP). NPs are educated and legally authorized to make differential medical diagnoses, order and interpret tests, and prescribe Schedule 1 medications.[129] The people of Alberta are best served by utilizing the full abilities and services of our Health Care professionals. In order to do we need to lift the barriers. Currently many NPs are funded out of institutional operational budgets, medical affairs, or not all. There are many areas, such as palliative, cancer and primary care, where NP's can work and make a positive impact on the health of Alberta residents, however, due to the inability of NPs to direct bill Alberta Health or obtain funding through alternative funding models, this service to the public is underutilized

The long-term viability and success of rural communities rely on changes and improvements to Alberta Health Services. Alternative Relationship Plans, changes in fee models, more team-based approach for Primary Care Networks, and more optimal utilization of health professionals like Nurse Practitioners will go a long way on improving care and reducing overall costs of Alberta Health Services.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. implement the *2015 Rural Health Care Review* recommendations to ensure that rural populations are maintained and supported with critical community support services, including but not limited to, access to basic health-care services.
2. Work within the confines of the current health-care budget and create flexibilities to direct sustainable funding for rural and small urban communities to actively support and facilitate the establishment and operation of Primary Care services fully utilizing the skills and abilities of the medical staff.
3. Provide rural family physicians and their rural patients with ready access to specialists and other health-care providers through programming and initiatives, including but not limited to, access to

[128] Council of the Federation. (2012). From Innovation to Action: The First Report of the Health Care Innovation Working Group. http://www.pmprovincesterritoires.ca/en/component/phocadownload/category/27-publications-en?download=33:health-innovation-report-e-web

[129] College & Association of Registered Nurses of Alberta. (2011). Primary Care: Vision, Roles and Opportunities. http://www.nurses.ab.ca/content/carna/home/current-issues-and-events/advocacy-initiatives/primary-health-care.html

specialists and other health care providers via telehealth, remote testing and diagnosis using technology.

4. Review the fee structure for Health Care services providers in rural areas, taking into account the lack of medical supports for the practice of medicine and the unique challenges of these practices, including but not limited to extended clinic hours, time spent managing patient files and referrals for specialists and other health-care service providers.

Alberta Chambers of Commerce
The Advocate for Alberta Business

Indigenous Relations

Aboriginal Consultation

Issue

With rising global energy demand, and Canada's ability to service that demand, the ability to properly consult and engage with Aboriginal communities is vital. Canada must expand its capacity to export oil and natural gas to growing Asian markets, and building that capacity comes down to effective consultation with First Nations. A failure to consult with Western Canada's First Nations communities could have dire repercussions for proponents of pipeline projects through Alberta and British Columbia, and other natural resource projects. Canada's energy industry is dependent on overcoming challenges associated with resource development projects and Aboriginal consultation. Aboriginal relationships are of incredible importance to our economy, especially in the context of current resource development projects and Canada's need to get its products to market.

Background

During the past two years, Alberta's approach to consultation has seen many significant developments. These included the release of the new Policy on Consultation with First Nations on Land and Natural Resource Management (2013), which replaced the 2005 policy, and the Government of Alberta's Guidelines on Consultation with First Nations on Land and Natural Resource Management (2014) under the 2013 policy, which replaced the 2007 guidelines. Under this new policy, the Alberta government also created the Aboriginal Consultation Office (ACO), which reports to the Ministry of Aboriginal Relations and is responsible for the assessment, management, and execution of the consultation process. No government in Canada, including the federal government, has gone as far as the Government of Alberta in attempting to create a more centralized, standardized, and government-controlled process of consultation, however opposition from Alberta's Aboriginal communities and industry apprehensions over several of the features are concerning.

The Alberta Consultation Office (ACO)

The ACO is a centralized body that reports to the Ministry of Aboriginal Relations, and is responsible for conducting and monitoring the consultation process. Its mandate includes determining the need to consult, the depth of consultation required, supervision of all consultation related activities, as well as determining the level of accommodation required. Ideally, the new centralized consultation office allows for a more streamlined process, and strengthens the role of the government in the process.

Under the new consultation guidelines and matrices, proponents will apply to the ACO for consultation assessment, at which time the ACO will conduct a pre-consultation assessment within 10 working days to classify any potential effects of action on treaty rights and traditional uses in three categories:

Level One: no adverse impact, no consultation

Level Two: low adverse impact, requires consultation

Level Three: significant or permanent adverse impact, requires consultation

When the ACO is contacted and provided with an overview of the proponent/project and location, the ACO makes a determination on the level of consultation, as well as which First Nations should be consulted. While the sector-specific consultation matrices exist to help guide this process, the ACO has the authority to override this and to fold the project into whichever category of consultation it deems appropriate. We would like to see this process become more transparent with the consultants representing industry able to access the maps that the ACO uses to determine potentially affected First Nations.

The ACO needs a public facing presence that citizens and corporations alike have the ability to access, ensuring straightforward and transparent accessibility of documents, consultation information, approvals and other decisions.

While the centralized process of the ACO helps to reduce uncertainty and create a consistent process, a clear explanation of how the ACO defines the scope and adequacy of consultation, including traditional territory and consultation maps, which First Nations are consulted, and what the scale of the project is, will help increase both industry and First Nations buy in to the process.

Aboriginal Consultation Levy Act (ACL)

One missing factor in adequate consultation has been the lack of capacity funding for First Nations, an issue that the Aboriginal Consultation Levy Act (ACL) was intended to remedy. The ACL exists to increase funds that enhance First Nations' ability to effectively consult, through training and other project costs through a program funded through a levy on industry. The intention of the ACL is to address issues of the capacity of First Nations groups to carry out consultation. Under section 3 of ACL, project proponents are required to pay consultation levies into the Aboriginal Consultation Fund as part of the approval seeking process for project development.

Under the new levy act, industry proponents would pay into a fund managed and administered by the ACO. The ACO would then distribute funds to First Nations to enhance consultation capacity and offset the costs of engagement, for purposes such as training and other project specific costs. The main issue with the levy act, however, is that it was put into effect with very little consultation with First Nations communities, and most groups only came to know of its existence after it was already legislated. The act was passed prior to the consultation conducted among First Nations groups over the new policy.

A second concern is the method of funding. Prior to the ACL, a First Nations group would conduct an estimate of the necessary capacity funding for a particular consultation process for a project, and the proponent would provide the First Nation with the agreed sum. Under the ACL, however, the government is responsible for unilaterally determining the sum of the funding, and how it is distributed, and then notifies the proponent of the amount they are to provide, without the input of the First Nations group. Decisions made by the Ministry of Aboriginal Relations regarding the levy are not subject for review.

Lastly, the levy by far represents the greatest unknown within the new guidelines. There is uncertainty and ambiguity within the levy act, particularly over what activities the levy fund is to be used for and what the monetary values are expected to be.

Capacity funding is inherently broad and case specific, resulting in a huge variance in funding among different Aboriginal communities and different projects. Capacity funding is an issue of sovereignty between the project proponent and the First Nation; funding should not be pooled and then distributed by the ACO. Moreover, how the ACO will maintain transparency and reporting surrounding the levy and other monetary matters needs to be made available.

Timelines

Timelines are a huge point of contention for industry and First Nations groups. While industry is concerned that there are too many caveats in the guidelines that allow for extensions of timelines, which reduce project predictability and consistency of the timelines, First Nations groups expressed concern that the timelines, as stated in the guidelines, do not allow for meaningful consultation. Industry also expressed concern that the conditions for extending the timelines are too vague.

The problem is that with some industry clients there is often a gap between planning Aboriginal consultation and its execution. Under these timelines, the only qualified reason for a delay is administrative: "the application or proponent information is deemed incomplete." The guidelines need to account for the time it takes to properly allocate resources (staffing, expertise) and carry out consultation procedures, making the timelines appear unrealistic or unforgiving to what should be a process largely based on partnership and relationship building.

Resource revenue sharing

There is no standard approach to resource revenue sharing, and governments are not required by law to provide compensation for Aboriginal communities affected by development. The Supreme Court decision on Tsilqot'in, however, made clear that the landscape is shifting in favour of enhanced collaboration between Aboriginal communities and the government.

Alberta and Saskatchewan are the only two provinces in Canada that are opposed to revenue sharing models. While Nova Scotia, New Brunswick, PEI, Ontario, Southern Quebec and Manitoba have no fixed policy on revenue sharing. Labrador, Northern Quebec, Yukon, NWT and Nunavut use revenue sharing models based on modern treaties. British Columbia uses a model based on project revenue sharing. Most models are based on a percentage of government return from a project, with its size depending on the level of activity.

Past attempts by the business community to enter into revenue-sharing and impact benefit agreements with communities during resource development projects has led to frustration, as these businesses were forced to shoulder the costs of making deals work. Businesses should not be responsible for the entire cost of meaningful consultation and project partnership with First Nations.

Revenue sharing simplifies the process of relationship building between industry, government, and First Nations, and increases transparency. For years, the concept of resource revenue sharing has been contentious, and yet it represents the key to unlocking agreement among First Nations and industry: it is the price that Aboriginal communities require in order for them to support development.

A failure to consult on consultation

The underlying issue with the guidelines and consultation in Alberta as a whole is that Alberta's First Nations groups feel as though they have not be adequately consulted on the creation of the very processes that are meant to remedy Aboriginal consultation. While the grand purpose of the ACO and the new guidelines was to create a smoother and more predictable provincial consultation process, it has been vehemently opposed by almost every band in Alberta.

Many of Alberta's Aboriginal communities feel that the new process is being dictated to them and that they were not an adequate partner in coming up with the new policy. Many of the Nations that have extensive long standing relations with industry, and have established their own engagement systems in place that they have spent years refining and that they believe work for them.

Aboriginal feedback should be catalogued and a report card issued that allows comparison across different consultations. This would allow both the ACO and industry to assess the success and failures of consultation. This score would be provided by the First Nation community engaging in consultation. Instituting Aboriginal feedback into a practical tool for monitoring consultation would enhance First Nations buy-in by proving that feedback is being considered.

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

1. Clarify how the ACO defines the levels of impact, the scope and adequacy of consultation, traditional territory and consultation maps, which First Nations are consulted, and what the scale of the project is, in order to increase both industry and First Nations buy-in to the process
2. Create an online system that gives project proponents and First Nations communities the ability to access documents, consultation information, approvals and other decisions to increase transparency and efficiency
3. Re-evaluate the *Alberta Consultation Levy Act* by incorporating greater input from industry and First Nations' on the method of funding
4. Recognize the importance of resource revenue sharing and begin to establish a provincial resource revenue sharing framework in full consultation with Alberta First Nations and industry, possibly one that allocates a fixed percentage of resource revenue to affected Aboriginal communities
    a. Consider developing a hybrid between local and general models that allocates a fixed percentage of resource revenue between a general Aboriginal fund and a fund earmarked for specific investments, such as infrastructure repair, education and training, or additional investments into capacity funding
5. Place greater emphasis on long-term relationship building prior to initiating project applications, and greater emphasis on win-win outcomes, through investing more attention to each specific community's culture, language, traditions, and protocols; emphasize that consultation guidelines and policy as just the minimum effort required for consultation
6. Monitor outcomes and participation, usage, identification of needed adjustments to the guidelines through the implementation of consultation report card.

Indigenous Labour Force Strategy — Tapping into an Underutilized Pool of Labour Supply

Background

In Alberta the Indigenous population represents the largest untapped labour force in the province. The Indigenous population is younger than the population at large; in 2012 close to half (46%) of Indigenous people in Canada were under the age of 25, compared with 30% of the non-Indigenous population[130]. In Alberta, though Indigenous people exhibit similar participation rates in the labour force (70.3 per cent versus to 72.6 per cent[131]), there is a lack of success in securing and retaining employment. In 2016 Alberta Indigenous employment rates were 6.2 percentage points below the population at large[132] [133].

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

Recognizing the necessity of addressing this issue, the Calgary Chamber of Commerce completed an in-depth report entitled *Completing the Circle: Realities, Challenges and Strategies to Improve Indigenous Labour Market Outcomes in the Calgary Region*[134]. The following resolution is itself informed by this report.

A compelling case for business

---

130 "Aboriginal Peoples: Fact Sheet for Canada." *Statistics Canada*, Ministry of Industry, 2015, www.statcan.gc.ca/pub/89-656-x/89-656-x2015001-eng.htm. Accessed 10 May 2017.

131 Government of Alberta. 2016 Alberta Labour Force Profile, Statistics Canada Labour Force Survey. Edmonton, April 2017. https://goo.gl/RAUYRU.

132 Ibid.

133 Government of Alberta. 2016 Alberta Labour Force Profile, Statistics Canada Labour Force Survey. Edmonton, April 2017. https://goo.gl/RAUYRU

134 Brunnen, Ben & Jankovic, Mike. "Completing the Circle: Realities, Challenges and Strategies to Improve Indigenous Labour Market Outcomes in the Calgary Region." Calgary Chamber of Commerce, March 26, 2009. http://www.calgarychamber.com/resources/docs/PGA/Policy%26Communications/2009/Publications/Completing_the_Circle_Indigenous _Report.pdf

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

- The combination of underemployment, a younger than average population, and individuals rooted in the local community makes the Indigenous population an ideal pool of talent for long-term engagement.
- Employing Indigenous people in the workplace creates genuine business advantages, such as access to the growing Indigenous market and improved market knowledge of the local consumer base.
- Indigenous engagement and employment programs help gain public and regulator support for projects, alleviating avoidable project delays and establishing a reputation for corporate social responsibility.
- Improving Indigenous employment outcomes will increase employment income tax revenues and reduce excess government spending on remedial health and social support programs, while also engaging business in the ongoing process of reconciliation being embarked on by all levels of government.

