



2019 Proposed Policy Book

The policies in this book have been proposed for consideration at the 2019 Annual General Meeting and Policy Session. **They are for discussion purposes only and have not been approved by the Alberta Chambers of Commerce.**

If you have any questions, contact Jonathan Seib, Policy Manager, at jseib@abchamber.ca or (780) 425-4180 ext. 6

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About the ACC's Policy Process

The 2019 Proposed Policy Book contains the policy resolutions to be discussed at the Alberta Chambers of Commerce's 81th Provincial Conference and Policy Session, which takes place May 23 to 25 in Camrose.

The proposed policies were developed by our member chambers of commerce and submitted prior to the deadline of February 22, 2019, for review by ACC's Policy Committee, which is responsible for ensuring they meet the criteria for proposed policies, as set out in the Policy Development Guidelines.

The policies contained in this book have been approved for discussion at the 2019 Policy Session. The proposed policies appear in the order they will be discussed during the session.

During the policy session, the Chair will invite accredited voting delegates to approve, defeat, or refer each of the policy policies. It is only after a policy has been approved by a majority of the accredited voting delegates that it becomes an official policy position of the Alberta Chambers of Commerce.

We look forward to your chamber's participation and the opportunity to advance our members' interests to the government through our policy positions.

Preparing for the Policy Session

REVIEW POLICIES WITHIN YOUR ORGANIZATION

Upon receiving the 2019 Proposed Policy Book, distribute it to your board of directors and those who will represent your chamber's interests at ACC's policy session.

For each proposed policy, decide whether your chamber will be *supporting it as presented*, *supporting it with amendments*, or *not supporting it*. Be aware that amendments from the floor may change the content of the recommendations.

NETWORKING

A key benefit of sponsoring your own policy is that you have the first opportunity to speak to it when it is introduced for debate. This is your chance to sell its merits, but don't underestimate the importance of promoting it to chamber members in advance of the policy session. If fellow chamber representatives express points of contention, or share new information that would strengthen the policy, listen carefully to their comments, and prepare to address them when your policy arises at the session.

A WORD ABOUT LATE RESOLUTIONS

Late resolutions are permitted in accordance with ACC's bylaws, but the onus is on the submitting chamber to convince voting delegates that the resolution could not have been submitted by the February 22 policy deadline. The procedure for bringing a late resolution forward to the policy session is as follows:

1. Chambers seeking the introduction of a late resolution should gain the attention of the Alberta Chambers' Policy Committee, which must give permission for it to go to the floor of the session for further consideration. Please contact Jonathan Seib at jseib@abchamber.ca should your chamber have a late resolution it wishes to bring forward.
2. Near the end of the policy session, voting delegates will be asked whether the late resolutions meet the criteria for their acceptance. A two-thirds majority is required for the resolutions to come to the floor.

PREPARING FOR THE POLICY SESSION

1. Ensure the timely distribution of proposed policies to your chamber's delegates and your board of directors.
2. Decide in advance how your chamber plans to vote.
3. The policy session is conducted on the assumption that all delegates are familiar with the issues to be discussed.

Policy Session Guidelines

1. The policy session uses Robert's Rules of Order as its authority on any questions of procedure; however, the policy session is not a test on parliamentary procedure. The purpose of using some form of parliamentary procedure is to ensure orderly discussion and the protection of the rights of the minority while allowing the majority to rule. We encourage everyone to participate in open and frank debate on each of the proposed policies brought before the delegates so don't hesitate to ask a question if you're unsure of the procedure or what might be "in order" at any time.
2. Anyone wishing to speak should proceed to one of the floor microphones. Once recognized by the Chair, the individual should indicate their name as well as the name of their chamber.
3. Once the Chair has repeated that the motion has been moved and seconded, it is considered to be "on the floor" and is open for discussion by anyone.
4. While everyone attending the policy session is encouraged to participate in the discussion, only accredited representatives are permitted to make a motion, second a motion, or vote on a motion.
5. The mover of a motion (i.e., the sponsoring chamber) is provided the first opportunity to speak to the motion or amendment. If requested, the seconder (generally a co-sponsoring chamber) is given the opportunity to speak next. Then, any person may speak on (for or against) the motion or amendment.
6. Only the recommendations of each resolution are debatable. Staff will ensure the Background is appropriately maintained and adjusted to support the recommendations.
7. No delegate should speak more than once to any particular motion or amendment without first asking for and receiving permission of the Chair, and then only after all other delegates wishing to speak to that particular motion or amendment have spoken.
8. All amendments must, before being spoken to, be presented to the meeting, seconded, and repeated by the Chair. Participants are reminded that discussion on an amendment should relate to the amendment and not to the main motion. We also use an informal procedure known as the "editorial amendment" whenever there is a minor change in the wording of a resolution, motion or amendment. These amendments are often used to correct errors of grammar, typography or fact. Editorial amendments may come from the floor or be introduced by the Chair. They are accepted informally only if there is no objection.

TIPS FOR VOTING DELEGATES

- ACC uses voting cards during the policy session.
- Identify yourself and the chamber you represent when speaking.
- Address comments through the policy session's Chair.
- Keep remarks as brief as possible, and remember to speak slowly and clearly.