Strategies to improve Indigenous labour market outcomes

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

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

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

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

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

Align business, government, and Indigenous priorities

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

Single access point for Indigenous employment services

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

Workplace preparation and support

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

Skills development and business capacity building

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

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

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

1. Coordinate efforts to improve First Nations economic and labour market outcomes on- and off-reserve, and strengthen off-reserve network linkages to better connect clients to services and employers.
2. Develop and market accessible, competency-based Indigenous awareness programming to small- and medium-sized businesses, and that this training serve as recognition of these organizations as Indigenous employers of choice.
3. Continue to support industry and service providers in the delivery of Indigenous workplace preparation, education, and safety programs.
4. Continue to work through tripartite agreements between the federal government, the provinces, and Indigenous communities to achieve meaningful gains in Indigenous kindergarten to Grade12 outcomes.
5. Prioritize high school upgrading and literacy as key components of federal Indigenous human resource programs.
6. Develop business-friendly governance and regulatory practices within Indigenous communities, and adopt flexible funding approaches that encourage successful economic development partnerships.

7. Continue to develop programs to address socio-economic transition needs from Indigenous to urban communities under an appropriate funding model.
8. Invite business associations, such as the Alberta Chambers of Commerce and their members, to participate meaningfully in reconciliation efforts.

Infrastructure

The Future of Public Private Partnerships (P3s) in Alberta

Issue

Alberta is at a crossroads with respect to how it implements and administers public private partnership (P3) 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

Five years ago, Canada's infrastructure deficit was estimated at over $120 billion and growing. Even Alberta's prosperous economy at the time did not make it immune to this growing problem. A history of budgetary surpluses once allowed Alberta to finance infrastructure growth out of current revenues but this is no longer the case. Now more than ever the government needs to explore all options for leveraging dwindling budget dollars to address infrastructure needs.

The traditional procurement model for social 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, and 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 model combines the design/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, it also formalizes and commits to the long-term maintenance or operation of infrastructure; something that governments around the globe have failed to do.

Canada is well into its third decade of experience with P3s. The first wave of projects in the 1990s produced both successes and failures; partially motivated by the misguided opportunity for *off balance sheet* financing. These high profile projects have formed much of the general public's opinion of P3s. The second wave of P3s in Canada has demonstrated significant cost and schedule savings for social infrastructure projects. Now with the creation of PPP Canada Inc. and the establishment of the P3 Canada program focused on funding municipal infrastructure, Canada's experience closely matches those of the U.K. and Australia where P3s are more common.

The upcoming third wave of P3s will be focused on municipal infrastructure projects. Considering that 90 per cent of infrastructure assets are owned at the municipal level, while only 10 per cent of provincial revenues are generated at the municipal level, illustrates the role that the Government of Alberta will need to play as municipalities do not have the depth of resources required to finance and procure their infrastructure needs. Somewhat unexpectedly, it turns out that the infrastructure maintenance deficit created through traditional procurement represents Alberta's true off balance sheet debt.

Alberta is considered one of the front runner P3 provinces in Canada; however we have completed far fewer P3 projects than BC and Ontario. Alberta is organized distinctly different than British Columbia and Ontario which have structured their P3 administration through a provincially owned crown corporation. Alberta chose to organize an agency within the provincial government to coordinate P3 projects rather than an independent provincial crown corporation.

The Alberta agency structure was born out of necessity. For the first P3s in Alberta the Alberta Transportation and Alberta Infrastructure created a joint task force seconding staff from multiple departments to support the projects. Alberta took the conservative approach in an attempt to keep costs low and to manage the uncertainty of the success of the P3 model going forward. Remarkably, most of the P3s completed under this structure have won awards and generated praise from industry groups. This is a testament to how well program ministries and the agency have controlled and managed extremely complex legal and financial relationships, while managing to secure significant savings for Alberta's taxpayers.

P3s are not well understood by both the general public and the business community. As well, 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. The Alternative Capital Financing Office currently publishes the value for money reports for its P3 projects; however, there are still numerous P3 myths, such as off balance sheet financing, private ownership of public assets and displacing union jobs, that need to be dispelled through a public education process.

It 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 per cent 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.

The Alternative Capital Financing Office and program ministries have done a superior job closing some of the most successful P3s in Canada. However, a commitment by the Government of Alberta to long-term support of P3s will promote deal flow and create the critical mass required for the successes generated in British Columbia and Ontario. Alberta is in a unique position to combine the best practices developed in other provinces with its own successful administration into the leading P3 provincial entity.

Alberta needs to take a leadership role in the third wave of P3s. Municipal governments lack the skills and resources to effectively administer P3 projects; although many have already independently drafted their own P3 policies. Allowing municipalities to reinvent processes that have already been refined by the Alternative Capital Financing Office and program ministries will lead to inefficiencies, inconsistencies and project failures. The Government of Alberta could provide those resources and standardize the P3 evaluation process across the province while also creating economies of scale and enhanced cost savings by consolidating municipal projects.

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 infrastructure growth and maintenance;
2. Evaluate the possibility of transforming the Alternative Capital Financing Office into a separate crown corporation similar to those in British Columbia and Ontario; and

3. Provide guidance, information and support to municipalities in the planning and administration of public private partnerships (P3’s).

Preparing for Alberta's Growth by Securing Transportation /Utility Corridors

Background

By 2041, Alberta's population of 4.3 million is expected to swell to six million. More residents will generate larger volumes of traffic, boost demand for utility services, and increase the likelihood of inter-municipal land-use conflicts. This is especially noteworthy in the Edmonton-Calgary corridor, as the projected population by 2041 shows almost 8 in 10 Albertans are expected to live in this region.[135]

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

[135] Alberta Government. (2016). Population Projection, Alberta and Census Divisions, 2016-2041. Retrieved February 9, 2017 from http://finance.alberta.ca/aboutalberta/osi/demographics/Population-Projections/2016-2041-Alberta-Population-Projections.pdf

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.

Justice

Provincial Court of Alberta: Increase to Small Claims Court Limit and Review of Resources

Issue

In Alberta, criminal charges are most often resolved at the Provincial Court. Unfortunately, outside of Alberta's metropolitan centers of Edmonton, Calgary, and Red Deer, Alberta Provincial Courts generally lack sufficient resources to ensure that Criminal charges 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 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 recently increased the provincial Court small claims limit to $50,000.00. 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.

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.[136] Rates vary across the province; some areas are experiencing reductions, others are seeing moderate increases, while some – such as Grande Prairie, which has the highest crime and violent crime severity rates in Canada – are facing surging rates. As

[136] See Notes Below

caseloads and demand for justice services increases, additional resources are not being allocated to meet growing pressures on the system.

In addition, Grande Prairie (which serves other northern communities) is the only jurisdiction with no full-time sitting Court of Queen's Bench; as such, judges must travel to the north from Edmonton and Calgary, putting additional restraints on resourcing across the system.

Recently, 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. For information purposes the Sherwood Park and District Chamber of Commerce's previous policy recommending the aforementioned increase is attached as schedule "A".

However, a lack of resources and infrastructure are also proving to be an impediment to the average Albertans' 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.

The Alberta Chambers of Commerce recommends 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.
2. Implement a review of the current resource allocation, including infra structure, number of Crown Prosecutors, and Judges of each of the Provincial Court Judicial Districts particularly whether the facilities of each jurisdiction support access to the criminal and civil functions of the Provincial Court, and then addressing the issues of resource allocation raised in the review.
3. Improve access to data on caseloads and resourcing to improve transparency and demonstrate public accountability.

Notes:

1. Statistics Canada Crime Severity Index and Violent Crime Severity Index by province and territory 2014 http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/legal51a-eng.htm

Municipal

Overall Crime Severity Index		
	2013	**2014**
Calgary	60.4	59.9
Edmonton	84.5	87.1
Grande Prairie*	154.4	172.9
Lethbridge*	79.8	97.1
Medicine Hat*	65.3	52.0

Statistics Canada

Violent Crime Severity Index		
	2013	**2014**
Calgary	62.0	63.0
Edmonton	89.7	93.3
Grande Prairie*	114.1	142.1
Lethbridge*	74.8	91.1
Medicine Hat*	69.8	55.2

Labour

Justice

Addressing the Impacts of Marijuana Legalization on Workplace Safety

Background

As part of his party's 2015 election platform, Prime Minister Justin Trudeau committed to "legalize, regulate and restrict access to marijuana." [137] Following through on this commitment, Justice Minister Wilson-Raybould announced the creation of a Task Force on Cannabis Legalization and Regulation (The Task Force), led by former Deputy Prime Minister Anne McLellan. The Task Force published its recommendations to government on December 13, 2016, with legislation expected to follow in Spring 2017.

Prevalence of Marijuana Use

Regardless of its legal status, marijuana use is prevalent in Alberta. Health Canada data shows that 44.3% of Albertans have tried marijuana, with 11.4% having used at least once in the past year.[138] Health Canada data also shows the rapid rise of legal medical marijuana use – from 7,914 individuals in June 2014 to 98,460 by September 2016.[139] While the pending legalization creates greater awareness around the issues with marijuana use in the workplace, these statistics make clear that employers have been dealing with marijuana use for some time.

Safe Workplaces

In safety-sensitive workplaces, drug use can lead to serious injury or death. In its submission to the Task Force, national oil and gas safety association EnForm stated that "marijuana use is incompatible with working in a safety-sensitive environment."[140] Employers have both a legal and a moral obligation to provide safe workplaces. This legal requirement is enshrined provincially by the Occupational Health and Safety Act, and federally by Section 217.1 of the Criminal Code. Ensuring workers in safety sensitive roles are not impaired by legal or illegal substances is a key component of fulfilling that obligation.

Limitations on Testing

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

---

137 https://www.liberal.ca/files/2015/10/New-plan-for-a-strong-middle-class.pdf

138 http://www.hc-sc.gc.ca/hc-ps/drugs-drogues/stat/_2012/tables-tableaux-eng.php#t2

139 http://www.hc-sc.gc.ca/dhp-mps/marihuana/info/market-marche-eng.php

140 http://www.psac.ca/wp-content/uploads/Ltr-Marijuana_legalization_commission.pdf

matters further, there is no ".08" for marijuana, no standard legal limit or cutoff that can be used in impaired driving cases, for example.

The limits of testing technology have significant impacts on Canadian workplaces. *Entrop v. Imperial Oil* allowed random alcohol testing for safety sensitive positions, but not random drug testing – as a breathalyzer can reliably prove current impairment, whereas drug testing techniques cannot.[141] This is further confirmed by the Canadian Human Rights Commission's (CHRC) Policy on Alcohol and Drug Testing, which considers random drug testing an unreasonable infringement of privacy rights, as it cannot reliably determine current levels of impairment. [142] Under these guidelines, drug testing can only be carried out as a bona fide occupational requirement in safety-sensitive positions, with reasonable cause or after an accident has occurred.[143]

Enforcement Measures Needed

As federal and provincial governments have not yet researched and established legal limits for marijuana impairment, or the necessary testing protocols, the validity of workplace testing has largely been left to the courts to decide. Given the implications that legalized recreational marijuana use will have on law enforcement and impaired driving, it is highly likely that a standard roadside testing protocol, and a legal limit for marijuana impairment will be developed – similar to a 0.08 BAC for alcohol impairment. The Task Force recognized the need for this limit, and recommends further investment and research into both a *per se* impairment limit and the development of a roadside testing protocol. [144] These innovations would serve as a major step towards rationalizing the conflicts that currently exist between an employer's obligation to provide a safe workplace, and an employee's right to privacy. We recommend that the research and development of impairment limits roadside testing protocols be used to develop legal limits and testing protocols for safety-sensitive workplaces.

The Importance of Workplace Drug and Alcohol Policies

Another key recommendation from the Task Force recommended that the government implement an "evidence-informed public education campaign" as soon as possible.[145] In our view, this must include encouraging adoption of workplace drug and alcohol policies. Given the normalizing effect of legalizing marijuana use, we can expect employers will see increased instances of use in the workplace. This will create difficulty for employers, who have a legal duty to accommodate medical marijuana users, a duty to accommodate individuals struggling with addiction, and a duty to provide a safe work environment. In *Calgary v CUPE, Local 37* management's poor understanding of medical marijuana considerations, and poor application of workplace drug policies, led to a medical marijuana user being reinstated as a heavy equipment operator.[146] This case demonstrates the importance of a workplace drug and alcohol policy that is reasonable, clearly sets out expectations to employees, and is consistently enforced.

Intergovernmental Collaboration

Marijuana legislation will be introduced federally, and occupational health and safety legislation falls under provincial jurisdiction. Both levels of government will need to collaborate with industry to ensure

---

[141] http://www.canlii.org/en/on/onca/doc/2000/2000canlii16800/2000canlii16800.html

[142] http://publications.gc.ca/collections/collection_2009/ccdp-chrc/HR4-6-2009E.pdf

[143] *ibid*

[144] http://healthycanadians.gc.ca/task-force-marijuana-groupe-etude/framework-cadre/index-eng.php

[145] *ibid*

[146] http://www.canlii.org/en/ab/abgaa/doc/2015/2015canlii61755/2015canlii61755.pdf

that workplace safety considerations are met. The Task Force highlighted this need for cooperation within its recommendations on workplace safety – which encourage further research on impairment, collaboration between industry and both levels of government to understand occupational health and safety considerations, and the development of workplace impairment policies[147].