THE CORRECT WORDING OF AN AMENDMENT

An amendment is designed to change the wording in some way. It should be phrased: "I move that we amend the main motion by..." (1) "adding the word(s)..." (2) "inserting the word(s)..." (3) "striking out the word(s)..." or (4) "striking out the word(s) and inserting the word(s)..."



2019 Proposed Policy Book

DRAFT

Provincial Policy

DRAFT

Agriculture and Forestry

DRAFT

RENEWAL

SPONSOR: RED DEER

CO-SPONSOR(S): SPRUCE GROVE

Protect Canola Production by Making Clubroot a Reportable Disease

Issue

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

Background

Through 2014-2015 it is estimated that 72,465 jobs in Alberta were connected to canola production in the province resulting in \$3.5 billion in wages and a total economic impact of \$5.6 billion.¹ 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 losses 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.²

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

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

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

¹ LMC International, "The Economic Impact of Canola on the Canadian Economy." December 2016. https://www.canolacouncil.org/media/584356/lmc_canola_10-year_impact_study_-_canada_final_dec_2016.pdf

² Alberta Agriculture and Forestry: Frequently asked questions [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/faq7389](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/faq7389)

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.

Economic Development and Trade

DRAFT

RENEWAL

SPONSOR: LETHBRIDGE

CO-SPONSOR(S): MEDICINE HAT

Creating a New Pharmaceutical Industry in Canada

Issue

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

Background

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

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

In 2014 alone, Alberta saw domestic exports in excess of \$ 121 billion³. Of this figure, the U.S. accounts for 90.2%, or \$109.5 billion of Alberta's exports⁴. Under trade agreements such as the North American Free Trade Agreement, this industry has the potential to serve a market in the U.S., in excess of \$5 billion thereby increasing net exports from Alberta as a whole.

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

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

³ "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> .

⁴ "Alberta's Export Performance in 2014," accessed November 27, 2015 at, <http://www.albertacanada.com/Albertas-Export-Performance-2014.pdf> .

ECONOMIC DEVELOPMENT AND TRADE

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Communicate the importance of the thebaine industry to the 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 to locate and remain in Alberta.

Education

RENEWAL

SPONSOR: LETHBRIDGE

CO-SPONSOR(S): MEDICINE HAT

Dual Credit Opportunities in Alberta

Issue

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

Background

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

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

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

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

EDUCATION

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

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

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

Presently, Alberta Education and Alberta Advanced Education are involved in the funding/approval processes. The Dual Credit Program is an opportunity for these two ministries to work collaboratively to implement a strategic and aligned process that provides increased post-secondary incentives and opportunities to high school students and young adults who wish to extend their qualifications. Truly a cross-ministry initiative, effectiveness can be enhanced with the involvement of the Ministries of Jobs, Skills, Training and Labour, Human Services, and Innovation.

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Energy

RENEWAL

SPONSOR: LETHBRIDGE

CO-SPONSOR(S):

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 550,000⁵ workers across the country. In 2012 approximately 122,000 people were employed in Alberta's upstream energy sector⁶. This production generated over \$3.5 billion in annual energy royalties, in turn directly funding many public services⁷. 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 Canada⁸. 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 2015⁹. 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.

⁵ Petroleum Services Association of Canada "Facts about Canada's Oil and Natural Gas Industry," accessed May 4, 2016, www.oilandgasinfo.ca/jobs.

⁶ Government of Alberta, "Alberta's Oilsands" accessed May 4, 2016, <http://oilsands.alberta.ca/economicinvestment.html>.

⁷ Ibid.

⁸ 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.

⁹ 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 operation¹⁰. 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 territories¹¹. 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 phase¹². The Energy East Project is suspected to take 7 years to complete with 14,000 well-paid direct and indirect jobs across the nation¹³. 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 years¹⁴. 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.

In terms of progress, the Northern Gateway project received a Federal Order in Council in June 2014 granting a certificate for construction and operation, subject to 209 conditions. The second of these conditions is a sunset clause which requires construction to commence prior to December 31, 2016. Earlier this month, May 2016, the project filed a request with the National Energy Board to extend the sunset until December 31, 2019. The delay is mainly attributed to regulatory and judicial challenges, along with difficult market conditions. With a demanding procedure in place for this project to reach potential, it makes sense to allow for an extended timeline in order for due diligence to be accomplished and continue to engage and collaborate with stakeholders. Built to the correct standards the Northern Gateway pipeline is necessary infrastructure that provides a safer method of oil transport over other methods, such as rail.

Western Canadian oil is predominantly transported by railcar, which under current infrastructure circumstances is expected to increase by 44% in 8 years¹⁵. Looking at the costs of transport, rail is twice as expensive as compared to pipeline transport, and 4.5 times more susceptible to a spill¹⁶. 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.

¹⁰ Kinder Morgan "Trans Mountain", accessed May 6, 2016, <https://www.transmountain.com>

¹¹ Ibid.

¹² TransCanada "Energy East Pipeline", accessed May 6 2016, <http://www.energyeastpipeline.com/>

¹³ Ibid.

¹⁴ Enbridge "Gateway Facts", accessed May 6 2016, <http://www.gatewayfacts.ca/>

¹⁵ 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> .

¹⁶ 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> .

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 exportation of oil to international markets, particularly Canada. This is why Canada needs to develop its own reliable infrastructure to make sure all Canadians have access to a stable supply of oil.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Prioritize supplying all Canadians with a secure and stable source of Canada's natural resources.
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.
4. Write a letter in support of Northern Gateways 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)

NEW POLICY

SPONSOR: SHERWOOD PARK

Co-SPONSOR(S):

Sustainability of Canada/Alberta's Energy Industry

Issue

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

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

Background

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

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

- The Federal and Provincial governments have been making strides to encourage further upstream and downstream investments. Examples include:
- The Federal Government recently announced enhancements to the Accelerated Capital Cost Allowance (ACCA) that allows for 100% immediate deductibility for eligible machinery and equipment in the year that it is put in use.
- The Alberta Government has offered a total of \$1.1 billion in investment programs for chemical investments through the Petrochemical Diversification Program and a further \$1 billion in incentives for Petrochemical Feedstock Infrastructure Program to support increasing feedstock supply. As well, the Alberta Government.
- The Alberta Government has also offered \$1 billion in grants and loan guarantees as part of its Partial Upgrading Program to encourage additional bitumen upgrading facilities.
- Ontario Government announced a major regulatory burden reduction initiative to streamline and modernize regulatory requirements in order to attract world-scale investments.

ENERGY

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

Challenges

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

Market Access

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

Regulatory Competitiveness

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

Economic Policy

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

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

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

Conclusion and Recommendations

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

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

1. Works with Municipal Governments, the Federal Government and Industry to create guiding principles that reduce regulatory burdens which creates an environment where Alberta Industry is globally competitive in project timelines, economic competitiveness. Areas of interest may include:
 - a. Creation of industrial economic development zones in Alberta that prioritize investments in diversifying our resources into higher valued products. The zones would have preapproved blanket permitting as well as centralized supporting infrastructure to promote a “plug and play” environment for downstream investments.
 - b. Establish Foreign Trade Zones in Alberta that helps companies manage cost of operations through duty deferrals and sales tax relief.
 - c. Competitive taxation policies that take into consideration federal, provincial and municipal rates for personal and corporate tax combined, and their impact on project competitiveness.
 - d. Creation of investment attraction tools and programs to encourage investments, such as:
 - i. An infrastructure fund that supports the development of infrastructure and logistics which service a resource processing cluster.
 - ii. Manufacturing and Innovation fund to support the next level of research and manufacturing development for the downstream processing industry.
 - iii. Training incentives for support in staff and student training and career development
 - iv. Municipal authority under the Municipal Government Act to provide incentive funding programs to investors to promote healthy competition for investments.
2. Establish policies that are clear, transparent and provide long-term certainty to investors. Policies that have the potential to change with each election cycle create an environment of investment uncertainty due to the risk of impact on project economics. Policies should balance economic, environment, and social aspects of a project to a community and should not be biased based on feedstocks or final product development.
3. Provide a clear and concise policy on stakeholder engagement and consultations that is consistent between all projects for seeking regulatory approval to ensure appropriate consultations take place without any oversight in requirements and in a timeframe that does not create a burden on industry or communities.

Environment and Parks

DRAFT

NEW POLICY

SPONSOR: RED DEER

CO-SPONSOR(S):

Carbon tax policy

Issue

In a global economy where Albertan and all Canadian businesses are increasingly in competition with international peers, the carbon levy has added substantial cost to Canadian businesses and significantly eroded away their competitiveness.

Background

In 2015 the Government of Alberta instituted its Climate Leadership Plan which included their plan to implement a price on carbon-based greenhouse gas pollution. The plan imposed a cost of \$20/tonne starting in 2016 and has since increased to \$30/tonne. This works out to 8.03 ¢/L on diesel, 6.73 ¢/L for gasoline, and \$1.517/GJ.¹⁷ Since then, the Federal Government announced its own carbon pricing plan that would see that all provinces adopt a carbon pricing scheme that will rise to \$50 per tonne in 2022.

This new tax on business has resulted in cost increases to business in numerous ways, but especially on their heating and transportation costs. With Canada being a large and cold Country, these costs are substantial and disproportionately affecting Canadian competitiveness. Already pressed with other cost increases and low economic growth, many businesses are struggling to absorb the cost and/or pass it along to their customers.

While our governments have levied these costs upon Canadian businesses, our largest trading partners and competitors have not. The United States, by far our largest market for imports and exports has withdrawn from the Paris agreement and elected not to pursue a broad-based carbon tax. As our own economy has languished, the United States has seen near-record growth along with significant attraction of capital and investment including assets from Canada.

The reasons for this are broad, as the US has benefits for income taxes and from a regulatory standpoint, yet the costs associated with carbon taxes are among them. The goal of reducing emissions is a worthy, yet one that is having seriously negative implications on the Canadian economy.