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

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

[147] http://healthycanadians.gc.ca/task-force-marijuana-groupe-etude/framework-cadre/index-eng.php

Alberta Labour Relations Code

Issue

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

Background

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

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

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

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

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

Review Process

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

As noted by Labour Minister Christina Gray in her mandate letter to Mr. Andrew C.L. Sims, QC, "This is not a full-scale review of the *Code*; something that could not be accomplished within this session."[148] Given the *Code* has not been significantly updated since 1988, a complete review at this time would be preferable to a limited one to ensure a thorough and holistic evaluation. It is unclear how the items included in the review were selected. Labour relations depend on good faith, fairness and balance. The lack of transparency in the review process risks undermining the confidence of Albertans in the outcome of the review.

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

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

Card Check Certification

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

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

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

[148] *Labour Relations Code* Review Mandate Letter, March 13, 2017 (Appendix A)

relations, with six of ten provinces using a mandatory secret ballot vote. Many of these provinces have used card check certification in the past and have returned to a secret ballot vote.[149][150][151][152]

However, if the Province decides to move to a card check model, we recommend the membership threshold for automatic certification be set at 65%. This threshold would be consistent with both the Manitoba and Newfoundland card check systems, which were in place until 2016 and 2014, respectively. We also recommend that the ALRB conduct a secret ballot vote in instances where support lies between 40% and 65%, and in instances where there is cause to question the validity of membership support.

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

First Contract Arbitration

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

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

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

The Role and Authority of the Alberta Labour Relations Board

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

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

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

---

[149] http://www.cbc.ca/news/canada/manitoba/secret-ballot-union-votes-finalized-as-legislative-session-ends-1.3846503

[150] http://www.cbc.ca/news/canada/newfoundland-labrador/labour-leaders-hammer-premier-on-union-certification-bill-1.2664192

[151] https://www.fraserinstitute.org/article/should-bc-revert-back-card-check-procedure-certifying-unions-no

[152] http://labourlawblog.typepad.com/managementupdates/2005/02/cardbased_versu.html

First Contract Arbitration

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

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

Replacement Workers

"*When a trade union is unable to negotiate a collective agreement, they sometimes choose to strike an employer… Similarly, employers may choose to lockout their workers... Strikes and lockouts are often accompanied by picketing at the employer's place of business*."[153]

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Protect an individual's right to vote their conscience by maintaining a secret ballot vote in the certification process.
2. Should the Province introduce first contract arbitration, grant the Alberta Labour Relations Board decision-making authority to consider applications for arbitration from either unions or employers.
3. Maintain that portion of current legislation that precludes the use of first contract arbitration.
4. Require both unions and employers to participate in mediation, including consideration of a mediator's recommended terms of settlement, prior to either party applying for arbitration.
5. Amend the code to clarify that employers can freely distribute information on how to revoke a certification without violating the code.
6. Require the board to apply the same "free and voluntary" rules to both revocation and certification applications.
7. Eliminate board discretion to revoke a certification if employers have had no employees for three years.

[153] Alberta Labour Relations Board. (1996). Frequently Asked Questions: Strikes and Lockouts: Strikes, Lockouts & Picketing. Retrieved August 22, 2016 from http://www.alrb.gov.ab.ca/faq_strikes.html .

8. Prohibit new applications for certification for a fixed and longer period after the first one is dismissed or withdrawn.
9. Amend the code to make it clear that the board cannot relax the “appropriate bargaining unit” rules merely to facilitate certification.
10. Make the code clear on the fact that employers can communicate the impact of certification on their business without committing an unfair labour practice, as long as their comments are honest and factual.
11. Prevent business closures and job losses by maintaining the employer’s right to hire temporary replacement workers during labour action.
12. Provide the Alberta Labour Relations Board with marshalling powers to direct labour complaints to the appropriate forum.
13. Provide the Alberta Labour Relations Board with new powers to address nuisance and vexatious duty of fair representation complaints.
14. Extend the *Labour Relations Code* review timeframe to ensure affected stakeholders can participate in a thorough and transparent consultation process.
15. Publicly disclose recommendations made to the Minister as part of the *Labour Relations Code* review.

Alberta Farm Safety Legislation

Issue

The Government of Alberta has passed legislation enacting changes to Employment Standards, Labour Relations, Occupational Health and Safety, as well as Workers Compensation Board (WCB) coverage on farms and ranches. The contents of the Enhanced Protection for Farm and Ranch Workers Act (Bill 6) remains vague in its effect on industry and the lack of consultation limited the ability for industry stakeholders to seek clarity on the bill and be engaged in the process of providing input towards the bill and subsequent regulations.

Background

The Alberta agricultural industry has been in a unique position as it relates to the requirements of Employment Standards, Labour Relations, Occupational Health and Safety and Workers Compensation. This industry has held long-standing exemptions that have not applied in other provinces; however, this has recently changed with the passing of the Enhanced Protection for Farm and Ranch Workers Act (Bill 6).

Since receiving third reading on December 10th and Royal Assent on December 11th, 2015, this bill has changed these long-standing exemptions: while still providing exemptions for owners or family members of owners, it will now mandate that all wage earning farm and ranch employees are covered under these regulations. Under these requirements, as of January 1st, all paid farm and ranch workers will be covered under Workers' Compensation Board insurance coverage and basic safety standards under Occupational Health & Safety regulations will apply. Employment Standards, Labour Relations and detailed Occupational Health and Safety regulations will continue to be developed over the following 18 months.

There continues to be significant concern by industry, due to the lack of clarity and consultation prior to Government implementation of the legislations. Industry members and their representatives have unsuccessfully attempted to halt this legislation, with more than 22,000 signatures supporting the cessation of these measures.

With more than 43,000 farms and ranches across the province, the necessity of this industry is clear. As businesses, these operations are vital to the success of Alberta. Accordingly, government needs to ensure that the application of these new regulations do not egregiously affect the economic success of farming and ranching as an industry. It is important to note that the agriculture industry in Alberta employs over 60,000 Albertans, all of whom are directly affected by this legislation. Additionally, the agriculture industry had a GDP in excess of $3.9 billion in 2014. Nationally, this equates to "22.4 percent of primary agricultural production" in Canada. These figures represent the immense economic impact that this industry has in Alberta, and as such should be active in any regulatory changes affecting their output.

The Lethbridge Chamber of Commerce met with industry leaders, federations and groups to determine a solution based approach to working with the government in implementing this legislation. As a result of the meeting, the Lethbridge Chamber heard that industry is concerned that legislation affecting their business operations and lifestyles has been passed without consideration of how the industry would implement these changes or the impact this may have on their ability to continue operations.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Expand the periods of implementation for regulations pertaining to Worker's Compensation, Occupational Health and Safety, Labour Relations, and Employment Standards, including consideration of a gradual or phased-in process.
2. Consult with local Chambers of Commerce and industry to facilitate observation and education of the diverse and unique operations in this industry.
3. Develop and provide educational resources for industry that ensure a transparent implementation process, with due recognition and consideration for the diversity in operations and the need for a multi-faceted set of regulations; the non-traditional operating seasons and requirements for labour; and the requirement for employer resources to understand and implement Workers Compensation regulations.
4. Conduct thorough and in-depth consultation with agricultural producers and the organizations, federations and groups that represent them, ensuring consensus is reached on the regulations developed under Bill 6.
5. Consider regulations and best practices developed in other provinces, but work with Alberta industry associations to develop and implement "made in Alberta" regulations that address the proposed changes to Workers' Compensation Board Coverage, Occupational Health and Safety Legislation, Employment Standards and the Labour Code.
6. Recognize the distinct nature, hours and operating seasons of the industry in development of the regulations, codes and standards.
7. Ensure that regulations, codes and standards contain certain exceptions and considerations including application of wages, deductions, statutory holidays, hours and overtime pay due to the special nature and seasonality of the industry.
8. Extend the compliance timeline for Workers Compensation in order for industry to renegotiate private benefit plans already in place to reduce the duplication of premiums, as well as to offset the increased costs of implementing WCB coverage and to provide sufficient time for the implementation of safety, disability management and return to work programs.

Impacts of Significant Minimum Wage Increase

Issue:

In the recent Alberta NDP Platform[154] 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 and the impacts to resolving the root of implementing minimum wage increases, poverty reduction and addressing the living wage issue, and the adverse effects on unemployment and impacts on business.

Background:

Most Alberta employers must pay their employees, including students and youth, at least the minimum wage. The minimum wage in Alberta is set out in the Employment Standards Regulation and is an hourly minimum wage of $10.20 for most employees; an hourly minimum wage of $9.20 for employees serving liquor as part of their regular job; a weekly minimum wage of $406 for many salespersons, including land agents and certain professionals; and a monthly minimum wage of $1,937 for domestic employees[155].

Across Canada, Alberta ranks 8th out of the 10 Provinces in before tax ranking, with Ontario ranked 1st with a minimum wage rate the highest in Canada at $11.00 per hour. However, in after tax income, Alberta ranks 2nd amongst provinces after tax due to the beneficial tax policies currently in place. (See table, *Minimum Wage Comparisons* on the next page).

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—and unemployment will increase.

Workers who retain their jobs are made better off by increases to minimum wage, but only at the expense of unskilled, mostly young, 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. There is abundant 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, along with rising unemployment.

---

[154] Alberta NDP Platform: http://www.albertandp.ca/platform

[155] Government of Alberta: http://work.alberta.ca/employment-standards/minimum-wage.html

Minimum Wage Comparisons

* For Single Income Earners

	AB	BC	SK	MB	ON	QC	NB	NS	PE	NL
Minimum Wage Rate	$ 10.20	$ 10.25	$ 10.20	$ 10.45	$ 11.00	$ 10.35	$ 10.00	$ 10.40	$ 10.35	$ 10.25
Salary (2000 hrs)	$ 20,400	$ 20,500	$ 20,400	$ 20,900	$ 22,000	$ 20,700	$ 20,000	$ 20,800	$ 20,700	$ 20,500
Federal Tax	**$ 2,254**	**$ 2,276**	**$ 2,253**	**$ 2,345**	**$ 2,628**	**$ 2,394**	**$ 2,163**	**$ 2,331**	**$ 2,301**	**$ 2,268**
Personal Income Tax	$1,037	$1,051	$1,037	$1,107	$1,261	$1,067	$981	$1,093	$1,079	$1,051
CPP/EI/QPP	$1,220	$1,227	$1,220	$1,254	$1,329	$1,323	$1,193	$1,247	$1,241	$1,227
GST	($4)	($2)	($5)	($16)	$38	$4	($11)	($9)	($18)	($10)
Provincial Tax	**$ 139**	**$ 581**	**$ 695**	**$ 1,737**	**$ 341**	**$ 1,045**	**$ 939**	**$ 1,680**	**$ 1,906**	**$ 1,299**
Personal Income Tax	$139	$141	$180	$1,115	$556	$432	$165	$708	$1,152	$524
Sales Tax	$0	$440	$515	$621	($334)	$534	$774	$972	$755	$775
Health Care Premium	$0	$0	$0	$0	$120	$80	$0	$0	$0	$0
Summary										
Before Tax Ranking	8	6	8	2	1	4	10	3	4	6
Total Tax	$ 2,393	$ 2,857	$ 2,948	$ 4,082	$ 2,970	$ 3,439	$ 3,102	$ 4,012	$ 4,208	$ 3,567
After Tax Salary	$ 18,007	$ 17,643	$ 17,452	$ 16,818	$ 19,030	$ 17,261	$ 16,898	$ 16,788	$ 16,492	$ 16,933
After Tax Wage Rate	$ 9.00	$ 8.82	$ 8.73	$ 8.41	$ 9.52	$ 8.63	$ 8.45	$ 8.39	$ 8.25	$ 8.47
After Tax Ranking	2	3	4	8	1	5	7	9	10	6

Based on the best information available as of: April 17, 2014 for the: 2014 provincial tax systems. Minimum wage rates as of: October 1, 2014

NOTE: This comparison assumes that all income is from employment and only personal, CPP, and EI credits are claimed. No shifting assumptions are made.

The minimum wage also violates the principle of freedom by limiting the range of choices open to workers, preventing them from accepting jobs at less than the legal minimum. It also prohibits employers from hiring those workers, even if both parties would be better off. Thus, contrary to the claims of minimum-wage proponents, the government does not increase opportunities for low-skilled workers by increasing the minimum wage. If a worker loses a job or can't find one, that earning income potential is zero. Employers will not pay a worker $15 per hour if that worker cannot produce at least that amount.

Governments look to promise low-skilled workers a higher wage; however thatpromise 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. And if they do increase prices, consumers will buy less or have less money to spend on other things, meaning fewer jobs on net. Moreover, if the minimum wage cuts into profits, there will be less capital investment and job growth will slow.[156] Businesses cannot afford to pay employees more than those employees produce on the aggregate. Employees who are paid the minimum wage earn that wage rate because they lack the productivity to command higher pay.

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. Additionally, any significant increases to minimum wage without proper notice and consultation could bear significant cost impacts to business in the short term and hamper sustainability and continuity for businesses moving forward.

---

[156] The Minimum Wage Delusion, And The Death Of Common Sense: http://www.forbes.com/sites/jamesdorn/2013/05/07/the-minimum-wage-delusion-and-the-death-of-common-sense/

The main conclusion of more than seven decades of research is that minimum wage increases tend to reduce employment. One review by economists David Neumark and William Wascher shows that 63 percent of studies found relatively consistent evidence of negative employment effects on minimum wages. Further, 85 percent of what they deem the most reliable studies point to negative employment effects.

One of the primary reasons that minimum wage increases are typically considered by Governments, is to address living wage or poverty issues. 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[157].

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 job and skills training, etc. The minimum wage can be one of a set of tools used to address poverty, but the Government must assess the degree to which it is used in conjunction with other strategies. Using it as one of a set of tools would alleviate concerns with disproportionate burden on employers or other groups, as well as provide a stronger framework for addressing low wages and poverty in Alberta.[158]A

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Assess minimum wages annually and only revise by a percentage equal to the percent change in the Alberta Consumer Price Index.
2. Provide a minimum of six months' notice of any minimum wage changes implemented. The effective date of minimum wage changes should be June 1 of the following year. This would result in notification by December 1 of the previous year.
3. 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.