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

1. Abolish the carbon levy and avoid future taxes or costs on carbon. If implemented, any levy, or cost on carbon must be approved by referendum.we438

¹⁷ <https://www.alberta.ca/climate-carbon-pricing.aspx>

RENEWAL

SPONSOR: SHERWOOD PARK

CO-SPONSOR(S): MEDICINE HAT

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)¹⁸, 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.¹⁹

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

¹⁸ http://www.env.gov.bc.ca/epd/epdpa/mpp/pdfs/cop_reclaimedwater.pdf

¹⁹ <http://www.globe-net.com/articles/2012/june/25/recycled-wastewater-could-boost-river-flows>

RENEWAL

SPONSOR: SHERWOOD PARK

Co-SPONSOR(S):

Regulatory Approval for Soil and Water Technologies

Issue

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

Background

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

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

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

Existing products are allowed to continue due to “grandfathering in” and are not required to provide any similar types of letters of approval. This gives existing technologies, regardless of their impact on the environment, a definite advantage over any newer, better, and more environmentally friendly technologies. In some cases, existing suppliers are able to avoid not having to provide toxicity reports. Instead they utilize MSDS sheets as a toxicity report and they are being accepted because their products are grandfathered in. Total cost to the end user with newer technologies in many cases can potentially be more cost effective than existing technologies due to increased quality of water and increased efficiencies, reduction in post-application costs, reduced maintenance costs, fewer monitoring requirements, simpler and more passive operations, and reduced 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

ENVIRONMENT AND PARKS

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.

Finance

DRAFT

RENEWAL

SPONSOR: SHERWOOD PARK

CO-SPONSOR(S): MEDICINE HAT

Reduce Alberta Corporate Income Tax Rates

Issue

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

Background

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

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

Corporate Tax Rates by Year

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

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

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

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

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

FINANCE

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.

DRAFT

NEW POLICY

SPONSOR: MEDICINE HAT

Co-SPONSOR(S):

Removing Provincial Excise Tax on Medicinal Cannabis

Issue

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

Background

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

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

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

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

As of October 2018, Albertans have experienced the largest tax increase on medical cannabis among all provinces.

FINANCE

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

Sources:^{20 21}

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

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

A further increase in costs will push patients out of the medical system and into the black market where costs are lower, but products are not tested or regulated, and any profits would continue to flow to criminal enterprises. A February 2018 survey found that while the majority of Canadians support an excise tax on recreational cannabis, the majority do not support an excise tax on medical cannabis.²²

Rather than seeking ways to increase revenue from a product that has already been medically available prior to October 2018, the Alberta Government should be exploring ways to ease the financial burden of Albertans who use medicinal cannabis. Unfortunately, costs will increase for these patients, many of whom are the most vulnerable Albertans (seniors, disabled, veterans, and the severely ill). The Alberta Government has no

²⁰ https://www.fin.gc.ca/n18/data/18-084_2-eng.asp#_ftn1;

²¹ <https://canadabusiness.ca/government/taxes-gst-hst/federal-tax-information/overview-of-charging-and-collecting-sales-tax/>

²² Navigator, February 2018. An online, national quantitative study was conducted among a representative sample of 1,200 Canadian adults, 19 years of age or older. Quota sampling was employed to ensure that the composition reflects that of the actual Canadian population in terms of age, gender, and province, according to the latest StatsCan findings.

regulatory or distribution touchpoints to the medical cannabis system and does not incur costs related to it, therefore should not be imposing a new tax on the medical cannabis market.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Exempt medical cannabis from any excise or revenue generating taxes.

DRAFT

NEW POLICY

SPONSOR: GRANDE PRAIRIE

CO-SPONSOR(S): JASPER PARK

Rethinking the Boundaries: Capturing Data that Reflect a More Accurate Picture of Alberta's Diverse Economies

Issue

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

Background

Economic Regions: Their Purpose

In Canada, an economic region (ER) is a grouping of complete census divisions (CDs) created for the analysis of regional economic activity. According to Statistics Canada, "such a unit is small enough to permit regional analysis, yet large enough to include enough respondents that, after data are screened for confidentiality, a broad range of statistics can still be released."²³

Over the years, the boundaries of the regions have been redrawn, most recently "adjusted to accommodate changes in census division boundaries and to satisfy provincial needs."²⁴ In 2015, ER 4840 (Banff-Jasper-Rocky Mountain House) was combined with ER 4870 (Athabasca-Grande Prairie-Peace River) for the purpose of obtaining better data.²⁵ ER 4840 was identified as small by population,²⁶ making it difficult to achieve variance (quality) targets. Statistics Canada (in consultation with the Alberta Government) made the decision to combine ER 4840 with 4870 "because both [ERs] are rural and have similar economies."²⁷

²³ <https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/introduction#a5.3> The regions are based upon the 1950s work of Camu, Weeks and Samtz.

²⁴ <https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/introduction#a5.3>

²⁵ http://publications.gc.ca/collections/collection_2015/statcan/71f0031x/71f0031x2015001-eng.pdf

²⁶ LFS uses 35,000 dwellings as a quality threshold. ER 4840 had <35 000 occupied dwellings

²⁷ Statistics Canada email to Grande Prairie & District Chamber of Commerce January 9, 2019

Labour Force Survey (LFS): Measuring Economic Performance

The LFS is a household survey carried out monthly by Statistics Canada and “is among the most timely and important measures of the overall performance of the Canadian economy. . . . It is the only source of monthly estimates of total employment, including self-employment, full- and part-time employment, and unemployment. It publishes monthly standard labour market indicators such as the unemployment rate, employment rate and participation rate. In addition, the LFS provides information on the personal characteristics of the working-age population including age, sex, marital status, educational attainment, and family characteristics. . . . Employment estimates include detailed breakdowns by demographic characteristics, industry and occupation, job tenure, and usual and actual hours worked.”²⁸ LFS data estimates are produced for Canada, the provinces, the territories and a large number of sub-provincial regions.²⁹