[157] Effects on Business Employment and Consumers: http://www.alec.org/wp-content/uploads/Raising_Minimum_wage.pdf
[158] Economic Impact of Minimum Wage: http://www.labour.gov.on.ca/english/es/pubs/mwap/section_03.php

Improving 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 interest of keeping employees from hurting themselves, their co-workers, or members of the public while on the job, legislation that covers random testing, as well as the implementation and administration of comprehensive drug and alcohol policies, need to be further clarified. Though most industry and the province is 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 to implement models to provide a safe workplace.

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. [159] 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 hydromorphine) and fentanyl on rise in Alberta and linked to the rising number of Alberta deaths. Ontario and Alberta have the highest levels of prescription opioid use in the world and it is estimated that 23 people out of every 1,000 have a prescription for opioids.

The Canadian Tobacco, Alcohol and Drugs Survey (CTADS) reported that the prevalence of past-year use of cannabis among the general population was 10.6% in 2013, down from 11.4% reported in the 2008 Canadian Alcohol and Drug Use Monitoring Survey (CADUMS 2008), however also reported was that 8.2% of full-time employees were drug users.[160] There can be only speculation what the effect of the potential legalization of marijuana may be on the prescribed use of cannabis in future, should the federal government pass such legislation as is current consideration.

Alcohol is by far the most common drug used by Canadians. An estimated 3.2% of the Canadian population age 15 and older - approximately 886,000 individuals - abused or were dependent on alcohol in 2012.[161] Canada's Low-Risk Alcohol Drinking Guidelines were developed under the NAS, as was a website to encourage screening, brief interventions and referrals (SBIR) by primary care professionals to

---

[159] Canadian Model for Providing a Safe Workplace - http://www.coaa.ab.ca/Safety/CanadianModel.aspx - released by the Construction Owners Association of Alberta - updated 2014

[160] CCSA - Canadian-Drug-Summary-Cannabis - www.ccsa.ca - Canadian Centre on Substance Abuse - April 2015

[161] CCSA - Canadian-Drug-Summary-Alcohol - www.ccsa.ca - Canadian Centre on Substance Abuse - Autumn 2014

help address alcohol problems early. Nova Scotia and Alberta have alcohol-specific provincial strategies guiding efforts to address the harm and costs of alcohol.

Employee alcohol and drug use can impact the employer's reputation, profitability and productivity. In 2002, alcohol accounted for $7.1 billion in lost productivity for Canadian workplaces.[162] Workers who struggle with harmful use, abuse and dependence are also workers that have poorer attendance records, higher turnover frequency and more frequent errors. In 2002, Canadian employers paid out $61.5 million for worker's compensation claims that were attributed to alcohol.[163] Having clear and reasonable legislation can prevent a variety of potential legal issues and save litigation costs for both sides.

Irrespective of the size of an employer, the employer and its employees have obligations 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 Code 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".[164], 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 has significant benefits for the employer, there continues to be tensions in balancing human rights and privacy against safety concerns. The root of the problem is conflict and confusion among the different pieces of legislation that attempt to address these issues. Recent Alcohol and Drug Workplace Policies are seeing some precedent setting cases as in the example of Stewart v. Elk Valley Coal Corp., where the Alberta Court of Appeal upheld the decision of the Human Rights Tribunal that the termination of a safety sensitive employee involved in a workplace incident while under the influence of cocaine did not constitute discrimination.

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 act to remove the conflicts and tension between its various bodies of legislation. Most employers help employees that have violated their alcohol and drug policies to get 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.

Legislation that would give employers in Alberta guidance on drug and alcohol testing would likely involve amendment of the privacy and human rights laws. A balance has to be struck between obligations regarding individual privacy and human rights rules.

The government of Alberta has taken positive steps to crack down on impaired driving, given the recent administrative sanctions imposed as of June 2014 and it is time to do the same for impairment in the workplace. Responsible drug and alcohol free workplaces is a reasonable public expectation, especially when dealing with heavy machinery and other potentially dangerous equipment.

The Alberta Chambers of Commerce recommends the Government of Alberta:

[162] Alcohol Use and the Alberta Workplace, 2002, page 30-31

[163] J. Rehm et.al. The costs of substance abuse in Canada (Canadian Centre on Substance Abuse) 2002, page 8

[164] Occupational Health & Safety Act, 2000 - http://www.qp.alberta.ca/1266.cfm?page=O02.cfm&leg_type=Acts&isbncln=0779749200

1. Align legislation dealing with privacy and individual rights, and ensure the changes do not hinder the need to implement appropriate alcohol and drug policies that ensure worker safety.
2. Protect and provide certainty for employers who address the workplace risks of alcohol and drugs, while providing assessment and treatment options for employees who do not comply with such policies.
3. Provide employee education and employer resources on alcohol and drugs with a focus on harm reduction for the workplace and individuals personal usage of alcohol and drugs.

Measuring the Effects of Increased Minimum Wages in Alberta

Issue

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

Background

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

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

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

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

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

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Halt all further increases to Alberta’s minimum wage until a system of metrics has been implemented to measure the impact of minimum wage increases since October 2015 in areas such as, but not limited to the following:
    a. Poverty in Alberta,

b. Cost of Living in Alberta,
c. Food Bank Usage across Alberta,
d. Unemployment across Alberta,
e. Cost of doing business,
f. Employment vacancies, and;
g. Business start-up and closure ratios.

2. Provide an alternative plan to the scheduled Minimum Wage increase for 2017 (at $13.60 per hour, Alberta will have the highest minimum wage in Canada) and 2018 if the Provincial economy, measured in GDP, does not meet a scheduled level. This should be a percentage equal to the percent change in the Alberta Consumer Price Index.
3. Consider a regional minimum wage based on cost of living to allow for differences in rural and urban areas, to allow doing business in all regions to remain viable.
4. Collaborate with business to establish an ongoing research program for data and information gathering and its subsequent analysis to address policy-relevant minimum wage issues, as well as alternative poverty reduction strategies.

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

For the coming decade, Alberta could experience a labour shortage of around 96,000 workers.[165] 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.

The Canadian Chamber of Commerce advocates that ‘Silos in skills development’ are the leading barrier to Canada’s competitiveness in the 2015 publication of the *Top Ten Barriers to Competitiveness*:

> “Canada will find its skills gap growing and its economic growth dampened if it fails to better align its skills development with its immigration policy goals. Currently, the federal government’s policies for skills development and for temporary entry into Canada are not integrated and coherent.”

Business fears that workforce development strategies for domestic and foreign talent are viewed as mutually exclusive ideologies rather than complementary tactics within a suite of policy initiatives to build a competitive workforce.

Over 2013-15, the confusing trend of federal labour policy continued. Under the auspices to better connect employers into the process for attracting and retaining foreign talent, the federal government revised immigration legislation and support systems and increased the amount of international students allowed to study in Canada, while simultaneously restricting employer’s capacity to meet labour needs through the Temporary Foreign Workers Program:

[165] Alberta’s Occupational Demand and Supply Outlook, 2013-2023, Pg. 4

- (2013) Announced restrictions to access employees through the Temporary Foreign Workers Program, with restrictions increasingly phased in through 2015
- (2014) Passed Bill C-24, Strengthening Canadian Citizenship Act, which measures included the first major reform of the Citizenship Act since 1977
- (2014) Launched a new International Education Strategy which proposes to double the number of foreign students studying in Canada to 450,000 by 2022
- (2015) Launched a new electronic system called Express Entry to manage applications for permanent residence under certain economic immigration programs

As a result, Alberta employers remain faced with compounded labour and skills shortages while:

- Significant numbers of foreign workers depart in 2015 under the new limitations of the Temporary Foreign Workers Program.
- Disconnected international workforce attraction and retention strategies leave significant and engaged international student talent on the table.

International education in Canada is estimated to produce approximately $8 billion to the economy annually, which support 86,000 jobs across the country. Alberta's well regulated public and private post-secondary institutions can thrive in the international education market. A 2014 report published by the Canadian Council of Chief Executives (CCCE), *Canada's International Education Strategy, Time for a fresh curriculum* states that:

> "Canada has fallen behind Australia and other advanced economies in seizing the opportunities presented by the burgeoning business of cross-border education. These opportunities go well beyond the number of students a country attracts or the money they spend. International education is fast becoming a valuable tool in trade, development aid, and diplomacy….Canadian institutions and policymakers all too often view international education through the narrow lens of boosting student numbers and revenues".

The Government of Alberta can exercise options available within the Provincial Nominee Program and overcome the systemic gaps in labour and skills availability by involving employers more in the process to attract and retain foreign students. Foreign students can help meet Alberta's economic needs and by adjusting the international student offer of employment restrictions imposed by the Alberta Provincial Nominee Program.

The Province of Manitoba, for example, only requires a six month offer of employment from an employer to an international student who graduated from a post-secondary institution and seeks permanent Canadian residency. Under Alberta's Provincial Nominee Program, employer offers must be at minimum one year to similarly qualify graduates for permanent residency.

<u>Conclusion</u>

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 that the Government of Alberta and Government of Canada:

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.

Modernizing the Workers' Compensation Board

Background

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

Alberta's WCB system functions well in many aspects. In 2015, 93.4% of injured workers returned to work, while surveys show that 92.6% of workers reported feeling respected by their case manager.[166] Financially WCB is very well funded, having posted surpluses every year since 1994.[167]

Board Governance Structures

The progress report outlines a potential policy shift which would see members of the Board of Directors selected from stakeholder groups, like unions or employer associations.[168] This could lead to an adversarial, employer-vs-worker, Board of Directors. We strongly recommend that members of the Board be selected according to their abilities and competency – not to represent the perspective of a specific stakeholder group. This will allow them to participate in a manner that adequately balances worker and employer interests, within a holistic context of the WCB's operations.

Reform Vocational Rehabilitation

When a worker is injured, and the nature of their injury prevents that worker from returning to their date-of-accident position, WCB will pay for vocational rehabilitation to train the worker for a new position. [169] If the new position pays less, WCB will provide a top-up to cover the salary difference until the worker reaches retirement age. The panel identified vocational rehabilitation as a major issue its progress report, as injured workers tend to be retrained in the same limited number of occupations. As noted by an anonymous WCB staff member in the progress report, "we deemed more workers as dispatchers each year than there were dispatchers in the province."[170] This model leaves little flexibility for workers and employers to collaborate and find a new career path whether within or outside the original workplace. Furthermore, if workers can find more meaningful and higher-paying work, the long-term wage supplement payments paid by WCB could be decreased. We encourage the WCB to implement practices

[166] https://www.wcb.ab.ca/assets/pdfs/public/annual_report_2015.pdf

[167] *ibid*

[168] https://www.alberta.ca/documents/WCB-Review-Working-Together-Progress-Report.pdf

[169] https://www.wcb.ab.ca/assets/pdfs/workers/WFS_Vocational_rehabilitation.pdf

[170] https://www.alberta.ca/documents/WCB-Review-Working-Together-Progress-Report.pdf

that allow workers to better explore their skill sets and to create more choice and flexibility in retraining, thereby providing greater opportunity for both employers and workers.

Mental Health

The progress report also suggests that WCB could do more to address the mental health aspects of workplace injury, such as depression due to injury and the resulting loss of employment. [171] In some instances, these psychological difficulties can pose a serious roadblock for injured workers, who could otherwise find gainful employment. Addressing the mental health aspects of workplace injury in these instances would reduce workers' long-term reliance on wage top-ups, and lessen the burden on WCB.

Expand Employer Support for Small Businesses

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

Maintain Current Premium Levels

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

The Alberta Chambers of Commerce recommend the Government of Alberta:

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

[171] *ibid*

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 Commerce recommends the Government of Alberta:

1. Waive the 2016 premiums, while continuing the WCB coverages already in place for farm and ranch workers, with consideration of the following:
    a. The appropriate time needed to obtain the required knowledge to effectively implement and manage the WCB premiums;
    b. Time to renegotiate private insurance plans;
    c. Reduce overlap of duplicate premiums for private insurance plans and WCB;
    d. Time to train staff to understand workplace safety, and their responsibilities in the process;
    e. Implementation of disability management and return to work programs;
    f. Reduce interference and impact to this year's production season.
    g. The need for WCB account representatives with experience and knowledge related to the agriculture industry.
2. Provide a twelve month grace period before individual employer injury experience affects their individual WCB rate fees.

Municipal Affairs

Transportation

Amending the Municipal Government Act

Background

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

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

Off-Site Levies

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

Taxation Ratios

Non-residential taxation rates, as they compare to residential rates, varies widely within the province. The Town of Morinville, for example, has a 1:1 non-residential to residential tax rate – the rate is the same[172]. In contrast, Ponoka County has a roughly 10.8:1.7 ratio.[173] As part of Bill 21, municipalities are limited to maximum a 5:1 ratio, although provisions were made to grandfather those which were above 5:1 prior to Bill 21's passage. A new proposal has been put forward to require these grandfathered municipalities to come into compliance with the maximum 5:1 ratio. This would provide greater consistency of taxation across the province, and should be pursued.

Inter-Municipal Collaboration Frameworks

[172] http://www.municipalaffairs.gov.ab.ca/cfml/MunicipalProfiles/index

[173] *Ibid*

As part of Bill 21, the Province is requiring bordering municipalities to enter into inter-municipal collaboration frameworks (ICFs). These ICFs will set out growth planning and establish how any relevant service delivery is shared between municipalities. A further proposal has been made to include ICFs between municipalities and Indigenous communities. This requires further clarification and explanation. Would these ICFs be mandatory for municipalities adjacent to Indigenous communities? Furthermore, would ICFs be complicated by the federal jurisdiction of First Nations? Prior to enacting this proposal, we need to fully understand whether or not these ICFs are achievable within the mandated two-year timeframe.

Municipal Purpose

Currently, the municipal purposes listed in the MGA are:

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

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

Ecological Designations

One proposal contained within *Continuing the Conversation* is to amend s.664(1)(a) of the MGA, changing the reference from “swamp” to “wetland”. While this may appear to be a technical amendment, it may have significant unintended implications. Under the Alberta Wetland Classification System, wetlands are broken down into a number of different categories, including swamps, with a number of subcategories for each.[174] Furthermore, not all categories of wetland are treated equally under overriding environmental protection and land-use legislation. By changing the language from “swamp” to “wetland” in the MGA, the Province is widening the scope of environmental reserve considerably, while describing the change as a “technical amendment” in *Continuing the Conversation.* Prior to pursuing this proposal, the Province must determine and explain the unintended effect of changing this language.

Electricity Generation

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

---

174 http://open.alberta.ca/dataset/92fbfbf5-62e1-49c7-aa13-8970a099f97d/resource/1e4372ca-b99c-4990-b4f5-dbac23424e3a/download/2015-Alberta-Wetland-Classification-System-June-01-2015.pdf

sending a clear signal that these barriers should be addressed. This is a positive step forward, however, it only addresses one barrier.

Most major cities in the world enjoy the benefits of district energy systems (DES), also referred to as district energy heating and cooling systems (DEHCS). These systems, including distributed and integrated energy systems, promote increased efficiencies, resilience of the energy supply grid, reduced environmental footprints and reduced requirement for infrastructure in building design and energy supply. In Alberta, many communities are experiencing significant growth. A broader adoption of DECHS in both greenfield and, where viable, brownfield development, represents a significant opportunity for encouraging sustainable growth, communities and cities in the long term.

Section 30(2) of the MGA requires that any proposed agreement between a municipality and an electric power provider, that extends beyond five years, must be approved by the Alberta Utilities Commission (AUC). The extended approval process timelines of the Alberta Utilities Commission diminish the attractiveness of DEHCS to private investors. Because investors are unable to secure long-term service agreements with communities prior to project approval, the capacity of the project proponents to go to market to raise capital is impeded. This barrier was highlighted by the Alberta Energy Efficiency Advisory Panel in its 2017 report to government, saying that these projects have "limited access to financing mechanisms to spread the up-front costs over the life of the investment."[175] Without the security of confirmed supply contracts, the investment attractiveness of DEHCS projects decline, which discourages implementation.

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

The Alberta Chambers of Commerce recommend the Government of Alberta:

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

---

[175] https://www.alberta.ca/documents/climate/EEAP-Report-Getting-It-Right-Complete.pdf

Enhancing Municipal Financial Planning and Tax Equity

Issue

Businesses across Alberta are growing increasingly concerned about municipal tax burden and the equity in the system. Businesses are concerned that municipalities are increasing tax bills beyond the benefits businesses receive, and that taxes are rising without municipalities considering the effect on their economic competitiveness. The Municipal Government Act Review provides an opportunity to reform municipal budgeting practices to encourage consideration of policy objectives and principles and long-term planning.

Background

Property taxes vary widely across municipalities in Alberta. This reflects differences in assessment bases as well as the latitude given to municipalities to raise revenue in different ways under the Municipal Government Act (different classes of property taxes, user fees, etc.). Nonetheless, there is a tendency to place a greater proportion of the tax burden on businesses than on residents.

One way to compare business burden to residential burden is the property tax rate ratio. This ratio is calculated by dividing the non-residential property tax rate by the residential property tax rate.

2015 Tax Gap Ratios by Type of Municipality

http://www.municipalaffairs.alberta.ca/municipal_financial_statistical_data

Type	Amount in Calculation	Average Tax Gap Ratio
City	17	1.8618
Special Municipal District	5	2.1451
Municipal District	64	2.9546
Town	108	1.6276
Village	93	1.5338
Summer Village	51	1.3268
Improvement District	7	1.1046
Special Area	1	1.3613
Total Alberta	**346**	**1.73945**

Property taxes have important implications for economic competitiveness. Businesses and residents are mobile, and can move to lower tax jurisdictions. Of course, taxes are not the only consideration.

Residents and businesses look at what goods and services those taxes go towards and are willing to pay higher taxes for a better provision of those goods and services, resulting in a better quality of life or standard of living or service delivery.

In jurisdictions across Canada, studies have shown various ways in which businesses pay a disproportionate share of the tax burden. This problem is not Alberta's alone and others have tried to solve it. For example, some jurisdictions have opted to recommend a rate ratio cap, effectively preventing the ratio from getting too large. Important lessons can be gleaned from the approach taken in British Columbia.

In 2007, the B.C. Ministry of Community, Sport and Cultural Development changed a section of its Community Charter that laid out how municipalities plan financially. The plan functions much like a budget does for Alberta municipalities. In British Columbia, municipalities adopt a five-year financial plan every year after a public consultation process. The plan must be adopted before the annual property tax bylaw is adopted. It lays out the sources of revenue and the expenditures planned for the year. The change made in 2007 requires municipalities to include the policies and objectives driving municipal revenue and property tax decisions. Concerns about property tax equity between non- residential and residential ratepayers motivated the change.

Explicitly considering policies and objectives has at least three benefits: it enhances financial transparency, accountability, and prudence. Setting out objectives in a public document enhances transparency, allowing businesses and other stakeholders to see why a municipality is seeking revenue from those sources. In enhancing transparency, it makes it easier for voters and other concerned interests to hold politicians accountable. Principle-based revenue sourcing encourages prudent decisions that will enhance equity and competitiveness.

There are several well-established principles and policy objectives in the literature for municipalities to consider when designing their revenue sources and property taxes. Some of the most important principles for the business community are: the benefits principle, the ability to pay principle, and the accountability principle.

The first two principles relate to tax equity while the third ensures businesses have a say in municipal finance decisions. The benefits principle argues that the tax burden should be distributed in relation to the benefits received from public expenditures (also known as the user pays principle). Ability to pay means the tax burden should be distributed in relation to the taxpayer's ability to pay and can be viewed from horizontal or vertical perspectives. Taxpayers with similar positions should be treated equally to maximize horizontal equity while taxpayers with different abilities to pay should be treated differently to maximize vertical equity.

Accountability is important for businesses because they have no direct influence in municipal politics. They cannot vote, but are subject to taxation. Municipalities that engage all stakeholders in budget planning and sufficiently report on the collection and expenditure are more accountable to ratepayers (citizens and businesses alike). Enhanced accountability helps ensure ratepayer dollars are prudently spent.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with business and industry to understand the variety of metrics including, but not limited to, tax-to-assessment ratios, tax share proportions, and burden per unit of assessed value.
2. Amend the Municipal Government Act so that as part of the budgeting process, municipalities create a long-term financial plan.

Ensuring Infrastructure Support for Rural Communities in Alberta

Issue

Canada entered into the second decade of the 21st century as the strongest economy among the G8 members. While Europe continues to struggle to recover from the 2008 crisis, Canada faces challenges to unleash its full economic potential. This problem is particularly vital for Alberta where there is an urgent need for skilled workers, a broadly known problem, recognized by the Canadian Chambers of Commerce, in the Top 10 Barriers to Competitiveness. Consequently, numerous incentives have been provided to assist employers in creating successful recruitment and retention strategies. Nonetheless, due to insufficient infrastructure not all of Alberta can benefit equally from these opportunities. The non-metropolitan areas fail to attract Canadian and immigrant workers, since it is harder for small communities to provide them with affordable housing and access to an efficient public transit.

Background

Affordable Housing

Small communities in Alberta struggle with a high job vacancy rate in numerous critical occupations, caused partially by the lack of an affordable place where in-demand workers can settle down. Even though Alberta is experiencing a higher overall unemployment rate over past years; there continues to be a shortfall of skilled trades, food service supervisors and food counter attendants / kitchen helpers. The unemployment rate of 7.2% is up from 5.6% average a year ago. Affordable housing initiatives are not apparent in the provincial budget 2016, those that would support persons moving away from large city centers and into smaller communities. Initiatives that are noted in the provincial budget 2016 speak only to seniors housing,[176] maintenance and repair of aging stock of affordable housing units and minimal provision for new housing and upgrades for those disabled. There is some evidence of rental assistance[177] and again that assistance is embedded in aged infrastructure, the disabled, aboriginal support and does not appear to address any incentive for semi-skilled or skilled persons to move to small or rural communities in Alberta and utilize their expertise to assist and grow or stabilize communities through consistency of government funds. The shift of provincial and federal governments from business focus (provincially for the last 40 years and federally for the last 10), which provides jobs and prosperity, to social programs that spend dollars is becoming evident.

The Alberta Chambers of Commerce recognizes that existing provincial and federal programs, such as the Affordable Housing Initiative, Rural Affordable Supportive living (RASL) or Canada's Action Plan, are crucial for developing construction projects. However, more needs to be done on the provincial level to

[176] http://www.seniors-housing.alberta.ca/documents/Report%20CMHC%20-%20Alberta%20Investment%20in%20Affordable%20Housing.pdf

[177] http://www.seniors-housing.alberta.ca/documents/AVS%20Report%202014.pdf?v=2

distribute provincial and federal funds to the benefit of all communities. Smaller communities require tools to compete with growing cities for acquisition of workers needed to strengthen their local economy. A new attitude towards affordable housing is needed. The traditional attitude related to reduction of homelessness with affordable housing should not be focused only on underprivileged but on all groups that need a home in an ever changing and fast growing society. [178] Inter provincial and international migration will continue to impact not only Alberta but Canada as a whole. With consideration of provincial and federal economic hardships Canada continues to maintain the consistency of a safe and viable economy relative to all countries of the world. The housing situation is becoming exacerbated.

Public Transit

Efficient, accessible and user-friendly public transit is a key factor of economic development in each province. Public transit connects workers to jobs in suburban and rural areas, relieves traffic congestion, and ensures that cities and towns are vital and accessible for business and tourism. The development of transit infrastructure implies better access for basic services (health, education), stimulates economic development around stations and generates jobs. Adept transportation solutions decrease the total cost of transit for passengers and increase networking between communities. A bustling and modern transit hub provides ample opportunity for a community to educate people about its history and familiarize commuters with local tourist attractions. On the whole, it stimulates demand for goods and services, resulting in higher employment and increased revenues for local merchants. Public transit is an indispensable element of making a smaller community attractive for potential workers and businesses.

Canada does not have a long-term federal transit plan. There is no consistent long-term provincial transit plan for Alberta. According to the Municipal Government Act (RSA 2000) a municipality is formally responsible for public transit, however, public transportation systems are not sustainable in the long term directly related to the cost. This raises the questions regarding the affordability of developing transportation projects by municipalities which, without the government's long term planned assistance, cannot sustain them. Green Trip Funding has notably found a place in municipalities and the fund is budgeted to continue to 2019, however, there is limited information available from the provincial government as to where those funds will be allocated. According to the Municipal Grants Web Portal, there are three other grants that the municipalities can apply for, other than Green Trip Funding; Basic Municipal Transportation Grant (BMTG)[179]; Federal Gas Tax Fund [180]; and the Municipal Sustainability Initiative-Capital Funding[181]. However, that these grants are mostly short term can be discouraging to municipalities considering making an application.

Flexible and convenient public transit will gain more importance in the next decade as our aging population, as well as our provincial population, grow significantly. According to Statistics Canada, abut 2036 Alberta's population is projected to reach 4.6 million (low-growth scenario).[182] If the present demographic tendency continues, by 2035 there will be more than one million seniors in Alberta, for most of whom public transit will be the only way to get to a grocery store or visit a doctor. As of now, about 50 percent of Alberta's cities either do not have local public transit or are in the process of public

---

[178] Government of Alberta. Municipal Affairs. Housing First. An Investment with return in prosperity. http://www.housing.alberta.ca/documents/Housing_Task_Force_report.pdf. Retrieved on November 20, 2012.

[179]Government of Alberta, Municipal Affairs - Guidelines and Application Forms for 2016 MSI funding for Capital and Operating programs are expected soon – http://www.municipalaffairs.alberta.ca/MSI

[180]Gas Tax Fund to Alberta Municipalities – http://www.infrastructure.gc.ca/prog/gtf-fte-tab-eng.html

[181]Government of Alberta, Municipal Affairs, - http://www.municipalaffairs.alberta.ca/documents/LGS/Info_Booklet_Final_-_for_Web.pdf

[182]Statistics Canada, Population, Projections for Canada, Provinces and Territories - http://www.statcan.gc.ca/pub/91-520-x/91-520-x2010001-eng.pdf

consultations. For instance, there is no public transit in Beaumont, Brooks, Camrose, Canmore, High River, Stony Plain, Strathmore or Sylvan Lake. Other cities, such as Cochrane, Lloydminster and Okotoks, continue to hold public consultations or are completing transit feasibility studies.[183] Cochrane and Okotoks do have weekly service in and out of downtown Calgary.

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

1. Develop a long-term Alberta affordable housing strategy that takes into consideration changing socio-demographic tendencies that small communities are facing.

2. Develop a long-term provincial public transit strategy for Alberta that connects all communities.

3. Continue to introduce and maintain long term incentives for communities that will encourage and support them to invest in the efficiencies of public transit.