Data drive decisions

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

One data set, vastly different economies

While LFS data are designed to provide key labour market estimates for ERs and must be sufficiently reliable to support the various uses of the data,³⁰ some data for this newly combined ER region (4840 and 4870) present an inaccurate picture of this ER’s economies. Not only does the ER encompass almost all of the western half of Alberta, but there are significant differences in the economies and labour forces between some areas in ER 4840 (which includes two national parks and is tourism-based) and ER 4870 (which includes economies based on a foundation of world-class natural resources including oil, natural gas, forestry and agriculture). Building in other factors has in some cases resulted in an economic analysis that is not representative of the true nature of the different economies and labour forces within the combined ER; as such, some data is neither reliable nor useful, and in some cases, is detrimental to economic development.

In the Grande Prairie region, for example, the ER’s unemployment rate (derived from the LFS) is typically 1-2 percent higher than the reality in the region’s economic landscape (estimates based on previous years’ data when labour force data for Grande Prairie (CA) were available, combined with current data on local spending figures, hotel stays, rental vacancies, etc.). Economic Development Officers in the region report that this elevated Statistics Canada unemployment rate is deterring potential investors from investing in the region³¹, as unemployment data is an important indicator of the economic potential of an area. In turn, this presents barriers and additional challenges for northwestern Alberta and its ability to compete on a provincial, national and global scale. This also has implications beyond regional borders, as the Grande Prairie region is noted for its economic contributions to the provincial and national economies due to its proximity to the prolific world-class Montney-Duvernay shale gas play, its global reputation for agricultural and forest products, and its trade area of over 280,000 people.

²⁸ <https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm>

²⁹ www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3701#a1

³⁰ <https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm>

³¹ Economic Development Department, City of Grande Prairie

To the south of the combined ER, the Towns of Jasper and Banff, located in the Canadian Rockies and in national parks, as well as Canmore, have an economic landscape, and unique labour force and labour force challenges distinctly different from the Grande Prairie region *and* the rest of Alberta. Recent research³² has highlighted that these municipalities, which rely on tourism, face unique pressures in their efforts to provide effective and sustainable service delivery and quality infrastructure to large numbers of domestic and international visitors. Combining economic data for this region with areas that have distinctly different economic drivers does not reflect the economic realities in these mountain park communities, and as such, is not an effective tool for understanding and addressing the challenges associated with being major international tourist destinations. This, too, has important implications beyond this region, as the ability of these communities to attract and serve visitors benefits Alberta as a whole, other Alberta communities, and Canada.

Reliable data to effectively inform

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

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

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

³² 2016 Banff, Jasper, Canmore Tourism Economic Impact Study <http://banff.ca/DocumentCenter/View/5550> and economic development data

Health

DRAFT

RENEWAL

SPONSOR: RED DEER

Co-SPONSOR(S):

Better Health Care

Issue

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

Background

In Alberta, health spending represents close to 40 per cent and continues to claim a larger portion of the budget year after year. Unfortunately, large year over year increases in health care spending have not been matched by comparable increases in value through better outcomes and services. In fact, Alberta ranked second to last in access to primary care in several key indicators.³³ Under current structures, reducing the health-care budget for publicly delivered and funded health-care programs and services through drastically cutting programs and services, in effect, further restricts and rations health care services.

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

The current health care system is unsustainable and delivering subpar results relative to the money spent. Albertans spend \$5,097 per capita compared to the national average of \$4,389.³⁴ 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.³⁵

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 with the goal of increasing efficiency and delivery of services.

³³ KPMG Physician Services Analysis (2016). Alberta Government. <http://www.health.alberta.ca/documents/Health-Spending-PhysicianServices-2016.pdf>

³⁴ Provincial Gov't Health Spending Comparisons. Health Economics Dashboard. <http://www.health.alberta.ca/health-info/health-economics-dashboard1.html>

³⁵ Health – Provincial and Territorial Ranking (2015). Conference Board of Canada. <http://www.conferenceboard.ca/hcp/provincial/health.aspx>

NEW POLICY

SPONSOR: OLDS

Co-SPONSOR(S):

Public Space for Public Good

Issue

Currently, public buildings utilized for the delivery of healthcare do not permit private advertising to be developed. As a result, opportunities to subsidize public healthcare costs through the sale of private advertising space are being missed. Moreover, the creation of prime advertising space on public buildings would create jobs and support a competitive business environment.

Background

Cost for health care in Alberta is currently 39% of our provincial budget and has grown an average of 4% each year over the last three years³⁶ ³⁷. With a provincial economy challenged by factors of increasing demand and higher tax burdens on ratepayers, becoming more creative in finding resources for health care operating costs and expanding or maintaining facilities has reached new heights in urgency.

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

These spaces are an asset that can be more fully utilized. Allowing and creating advertising spaces in hospitals and on hospital grounds will serve to create stronger connection between community and business. Contributions through these vehicles may be earmarked for local use in facilities thereby supporting the delivery of healthcare in the communities they serve.

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

Allowing private advertising on public spaces will allow private investment to create new jobs, while also helping Albertans to address the growing costs of healthcare.