4. Incent communities to work together on regional transportation agreements to lessen the burden financially.

[183] Data resourced from: www.albertacommunityprofiles.com

Service Alberta

Modernization of Alberta Registry Agents

Issue

The Government of Alberta regulates the Alberta Registry Agents' (ARA's) Regulation by capping the fee amounts for most of the services they provide. However, these fees have not been adjusted in nearly 12 years to reflect increases to the minimum wage, utilities or cost of living and inflationary increases in Alberta. In addition, Registry Agents are eager to develop a modernization plan to enhance services, including online registry services to Albertans in conjunction with Service Alberta and other stakeholders. The Government of Alberta should support these modernization efforts and review regulations to ensure Alberta Registry Agents can continue their vital work effectively.

Background

Alberta Registry Agents have been the authorized delivery channel for over 200 products and services on behalf of five government departments – Service Alberta, Justice, Health, Transportation, and Economic Development & Trade – for the past 22 years. There are 206 Agents located in 150 Alberta Communities (32 or 21% are in large urban centers and 118 or 79% are in rural and small urban jurisdictions).

Agents have been offering online registry services to Albertans for over 16 years through their membership with the Alberta Association of Registry Agents (AARA). Registry agents are looking to expand their online services to Albertans.

Importance to Albertans

Virtually every city and town has an Authorized Registry Agent, forming a network that collectively employs close to 1500 Albertans. Registry staff are qualified, trained, and certified to meet high customer expectations. Registry Agents have continued to invest in the industry to meet new technology requirements, population growth, etc. The industry is prepared to and needs to continue to modernize and expand online services to keep pace with market, economic, and political conditions.

Albertans themselves value access to in-person registry services. 92% indicated it was important to have access to government services in their communities and over 90% of Albertans felt that it would have a negative impact on their communities if their local Registry Agent were to close.

But Albertans are increasingly interested in having additional registry services available online. Registry agents support this modernization and are seeking support from the Government of Alberta to expand this level of service.

Importance to Independent Registry Agents

A healthy Registry Agent network is best positioned to serve the diverse needs of all Albertans. A sense of financial stability with long-term assurance of sustainability underpins the Agents' ability to make solid business decisions. Registry Agents have not received a much-needed capped fee increase in nearly 12 years. This fact limits Agents from keeping pace with the cost of living, natural operational increases and the ever-changing world we live in, and threatens the ability for rural Registry Agents to keep their doors open.

A KPMG study commissioned in 2010 by Service Alberta, AARA, and the AMA indicated that rural registry agents operating in locations where the population is less than 5,000 are losing about $1.35 per capped fee transaction. Overall these locations are operating at a $4,000 annual deficit. Registry Agent capped fees have not been adjusted since 2005.

The registries in the communities of Foremost and Acme have closed in the last 3 years and have not re-opened. The registry in Hines Creek recently closed and it's doubtful it will re-open. No private sector partner could be found to operate a registry in Swan Hills and Wabasca so in the case of Swan Hills, the municipality is subsidizing these services and for Wabasca, the Indigenous band through its health authority are doing the same.

Importance to the AARA

AARA provides important member services that improve the effectiveness and efficiency of the Registry Agent Network and, by doing so, improves service to all Albertans. These services are dependent on a portion of the revenue derived from online registry services. Agents have annually endorsed this revenue share with their association.

Importance to Government of Alberta

Having a secure healthy private network to be the delivery of Government Services in each community is key to the ease of access for Albertans.

AARA Modernization Plan and requests

The health of the Registry Agent network is threatened if they are kept out of online service delivery and agents cannot earn revenue from these high-volume services. Nor can the Government of the day continue to ignore that no fee model is in place for the registries similar to other regulated industries such as the bottle recycling industry.

AARA is seeking the Government of Alberta's approval to modernize the Registry Agent industry, expand online services to Albertans through the Registry Agent network, and ensure the long-term sustainability of Registry Agents, including a fair and equitable fee model. AARA is not seeking any grants or financial assistance.

Conclusion

The Government of Alberta regulates the industry through the Registry Agents' Regulation by capping the fee amounts (as per Registry Agent Product Catalogue. Jan. 8, 2017, Alberta Government) for the largest volume of services provided by the Alberta Registry Agents, but these fees have not been adjusted in nearly 12 years to reflect increases to the minimum wage, utilities or cost of living and inflationary increases in Alberta.

The Alberta Registry Agents offer essential professional, personalized, and secure over-the-counter and online services to clients near their homes, a fact of significant importance to aging rural Alberta clients with distance restricted driver's licences and/or without the ability to use the internet for the conduct of personal government business.

Registry Agents are eager to develop a modernization plan to enhance services, including online registry services to Albertans in conjunction with Service Alberta and other stakeholders.

The Government of Alberta should recognize the vital role of Alberta Registry Agents in the delivery of essential government services to all Albertans, particularly their positive impact in rural Alberta communities, and work to strengthen their partnership with the Association of Alberta Registry Agents and local municipalities.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Support the modernization of the Registry Agent Industry
2. Expand existing online services available to Albertans through Registry Agents
3. Ensure the long-term sustainability of rural Registry Agents, including a fair and equitable fee model
4. Reinstate funding for accreditation certification.

Transportation

Transportation

Benefits of Twinning Highway 3

Issue

Twinning construction of the remaining (approximately) 220 kilometers of Alberta Highway 3 known as Crowsnest Pass Highway, has been a concern for nearly two decades due to safety and efficiency concerns, but also concerns related to stagnating the economic benefits and market access along this corridor. The main benefits that accrue from twinning Highway 3 include not only safety improvements and time savings but also increased social/economic activities, tourism and agricultural needs.

Background

Alberta Provincial Highway 3 was designated as a core of the National Highway System in 1988, an interprovincial route connecting large population centers. Its entire length of 324 kilometers (201 miles) is a highway that transverses southern Alberta, connecting the Crowsnest Pass to the Trans-Canada Highway in Medicine Hat, and it serves as an alternative route to the Trans-Canada from Lower Mainland to the Canadian Prairies.

Highway 3 in Alberta begins in the Canadian Rockies at Crowsnest Pass, parallel to the Canadian Pacific Railway and is part of Alberta's "Export Highway" - a name given to the southern portion of Alberta's north-south trade corridor, which is a segment of the CANMEX Corridor that stretches from Alaska to Mexico.

From Fort Macleod to Taber, it is a divided highway (approximately 104 kilometers) with a speed limit of 100-110 km/h through the rural area with the remaining route as an undivided two-lane highway (approximately 220 kilometers) with a speed limit of 100 km/h.

The idea of twinning Highway 3 has been previously discussed and the costs and benefits study have been conducted by the Van Horne Institute, at the University of Calgary under the direction of Dr. Frank J. Atkins in 2002 and 2004 (revised report). The results from the final report show that the benefit-cost ratios vary from 3.03 (using 10% real discount rate) to 3.65 (using 4% real discount rate) indicating the highway 3 twinning is a worthy investment. Those benefit calculations were based on differences between real gross domestic product (GDP) forecasts with and without highway capitals for Southern Alberta region (economic activities).

In the updated 2017 report, results of the cost-benefit analysis demonstrate that the net present value of Highway 3 twinning project over twenty years, using Alberta Transportation recommended real discount rate of 4%, exceed $2.3 billion dollars. Equivalently in terms of benefit-cost ratio, the analysis shows that for each dollar spent on this project, there is $2.97 in benefits, which translates into the internal rate of return of 12.3%. Consequently, for a public infrastructure investment, these results are highly significant and demonstrate the worthiness of the twinning investment project.

The costs of Highway 3 twinning construction include the following:

(a) Direct cost of Highway 3 twinning construction;
(b) Maintenance costs;

It should be noted that the surrounding areas for construction are not all equal as there are approximately 25 kilometers from the B.C. border to the Crowsnest Pass area that are considered to be 'difficult' due to the mountainous terrain. Consequently, the costs of twinning (direct and maintenance) this part of the highway will be higher.

The estimated benefits of Highway 3 twinning construction in this analysis include the following:

(a) Travel time cost savings;
(b) Accident cost savings;
(c) Vehicle operating cost savings and emission cost savings;
(d) Other economic benefits (tourism and agricultural needs).

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

Project Benefits	
Travel Time Cost Savings	$1,292.72
Accidental 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%**

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

In terms of benefit-cost ratio, the results show that for each dollar spent on this project there are over $2.97 in benefits. These results translate to an internal rate of return of 12.3%. Thus, for a public infrastructure investment, these results are highly significant and illustrate the worthiness of the project's investment.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Conduct a study on the financial feasibility to assess the affordability condition with a view to twinning the remaining 220 km of Highway 3.

Investing in Market Access for Southern Alberta Business

Issue

Global commerce is increasingly reliant upon the ability for goods to reach local, regional and international markets. As such, it is imperative to consider the crucial role that transportation networks play in economic development. Current infrastructure in and around Southern Alberta requires serious upgrades and advancements to maintain and leverage a competitive edge in advancing business success in Southern Alberta.

Background

Recent refocusing of economic priorities within the province of Alberta, combined with a growing international demand for high-quality foods and agri-food products, has positioned Southern Alberta to be a global leader in the distribution of products to local, regional, and international markets. Moreover, the relative economic stability of the region, combined with low infrastructure and land costs, and the proximity for major producers and distributors to raw agricultural products, has cast an attractive light on Southern Alberta as a place to invest. The opportunity currently exists to leverage these advantages to help diversify and grow the Canadian economy by improving local transportation infrastructure.

Located at in Southern Alberta's agricultural heartland, is a growing network hub for the export and import of large quantities of goods. Goods flow east and west through the region via Highway 3, and connect to Highway 1. Additionally, several major north-south corridors (Highways 6,2,62,4,889, 41 and Interstate 15) move goods through the region, particularly into the United States thru the twenty-four hour Coutts/Sweetgrass border crossing. Furthermore, an extensive rail network (Canadian Pacific) exists, with lines moving goods both east/west and north/south.

Yet despite this not-inconsiderable network, there is the distinct impression amongst the business community of Southern Alberta that clear opportunities will be missed by not investing now, at this crucial time in redirecting the Province's economy, in improving or expanding local transportation networks to encourage the growth of key industries. The development of Lethbridge and region as an agricultural and manufacturing hub would be encouraged by the accelerated twinning of major highways that pass through the region (eg. Highway 3), the development of an inland, intermodal port, which would open new possibilities for producers and industry stakeholders, and significant development to local airports, which would enable new opportunities for international and inter-regional trade and commerce.

These possibilities are real, and are highlighted by several recent large investments in the region, including an expansion by Richardson Oilseed ($120 Million), and by Cavendish Farms ($350 Million). Lethbridge is a growing centre, with a population of almost 100,000, and a larger catchment area of almost 500,000. (EDL Study). Moreover, the recent crash in commodity prices left Southern Alberta largely unaffected, due to the diversified nature of the local economy. Stability, in uncertain economic times, encourage investment, and a commitment from public sources to expand local transportation networks could easily tip the scales for major stakeholders who may be considering this region as a viable option.

The Government of Alberta’s 2016 Capital Plan has earmarked approximately $4.6 billion for roads and bridge networks across the Province – with a clear lack of expenditure on these vital networks in Southern Alberta. Compounding this, five-year funding projections do not show distribution of funds to large-scale development in the region’s road network. It is the Lethbridge Chamber of Commerce’s view that this represents a critical oversight, which if corrected, would immensely aid the Government of Alberta’s clearly stated mission to invest in the diversification of the provincial economy.

In short, Southern Alberta is well positioned to become a major Agri-food and Manufacturing center, and a global leader in the distribution of goods to local, regional and international markets. With access to major highway infrastructure, extensive rail infrastructure, and growth potential to localized airports, Southern Alberta is ready to become a leading economic force in a retooled and refocused economy.

The Alberta Chambers of Commerce recommends the Government of Canada:

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:
    a. National and International Markets,
    b. Shipping Ports; and,
    c. Transportation Hubs.

The Alberta Chambers of Commerce recommends the Government of Alberta:

2. 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.
3. Work towards a plan for sustainable growth in local airports as a portion of local economic progression, with an eye to growing international and inter-regional opportunities

Outdated Transportation Road-Weight Restrictions Can Adversely Impact Industry: Striking a Balance

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.

Tire Size	Inflation (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

Source: www.goodyear.com[184]

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.
6. Ensure permit providers obtain the correct and necessary information to make the process standard with minimal red tape.

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

Planning for Progressive Transportation on Alberta's Roadways

Issue

Many municipal planners in urbanized areas are moving toward a "Complete Streets" philosophy in their development plans, and are asking transportation planners and engineers to consistently design and alter thoroughfares and rights of way "so that roadways are designed to safely accommodate all users, including bicyclists, pedestrians, transit riders, children, older people and disabled people, as well as motorists."[185]

Background

The many benefits that this shift in thinking offers can apply not only to urban centres, but some aspects can also be applied to highways and other thoroughfares. Dedicated intermunicipal trails for bicycles and pedestrians should be incorporated into provincial transportation policy on provincial highways away from the driving lanes when other alternatives are not available. The practice of low-speed transportation modes using the shoulders of high-speed highways is dangerous and unattractive as an economical and healthy transportation alternative.

In addition, increased support for intermunicipal public transit systems (including future rapid transit) around and between the large- and medium-sized cities is becoming necessary and desirable as the public shifts its thinking about the high cost to society of one-person private automobiles as being the only means of commuting to work and recreation, as well as carrying on business affairs.

Integrating design for these progressive and alternative methods of transportation as a standard part of roadway planning has many positive aspects, including increased health for citizens, improved safety, an easing of traffic congestion, decrease in wear and tear on roadways (thus lengthening their lifespan), increased public accessibility to business and services, improved air quality, and long-term cost reduction.[186]

Urban and suburban growth blurs lines between municipalities, making affordable intermunicipal transportation alternatives increasingly necessary. Because affordable housing is often more readily available in "commuter communities," newcomers, foreign workers and young families who choose to move to an outlying community find themselves without adequate means of transportation into the larger centres, where they work, shop, visit their doctor, and do other business. This reality has impacted staff retention in business and is a contributing factor in the labour shortage.

[185] "Complete Streets"; Wikipedia, http://en.wikipedia.org/wiki/Complete_streets

[186] "What are the Benefits of Complete Streets?" www.completestreets.org/benefits.html#benefits

With transportation being the second-largest household expense, workers in bedroom communities will increasingly search for more cost-effective means of commuting.

The trend toward intermunicipal connectivity is gaining momentum, and the economic downturn makes the need to explore and provide long-term progressive transportation planning a necessity. The new reality is that both business and workers require more public transit and opportunities for pedestrians and cyclists to commute as part of rethinking current policies for future highway transportation planning.

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

1. Adopt a “Complete Streets” philosophy in its highway planning and engineering in and near urban areas.
2. Incorporate, as a consistent part of new road planning or road redevelopment, plans for cyclists, pedestrians, transit, rapid transit and car pools.
3. Develop and institute an identification system for lanes on urban roads and bicycle/pedestrian trails that are dedicated to, or optimized for, alternative forms of transportation.
4. Model fiscal responsibility, a commitment to the labour force, support for intermunicipal initiatives and partnerships, good environmental practice, and wise long-term planning through the adoption of progressive transportation planning and design.

Transportation

Rail Freight Service and Capacity Issues in Alberta

Issue

Reliable, cost-effective rail transportation is vital to Alberta's domestic, transborder and overseas exports, particularly coal, petroleum, grain, forest and containerized products. The competitiveness of industry and business in Alberta – and in Western Canada – is compromised by the current policies of government and the business or operational models of Canada's rail companies. Recommendations on solutions to improve rail service were made by the federally appointed Rail Freight Service Review Panel in 2011. However, rail freight service and capacity continues to be unsatisfactory, impacting business competitiveness as well as Canada's international reputation as a reliable supplier of goods.

Background

Effective and efficient rail transportation of export commodities is vital for the economy in Alberta and Western Canada – and in communities across our nation. Shippers, facing intense global competitive pressures, need reliable services and rates that allow them to maintain a competitive market position.

In 2009, the Federal Panel on Rail Freight Service was appointed to conduct a review of service issues and problems related to the rail-based logistics system in Canada. Following extensive research and stakeholder consultation, the panel submitted a Final Report[187] with recommendations aimed at improving the efficiency, effectiveness and reliability of service within the system, facilitating economic growth and trade expansion, and improving accountability among stakeholders.

Despite the Panel's recommendations, issues with rail service and capacity continue to impact shippers. The consequence of these issues is the loss of productivity (inefficient use of labour and equipment), loss of sales (inability to respond to customer requirements, timeliness and reliability), inability to attract investment, and high costs of operation that marginalize some business products and services.

In early 2014, the Alberta government formed a Rail Transportation Task Team to identify and implement actions to address rail service issues in Alberta. Over an eight month period, the Rail Transportation Task Team completed extensive stakeholder consultations, undertook research and analysis and supported the Government of Alberta's federal advocacy efforts.

In June 2014, the federal government launched a statutory review of Canada's transportation legislation one year ahead of schedule, in response to grain transportation problems on Canada's railways in 2013. One of the deliverables of the Alberta government's Rail Transportation Task Team was to develop the province's submission to this Canada Transportation Act Review Panel.

[187] The Final Report can be found at: https://www.tc.gc.ca/eng/policy/acg-rfs-review-examen-sfm-rvw-eng-2616.htm

The next decade will see growing demand for rail service, which can not only be a more cost effective transportation option, but also more environmentally-friendly[188]. Alberta – and Western Canada – need a regulatory environment that results in more reliable, cost-effective rail transportation for shippers. This will ensure their successful participation in the global market place, in turn attracting innovative and competitive business to our communities and creating lasting prosperity for our region.

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

1. Provide leadership to identify and address rail issues in Canada and to maintain an overview of the efficiencies of federal and provincial policies in serving industry and business.

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

2. Implement the four Recommended Fall Back Provisions as set out in the *Rail Freight Service Review - Final Report*, as listed below:
    a. Notification of service changes
    b. Implementation of service agreements
    c. Regulated dispute resolution process
    d. Enhanced performance reporting

[188] [2]Canada's transportation sector generates 24% of our country's greenhouse gas (GHG) emissions; however, railways produce just 5% of that total, and 1% of our country's overall GHG emissions. http://www.railcan.ca/education/facts

Transportation Upgrades

Issue

Upgrades to the transportation infrastructure of Alberta's northwest corridor linking some of Alberta's largest oilfields and gas fields, as well as the corridor to the far north is critical to the safe and timely movement of goods and services.

Background

As an example, Highway 2 is the longest provincial highway in Alberta. It connects southern Alberta to the north and is the only roadway that connects the east and west sides of North Western Alberta to the export ports. Highway 2 is the major connection route from southern Alberta to Highway 35, which leads north to the Arctic and is listed on the national highway route. As printed in a Draft copy of the Comprehensive Regional Infrastructure Sustainability Plan (CRISP) from December 2013 under Transportation it reads;

> *"Typically the lowest acceptable level of services (LOS) on a rural road is LOS 'C', with the exception of LOS 'D' through urban centres. Based on data from Alberta Transportation, the 2012 level of service for all provincial highways in the PROSA are operating with a Level of Service (LOS) 'C' or better, meaning they are more than adequate to serve the existing traffic demand. There is only one roadway section with Level of Service 'E', which is located at the Peace River Bridge in the Town of Peace River."*

Furthermore, the secondary highways reaching the western oil sand development handle a large volume of traffic, which is only expected to increase as Shell Canada has committed to fully construct the Carmon Creek Project, its largest project worldwide. Oil prices have not stopped the projects in the Peace Oil Sands and should not determine the timeframe to complete needed upgrades to these busy highways.

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

1. Identify deficiencies in strategic transportation corridors in Alberta's northwest
2. Develop a comprehensive infrastructure plan to address the transportation deficiencies in Alberta's northwest corridor.

Federal Policy Resolutions

Employment and Social Development

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.'*[1891]

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

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

to the overall success and economic well-being of Canadian businesses, that the ADMs of the TFWP be subject to the standards outlined under Canadian administrative law, and that decisions made be subject to review and appeal when necessary. Decisions subject to review are made with an increased level of consideration.

The Alberta Chambers of Commerce recommend the Government of Canada:

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

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

Finance

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 continue with the next phase of 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:

2. 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.

Strengthen Canada's Workforce through Tax 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 annual rate of inflation 1998-2014 – 1.96%)[190]. 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. This chart demonstrates the average cost of full time child care across Canada[191].

Daycare	Average Monthly Cost		
Province	Infant	Toddler	Preschool
Alberta	$ 864	$ 824	$ 802
British Columbia	$ 899	$ 835	$ 740
Manitoba	$ 662	$ 663	$ 527
New Brunswick	$ 691	$ 666	$ 632
Nova Scotia	$ 746	$ 749	$ 638
Ontario	$ 929	$ 867	$ 817
Quebec	$ 786	$ 759	$ 716
Saskatchewan	$ 684	$ 645	$ 598
Canada Average	$ 872	$ 820	$ 768

If families across Canada are paying an average of $872 per month on child care, the median Canadian monthly wage is $3,279 before tax, and the maximum deduction is $8,000, there leaves little incentive for that person to enter the workforce unless absolutely necessary[192]. With chronic skilled labour shortages across Canada persisting, it is incumbent upon government to make workforce engagement as appealing as possible to young parents.

On the other end of the workforce lifecycle is the issue of Canada Pension Plan (CPP) contributions.

[190] "Inflation Calculator." http://www.bankofcanada.ca/rates/related/inflation-calculator/ Bank of Canada. Retreived on 10 February 2015.
[191] "Child Care Costs in Canada." http://www.godaycare.com/child-care-cost Go Day Care. Retreived on 10 February 2015.
[192] "Median total income, by family type, by province and territory." http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil108c-eng.htm" Retrieved on 10 February 2015.

Recently, the new CPP contribution limits were announced recognizing the inflation-indexing adjustment to the contribution limits[193].

CPP contribution rates, maximums and exemptions						
Year	Max. annual pensionable earnings	Basic exemption	Maximum contributory earnings	Employee contribution rate (%)	Max. annual employee contribution	Max. Annual self employed contribution
2015	$53,600	$3,500	$50,100	4.95	$2,479.95	$4,959.90
2014	$52,500	$3,500	$49,000	4.95	$2,425.50	$4,851.00
2013	$51,100	$3,500	$47,600	4.95	$2,356.20	$4,712.40
2012	$50,100	$3,500	$46,600	4.95	$2,306.70	$4,613.40
2011	$48,300	$3,500	$44,800	4.95	$2,217.60	$4,435.20
2010	$47,200	$3,500	$43,700	4.95	$2,163.15	$4,326.30
2009	$46,300	$3,500	$42,800	4.95	$2,118.60	$4,237.20
2008	$44,900	$3,500	$41,400	4.95	$2,049.30	$4,098.60
2007	$43,700	$3,500	$40,200	4.95	$1,989.90	$3,979.80
2006	$42,100	$3,500	$38,600	4.95	$1,910.70	$3,821.40
2005	$41,100	$3,500	$37,600	4.95	$1,861.20	$3,722.40
2004	$40,500	$3,500	$37,000	4.95	$1,831.50	$3,663.00
2003	$39,900	$3,500	$36,400	4.95	$1,801.80	$3,603.60
2002	$39,100	$3,500	$35,600	4.7	$1,673.20	$3,346.40
2001	$38,300	$3,500	$34,800	4.3	$1,496.40	$2,992.80
2000	$37,600	$3,500	$34,100	3.9	$1,329.90	$2,373.00
1999	$37,400	$3,500	$33,900	3.5	$1,186.50	$2,373.00
1998	$36,900	$3,500	$33,400	3.2	$1,068.80	$2,137.60
1997	$35,800	$3,500	$32,300	2.925(1)	$944.78	$1,889.55
(1)For 1997, the CPP rate was adjusted to 3.0% with a payment on filing the T1 tax return (max $969).						

Since 1997 the maximum annual pensionable earnings has increased due to indexing by $17,800. The basic exemption has increased by a comparative number of $0. The employee/employer matched contributions have increased by $1,480.72, a 162-per-cent increase over the past 18 years.

Canadians and their employers are paying an ever-increasing cost to fund CPP. The government has taken credit for holding the contribution rate on CPP steady through the recent downturn in the financial markets and world economies. However, the indexing of the maximum contribution amount and the non-indexing of the basic exemption has actually raised payroll taxes substantially at a time where few can afford it.

There are a number of specific tax credits that are indexed, along with the tax brackets, yet there are some glaring areas where indexing is not applied. This adds to the complication of the Canadian tax system and weakens Canada's workforce by discouraging labour force participation.

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 *Tax Act* so Canadians and businesses are not unfairly taxed.

---

[193] "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.

Immigration, Refugees and Citizenship

Meeting Alberta's Future 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.

"An international education strategy that is well aligned with our immigration and labour market strategies can help Canada in addressing demographic and labour market issues."[194]

Background

For the coming decade, Alberta could experience a cumulative labour shortage of 49,000 workers by year 2025.[195] 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 future shortage. Even with the 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.

The Canadian Chamber of Commerce in their 2017 "Ten Ways to Build a Canada that Wins" advocates to Grow Small Business To Take on the World through prescribing:

"a series of measures to ensure smaller Canadian businesses have innovative access to capital, the **talent** and the programs that will get their goods to international markets so they can grow and flourish in the global economy".

Business fears that workforce development strategies for domestic and foreign talent are viewed as mutually exclusive ideologies rather than complementary tactics within a suite of policy initiatives to build a competitive workforce.

Over the last 3 - 5 years, the confusing trend of federal labour policy continues. Under the auspices to better connect employers into the process for attracting and retaining foreign talent, the federal

---

194 http://www.international.gc.ca/education/report-rapport/strategy-strategie/index.aspx?lang=eng

195 https://work.alberta.ca/documents/occupational-demand-and-supply-outlook-2015-2025.pdf

government revised immigration legislation and support systems and increased the amount of international students allowed to study in Canada, while simultaneously restricting employer's capacity to meet labour needs through the Temporary Foreign Workers Program:

- (2013) Announced restrictions to access employees through the Temporary Foreign Workers Program, with restrictions increasingly phased in through 2015
- (2014) Passes Bill C-24, Strengthening Canadian Citizenship Act, which measures included the first major reform of the Citizenship Act since 1977,
- (2014) Launched a new international Education Strategy which proposed to double the number of foreign students studying in Canada to 450,000 by 2022
- (2015) Launched a new electronic system called Express Entry to manage applications for permanent residence under certain economic immigrations programs

Though the economic prosperity in the province is speculative in the province, Alberta employers remain faced with compounded labour and skills shortages given the departure of foreign workers in 2015 and the disconnected international workforce attraction and retention strategies leave significant and engaged international student talent on the table. Projected student economic immigration programs were estimated to grow from 5,000 in 2009 to 26,000 in 2012. 5,000 students had applied with 4,000 admitted, far from the 26,000 proposed, and CIC has not released updated statistical data for review.[196]

Recognizing the importance of demand-driven education and training, the Government has launched the Post-Secondary Industry Partnership and Co-operative Placement Initiative in 2016. The Initiative will support partnerships between employers and willing post-secondary educational institutions to better align what is taught with the needs of employers. The Initiative will also support new co-op placements and work-integrated learning opportunities for young Canadians, with a focus on high-demand fields, such as science, technology, engineering, mathematics and business. Total costs of this measure would be $73 million over four years, starting in 2016–17. However, this very important initiative does not address the international student talent pool.