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

1. Permit and create opportunities for private advertising on public Healthcare Services buildings or grounds.
2. Develop clear guidelines on appropriate advertising or any restrictions while communicating advertising opportunities.

³⁶ <https://open.alberta.ca/dataset/bb4b0922-f7c6-4099-953e-8913472a47ef/resource/57c66e37-e136-4eac-9d31-c19d136652ac/download/fiscal-plan-complete.pdf>

³⁷ <https://open.alberta.ca/dataset/8beb5614-43ff-4c01-8d3b-f1057c24c50b/resource/68283b86-c086-4b36-a159-600bcac3bc57/download/2018-21-fiscal-plan.pdf>

Infrastructure

DRAFT

RENEWAL

SPONSOR: EDMONTON

Co-SPONSOR(S):

The Future of Public Private Partnerships (P3s) in Alberta

Issue

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

Background

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

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

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

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

INFRASTRUCTURE

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

RENEWAL

SPONSOR: RED DEER

Co-SPONSOR(S):

Transportation and Utility Corridors

Issue

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

Background

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

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

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

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

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

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

Severe backlogs caused by railcar constraints and competition for them regularly results in Western Canadian farmers receiving less for their product due to missed and lost sales, demurrage fees, and lower prices. Similarly, pipeline constraints are estimated to have cost the Canadian energy industry \$20.7 billion in foregone revenues between 2013 and 2017.³⁸

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

³⁸ <https://www.fraserinstitute.org/sites/default/files/cost-of-pipeline-constraints-in-canada.pdf>

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

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

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

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

2. Establish a North-South Transportation Utility corridor across the province be designated for the construction and/or expansion of major linear projects.

DRAFT

Justice and Solicitor General

DRAFT

RENEWAL

SPONSOR: SHERWOOD PARK

Co-SPONSOR(S):

Increase Small Claims Court Limit and Increase Access to Justice

Issue

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

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

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

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

Background

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

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

JUSTICE AND SOLICITOR GENERAL

In 2014 the Small Claims Court limit, which is governed by the *Provincial Court Act* R.S.A. 2000, c. P-31. Section 9(1)(i), was increased to \$50,000.00. It is assumed that the motivating factor behind this increase was that it allowed Albertans better access to Court intervention.

However, a lack of resources and infrastructure are also proving to be an impediment to the average Albertans' and Alberta businesses' ability to resolve disputes in Small Claims Court. The greater the Provincial Court limit, the more cases that are before the Court, the greater the backlog of cases to be heard. No matter what the Small Claims limit is increased to it will allow access to Court guided resolution only if it is balanced with a commitment on behalf of the government to provide adequate resources to ensure that there is enough space and personnel to allow resolution of civil matters in a timely fashion. However, regardless of practical realities and concerns, theoretically, a further increase in the jurisdictional limit to \$100,000.00 will further aid the ordinary Albertan in being able to settle civil matters in cost effective and timely manner.

Trends of Crime Severity Index By Year³⁹

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

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

1. Implement a change in regulation of the Provincial Court Act to increase the maximum jurisdictional limit in Small Claims Court under Section 9 (1) (i) of the *Provincial Court Act*, R.S.A. 2000, c. P-31 to \$100,000.
2. To make a budgetary commitment to ensure the current resource allocation is sufficient to increase access to justice by including the hiring of more Provincial Court Judges, Crown Prosecutors, Masters in Chambers, and other support staff.
3. Improve access to data on caseloads and resourcing to improve transparency and demonstrate public accountability.

³⁹ Statistics Canada. Table 35-10-0190-01 Crime severity index and weighted clearance rates, police services in Alberta <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3510019001>

Labour

DRAFT

NEW POLICY

SPONSOR: LACOMBE

CO-SPONSOR(S): FORT SASKATCHEWAN

Canada Alberta Job Grant Needs to Allow for Family Business Applicants

Issue

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

Background

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

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

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

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

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

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

LABOUR

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Change the eligibility requirements to allow family members who are meaningfully employed in the business to access funding.

RENEWAL

SPONSOR: SPRUCE GROVE

Co-SPONSOR(S):

Continuing to Improve Alberta's Drug and Alcohol Public Policy

Issue

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

Background

Many leading employers have implemented alcohol and drug policies. One such policy, developed collaboratively by a range of stakeholders and commonly applied in construction and maintenance, is the Canadian Model for Providing a Safe Workplace.⁴⁰ For drug and alcohol policy to help enhance health and safety in the workplace, it is imperative to take account of new information, technologies and trends.

The use of drugs and alcohol is widespread and according to recent statistics is growing. More prevalent in drug use is the escalation of the use of prescription opioids (oxycodone and hydromorphone) and fentanyl. While the opioid crisis has affected every region of the country, western Canada (B.C. and Alberta) and the northern territories have experienced the highest burden.⁴¹

The Canadian Tobacco, Alcohol and Drugs Survey (CTADS) reported that the prevalence of past-year use of cannabis among the general population was 15% in 2017, an increase compared to 2015 (12% or 3.6 million) reported in the 2017 Canadian Alcohol and Drug Use Monitoring Survey.⁴² Now with the legalization of marijuana and potential upcoming legalization of marijuana edibles, workplace impairment, as influenced by marijuana may be difficult to identify for an employer.

⁴⁰ Canadian Model for Providing a Safe Workplace (July 1, 2018) <https://www.coaa.ab.ca/COAA-Library/SAF-CDM-CBP-01-2018-v6%20Canadian%20Model.pdf>

⁴¹ Evident synthesis – The opioid crisis in Canada; a national perspective <https://www.coaa.ab.ca/COAA-Library/SAF-CDM-CBP-01-2018-v6%20Canadian%20Model.pdf>

⁴² Canadian Centre on Substance Use and Addiction <http://www.ccdus.ca/Eng/topics/Costs-of-Substance-Abuse-in-Canada/Pages/default.aspx>

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

Costs related to lost productivity amounted to \$15.7 billion or 40% of the total cost.⁴³ In most provinces and territories, lost productivity accounted for the greatest proportion of alcohol and opioid related costs, while health care accounted for the greatest proportion of tobacco-related costs. Workers who struggle with harmful use, abuse and dependence are also workers, that have poorer attendance records, higher turnover frequency and more frequent errors. Canadian employers continue to pay out millions each year for worker's compensation claims, attributed to alcohol. Having updated clear and reasonable legislation can assist employers in preventing a variety of potential legal issues and save litigation costs for all.

Irrespective of the size of an employer, the employer and its employees have obligation pursuant to Section 2 of the Occupational Health and Safety Act to ensure the health and safety of every worker. Moreover, Section 217.1 of the Criminal 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"., 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. With the recent "Suncor Energy Inc. v. Unifor, Local 707A, 2016 AGQB 269, the Alberta Court of Queen's Bench confirmed and clarified the test that an employer must meet in order to justify random drug and alcohol testing in a unionized workplace⁴⁴ - the takeaways for employers were:

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

As with alcohol issues, the human rights, privacy law issues and the implementation of rules around the issue of drugs (legal or not) will all need careful consideration. The best big-picture approach is to address the issues of objective impairment and objective job performance, and stay clear of looking to monitor the

⁴³ Canadian Centre on Substance Use and Addiction <http://www.ccdus.ca/Eng/topics/Costs-of-Substance-Abuse-in-Canada/Pages/default.aspx>

⁴⁴ Alberta Court Confirms and Clarifies Requirements for Random Drug Testing <https://ropergreyell.com/resource/alberta-court-confirms-clarifies-requirements-random-drug-testing/>

morality of substance abuse. And perhaps most importantly, any addiction and medically required drugs always need to be placed in a very separate category of disability related steps and policies. Most employers help employees that have violated their alcohol and drug policies to get assessed, diagnosed and assisted through treatment programs appropriate to their diagnoses. Education and awareness programs are an integral part of any prevention effort. While the programs can vary, the overall objective should be to create a safe and well-informed workplace where the employees can have access to assistance.

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

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

1. Continue to improve supports and provide clarity for employers as to their obligations and responsibilities to a safe and healthy workplace
2. Protect and provide certainty for employers who address workplace risks of alcohol and drugs, while providing assessment and treatment options for employees who do not comply with such policies.
3. Provide education and economical access to new technologies and innovation for employers to be able to assess workplace impairment by alcohol and drugs.

NEW POLICY

SPONSOR: RED DEER

CO-SPONSOR(S):

The Option of Private Worker Coverage

Issue

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

Background

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

Unfortunately, WCB is not without shortcomings. In March 2016, the government of Alberta tasked a panel to review the WCB. The panel noted "WCB can be overly efficient and tends to manage the claim in aggressive accordance with strict rules, even when the decisions fly in the face of common sense. This raises frustration among workers and employers alike and it contributes to a perception that the WCB has a 'culture of denial.'" The panel put forward a series of recommendations to the government with the goal of "greater independence, transparency, stakeholder engagement and accountability."⁴⁵

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

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

Other jurisdictions have found success in utilizing private and/or public insurance. Many U.S. states have a private market where employers purchase workers' compensation insurance from any private insurance carrier or agency licenced to write in the state. Washington State will employers to self insure "if they demonstrate they have sufficient financial stability, an effective accident prevention program, and an effective administrative organization for workers' compensation program."⁴⁶ The relative cost of premiums

⁴⁵ <https://www.alberta.ca/assets/documents/WCB-Review-Final-Report.pdf>

⁴⁶ <http://www.lni.wa.gov/IPUB/101-002-000.pdf>

varies from state to state and depends on the job, private insurance options have proven they can offer lower rates than Canadian WCB.⁴⁷

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

1. Give employers the option to buy insurance coverage equivalent to, or greater than the coverage provided by Workers Compensation Board insurance.

DRAFT

⁴⁷ <http://www.bridgingthegapsafely.ca/pdfs/Terry%20Bogyo.pdf>

RENEWAL

SPONSOR: LETHBRIDGE

CO-SPONSOR(S):

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.

LABOUR

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

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

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

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

1. 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.