International education in Canada is estimated to produce approximately $8.1 billion (from international student expenditures, including tuition and living expenses) to the economy annually, which supports 86,000 jobs across the country and generates over 445 million in government revenue.

Opportunities to work after graduation and become a permanent resident of Canada are clearly important factors in a student's decision to study here.[197]

The Government of Alberta can exercise options available within the Provincial Nominee Program and overcome the systematic gaps in labour and skills availability by involving employers more in the process to attract and retain foreign students. Foreign students can help meet Alberta's economic needs and by adjusting the international student offer of employment restrictions imposed by the Alberta Provincial Nominee Program.

The Province of Manitoba, for example, only requires a six month offer of employment from an employer to an international student who graduated from a post-secondary institution and seeks permanent Canadian residency. Under Alberta's provincial Nominee Program, employer offers must be at minimum on year to similarly qualify graduates for permanent residency.

<u>Conclusion</u>

---

[196] http://cbie.ca/media/facts-and-figures/

[197] http://cbie.ca/media/facts-and-figures/

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 Alberta and Government of Canada:

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 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.

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.[198]
- 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.[199]
- Quebec: $300 thousand net worth, and minimum $100 thousand investment worth 25% of the capital equity, 2 years experience.[200]
- 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.[201]
- Manitoba: $350,000 net worth, and 3 years experience.[202]

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 with clear criteria and expected outcomes.

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

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

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

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

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

Alberta Chambers of Commerce

The Advocate for Alberta Business

Global Affairs

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.[203]"

In a report released in September 2014, The Canadian Meat Council (CMC) advises that Canada's meat industry 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[204]. 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

[203] "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.
[204] *Ibid*.

standards applied at the CFIA and USDA facilities from which the meat was originally inspected and shipped. Furthermore re-inspections at these Inspection Houses disrupt the cold-chain delivery process and "could result in temperature shifts of 10 degrees or more ... and a supplier could lose 3 – 10 days of a typical 30 day shelf life .... fresh meats that get delayed can be refused by the customer."

According to the Canadian Meat Council, "every driver loses 2 - 4 hours of driving time when reporting to the Inspection Centres". Once a driver hits 11 – 12 hours behind the wheel, transportation regulations mandate a 10 hour rest time. According to the CMC, at $100 per hour, resulting driver downtime is a significant cost to our meat industry.

US Border Inspection Process: All trucks crossing the US border containing meat from Canadian processors are first screened by US Border Officials, after which they must report to one of only 10 US Inspection Centres located on the international border. All trucks are opened at the Inspection Centres and their import documents are verified with the USDA. Approximately 10% of all trucks are physically re-inspected before they can proceed to a federally inspected US packing plant for further processing.

Canadian Border Inspection: All trucks crossing the Canadian border containing US meats are first screened by Canadian Border Officials, at which time the driver is informed if his truckload is one of the 10% randomly selected for further inspection. If a re-inspection is required, it is not done at the border, but rather at one of the 125 CFIA Registered Establishments. This re-inspection process ensures tighter quality control and improved food safety to the consumer, with reduced shipping costs to the supplier. There are no border re-inspections fees applicable to the US meat processor on imports into Canada. Rather CFIA inspection costs are absorbed by the Canadian processor.

History

On February 4, 2011 the Canada-United States Regulatory Cooperation Council (RCC) was created to facilitate closer cooperation between Canada and the USA with the objective to develop more effective approaches to regulation in order to enhance economic strength and competitiveness of both countries. Prime Minister Harper and President Obama collectively announced support for the 29 point Joint Action Plan "Beyond the Border: A Shared Vision for Perimeter Security and Economic Competiveness." Its mandate is to "enhance security and accelerate the legitimate flow of people, goods and services across our international border[205]"

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[206].

---

[205] *Ibid*.

[206] "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 that the Government of Canada:

1. Support the efforts of the Canada-United States Regulatory Cooperation Council (RCC) in its initiative to harmonize regulatory requirements and practices on meat trade between Canada and the USA.
2. Ensure that all re-inspections of Canadian meats exported to the USA only be conducted at USDA sanctioned processing facilities
3. Eliminate current border re-inspection fees on Canadian meats exported into the USA

Extension of Hours at the Port of Wild Horse

Issue

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

Background

Canada and the U.S. enjoy one of the most prosperous relationships in the world, with a staggering volume of bilateral trade totaling $886 billion in 2015[207] as well as close to 400,000[208] people crossing our shared border each day.

In particular, Montana and Canada continue a profitable trading relationship with bilateral trade flows totaling $4 billion in 2015[209]. Moreover, Canada continues to be Montana's most important customer with total Montana exports to Canada at $504 million in 2015 while total Montana imports from Canada totaled $3.5 billion. From 2011-2015 Alberta's exports to Montana have averaged $2.52 billion annually with exports to Montana in 2015 totaling $2.02 billion. These exports consist of primarily oil and natural gas, fertilizers, food wastes and cereals[210].

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.

---

[207] http://can-am.gc.ca/relations/commercial_relations_commerciales.aspx?lang=eng

[208] http://can-am.gc.ca/relations/border_frontiere.aspx?lang=eng

[209] http://can-am.gc.ca/business-affaires/fact_sheets-fiches_documentaires/mt.aspx?lang=eng

[210] http://open.alberta.ca/dataset/9269de23-6d7a-448e-867e-293b4b0568e1/resource/7bd5fe74-c023-4388-99e0-17bde9e5c6db/download/2016-Montana-Alberta-Relations-August-2016.pdf

	24-Hour Crossings	Total Crossings	Population (2016)
British Columbia	8	19	4,751,600
Alberta	1	6	4,252,900
Saskatchewan	2	12	1,150,600
Manitoba	3	16	1,318,100
Ontario	13	14	13,983,000
Quebec	21	30	8,326,100
New Brunswick	12	18	756,800

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[211].

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

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

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

---

[211] 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.

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:

6. 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.
7. Make the Wild Horse Border Crossing an automated Port of Entry with full Electronic Data Interchange (EDI) equivalency.
8. 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.
9. Improve the structures and facilities on the Canadian port side to better serve present needs and eventually serve as the foundation of a full service commercial port.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

National Revenue

Canada Revenue Agency Impact on Small Business

Issue

Though the Canada Revenue Agency has conducted many studies in the last number of years to identify ways to improve its systems and service, small businesses in Canada continue to report frustration and a need to commit significant time, often at considerable expense, to deal with taxation and filing issues.

Background

As small business accounts for 98 per cent of business in Canada, employing 48 per cent of the labour force, it is apparent that small businesses are the backbone of Canada's economy.[212]

There are few businesses that at some point in time have not had to correspond with the Canada Revenue Agency (CRA) 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, many small businesses find themselves spending exorbitant amounts of time dealing with the CRA. When a business makes an error in filing, there are strong timelines placed on correction and response; however, when the CRA is in error, a small business person may invest significant amounts of time communicating rigwith CRA officials 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.

In 2006 the Canadian Department of Finance established the *Action Task Force on Small Business.*[213] A *Final Report on Action Items*[3] was released, in which the CRA committed 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

Unfortunately, business owners still report 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.[214]

---

[212] Industry Canada Key Small Business Statistics July 2010. http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/eng/h_rd02488.html
[213] Canada Revenue Agency Form RC4483. http://www.cra-arc.gc.ca/formspubs/pbs/rc4483-ctntmspdt-eng.html
[214] CRA maintains regular updates of "ongoing action items" which it updated in November of 2009. No further updates have been published since that time.

With the Government of Canada’s Red Tape Reduction Commission, opportunity exists to advocate for meaningful CRA reform.

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 small 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.
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.

Transportation

Planning for Progressive Transportation on Alberta's Roadways

Issue

Many municipal planners in urbanized areas are moving toward a "Complete Streets" philosophy in their development plans, and are asking transportation planners and engineers to consistently design and alter thoroughfares and rights of way "so that roadways are designed to safely accommodate all users, including bicyclists, pedestrians, transit riders, children, older people and disabled people, as well as motorists."[215]

Background

The many benefits that this shift in thinking offers can apply not only to urban centres, but some aspects can also be applied to highways and other thoroughfares. Dedicated intermunicipal trails for bicycles and pedestrians should be incorporated into provincial transportation policy on provincial highways away from the driving lanes when other alternatives are not available. The practice of low-speed transportation modes using the shoulders of high-speed highways is dangerous and unattractive as an economical and healthy transportation alternative.

In addition, increased support for intermunicipal public transit systems (including future rapid transit) around and between the large- and medium-sized cities is becoming necessary and desirable as the public shifts its thinking about the high cost to society of one-person private automobiles as being the only means of commuting to work and recreation, as well as carrying on business affairs.

Integrating design for these progressive and alternative methods of transportation as a standard part of roadway planning has many positive aspects, including increased health for citizens, improved safety, an easing of traffic congestion, decrease in wear and tear on roadways (thus lengthening their lifespan), increased public accessibility to business and services, improved air quality, and long-term cost reduction.[216]

Urban and suburban growth blurs lines between municipalities, making affordable intermunicipal transportation alternatives increasingly necessary. Because affordable housing is often more readily available in "commuter communities," newcomers, foreign workers and young families who choose to move to an outlying community find themselves without adequate means of transportation into the larger centres, where they work, shop, visit their doctor, and do other business. This reality has impacted staff retention in business and is a contributing factor in the labour shortage.

---

[215] "Complete Streets"; Wikipedia, http://en.wikipedia.org/wiki/Complete_streets

[216] "What are the Benefits of Complete Streets?" www.completestreets.org/benefits.html#benefits

With transportation being the second-largest household expense, workers in bedroom communities will increasingly search for more cost-effective means of commuting.

The trend toward intermunicipal connectivity is gaining momentum, and the economic downturn makes the need to explore and provide long-term progressive transportation planning a necessity. The new reality is that both business and workers require more public transit and opportunities for pedestrians and cyclists to commute as part of rethinking current policies for future highway transportation planning.

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

1. Adopt a “Complete Streets” philosophy in its highway planning and engineering in and near urban areas.
2. Incorporate, as a consistent part of new road planning or road redevelopment, plans for cyclists, pedestrians, transit, rapid transit and car pools.
3. Develop and institute an identification system for lanes on urban roads and bicycle/pedestrian trails that are dedicated to, or optimized for, alternative forms of transportation.
4. Model fiscal responsibility, a commitment to the labour force, support for intermunicipal initiatives and partnerships, good environmental practice, and wise long-term planning through the adoption of progressive transportation planning and design.

Transportation

Rail Freight Service and Capacity Issues in Alberta

Issue

Reliable, cost-effective rail transportation is vital to Alberta's domestic, transborder and overseas exports, particularly coal, petroleum, grain, forest and containerized products. The competitiveness of industry and business in Alberta – and in Western Canada – is compromised by the current policies of government and the business or operational models of Canada's rail companies. Recommendations on solutions to improve rail service were made by the federally appointed Rail Freight Service Review Panel in 2011. However, rail freight service and capacity continues to be unsatisfactory, impacting business competitiveness as well as Canada's international reputation as a reliable supplier of goods.

Background

Effective and efficient rail transportation of export commodities is vital for the economy in Alberta and Western Canada – and in communities across our nation. Shippers, facing intense global competitive pressures, need reliable services and rates that allow them to maintain a competitive market position.

In 2009, the Federal Panel on Rail Freight Service was appointed to conduct a review of service issues and problems related to the rail-based logistics system in Canada. Following extensive research and stakeholder consultation, the panel submitted a Final Report[217] with recommendations aimed at improving the efficiency, effectiveness and reliability of service within the system, facilitating economic growth and trade expansion, and improving accountability among stakeholders.

Despite the Panel's recommendations, issues with rail service and capacity continue to impact shippers. The consequence of these issues is the loss of productivity (inefficient use of labour and equipment), loss of sales (inability to respond to customer requirements, timeliness and reliability), inability to attract investment, and high costs of operation that marginalize some business products and services.

In early 2014, the Alberta government formed a Rail Transportation Task Team to identify and implement actions to address rail service issues in Alberta. Over an eight month period, the Rail Transportation Task Team completed extensive stakeholder consultations, undertook research and analysis and supported the Government of Alberta's federal advocacy efforts.

In June 2014, the federal government launched a statutory review of Canada's transportation legislation one year ahead of schedule, in response to grain transportation problems on Canada's railways in 2013. One of the deliverables of the Alberta government's Rail Transportation Task Team was to develop the province's submission to this Canada Transportation Act Review Panel.

---

[217] The Final Report can be found at: https://www.tc.gc.ca/eng/policy/acg-rfs-review-examen-sfm-rvw-eng-2616.htm

The next decade will see growing demand for rail service, which can not only be a more cost effective transportation option, but also more environmentally-friendly[218]. Alberta – and Western Canada – need a regulatory environment that results in more reliable, cost-effective rail transportation for shippers. This will ensure their successful participation in the global market place, in turn attracting innovative and competitive business to our communities and creating lasting prosperity for our region.

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

1. Provide leadership to identify and address rail issues in Canada and to maintain an overview of the efficiencies of federal and provincial policies in serving industry and business.

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

2. Implement the four Recommended Fall Back Provisions as set out in the *Rail Freight Service Review - Final Report*, as listed below:
    e. Notification of service changes
    f. Implementation of service agreements
    g. Regulated dispute resolution process
    h. Enhanced performance reporting

[218] [2]Canada's transportation sector generates 24% of our country's greenhouse gas (GHG) emissions; however, railways produce just 5% of that total, and 1% of our country's overall GHG emissions. http://www.railcan.ca/education/facts