Service Alberta

DRAFT

NEW POLICY

SPONSOR: SHERWOOD PARK

CO-SPONSOR(S):

Builder's Lien Act Review

Issue

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

Background

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

A. Prompt Payment

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

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

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

Prompt payment principles

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

1. Promptness:

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

2. Transparency:

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

3. Shared responsibility:

SERVICE ALBERTA

Payers and payees are responsible for fulfilling their contract terms including their obligations to make and receive payment, and to adhere to industry best practices⁴⁸

The principles of 'prompt payment' have been endorsed by the Alberta Construction Association. As part of a dialogue between the Alberta government and the Alberta Construction Association, the Alberta government has changed their Alberta Infrastructure contracts to address the issue of ensuring 'prompt payment'. The changes include the following:

1. The contract specifies a maximum of 30 calendar days after the initial receipt of the application for payment, provided the contractor has properly completed their claim. Infrastructure will verify the invoice and adjust if necessary, advise the General Contractor within 14 days of the amount to be paid. Infrastructure has modified the Statutory Declaration so that the General Contractor must confirm that they paid their subcontractors within 10 days of receipt of payment from the Government.
2. Their contracts specify that amounts which are not in dispute will be paid. Disputed amounts will be resolved during the next invoice period.
3. Alberta Infrastructure has committed to publicizing the date of payment so that subcontractors and suppliers will be aware of when the prime contractor was paid (see contact info below).
4. Upon appropriate application, holdback funds will be released once the portion of the work is complete. The contractor will submit their certificate of substantial performance for their portion of the work performed, and follow normal procedures of posting the certificate at the job site. Infrastructure will verify substantial performance. After the 45 day period, the contractor then applies for release as part of the next progress claim. Warranty will still be from the date of Interim Acceptance.⁴⁹

In Ontario, the Construction Lien Amendment Act (the "Act") received Royal Assent on December 12, 2017. The Act overhauled Ontario's existing Construction Lien Act to incorporate the principles of 'prompt payment', including minimum timelines for payment and a procedure for adjudicating disputed payments.⁵⁰

Similarly, in British Columbia, with the encouragement of the Ministry of Justice and Attorney General⁵¹, the B.C. Law Institute is currently undertaking a review of British Columbia's Builder's Lien Act with the view to implementing 'prompt payment' principles into legislation.

The Alberta Government should follow suit. The principles of 'prompt payment' (i.e. proper invoicing, timely payment and a procedure for adjudicating disputed payments) should be incorporated into Alberta legislation so as to protect the most vulnerable parties, being those lower down on the chain of payment.

B. Eliminating Multiplicity of Actions

The Alberta Provincial Court is the court where civil claims which do not exceed \$50,000.00 can be heard. The Court of Queen's Bench has no financial limits on the matters that are heard. Provincial Court is generally more accessible and cost effective due to its simplified procedures than the rules based/procedure driven Court of Queen's Bench. However, some matters can only be heard before the Court of Queen's Bench including matters where title to land is at issue. As a result, a subcontractor or

⁴⁸ <https://www.tpsgc-pwgsc.gc.ca/biens-property/divulgarion-disclosure/psdic-ppci-eng.html#a2> – Prompt Payment in the Construction Industry – May 5, 2018

⁴⁹ <http://albertaconstruction.net/?p=1184> - Alberta Infrastructure Introduces Prompt Payment in Contracts – April 19, 2016

⁵⁰ *Construction Lien Amendment Act, 2017*, S.O. 2017, c. 24 - Bill 142

⁵¹ <https://www.bclic.org/project/builders-lien-reform-project> - Builder's Lien Reform Project

contractor who wants to register a builder's lien against land where work has been completed must take the following steps:

1. a contractor or subcontractor is required to file a builder's lien within 45 days of the last time improvements were made to a property; and
2. within 180 days after a lien is registered a Statement of Claim must be filed at the Court of Queen's Bench and a Certificate of Lis Pendens (a certificate of pending litigation) must be registered on title to the lands where the work was completed.

If a contractor or subcontractor wants to have the security of having a lien registered it must commence proceedings in the Court of Queen's Bench. A subcontractor or contractor cannot file a Civil Claim in Provincial Court and then subsequently file a Certificate of Lis Pendens (as required to be done within 180 days as referenced above). The claim must be made in the Court of Queen's Bench, thereby engaging a more complex and potentially expensive time-consuming process.

As such, contractors and subcontractors are often left in dilemma requiring them to decide whether to file a builder's lien and enforce it in the Court of Queen's Bench or suing for damages in Provincial Court, without protection. The decision to proceed at the Provincial Court level is appealing when considering costs and timelines. However, losing the ability to register a lien can impact a contractor's or subcontractor's ability to get paid. A subcontractor or contractor can file a builder's lien that would be enforceable in the Court of Queen's Bench and then subsequently file claim for debt or damages in Provincial Court. However, the cost associated with a multiplicity of actions is dissuading and constitutes an unnecessary burden on the Court system.

Accordingly, the Alberta government should conduct a comprehensive review of the Builder's Lien Act and the Provincial Court Act, to determine the feasibility of incorporating changes which would permit claimants at the Provincial Court level to obtain and register a Certificate of Lis Pendens at Land Titles. This would allow for a more cost effective and timely remedy for contractors and subcontractors.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Implement builder's lien legislation which ensures disputes are resolved in a timely and cost-effective manner so as to better protect contractors and subcontractors.
2. Commission a comprehensive review of the *Builder's Lien Act* with the view to:
 - a. incorporate the principles of 'prompt payment'
 - b. incorporate changes to legislation which would enable liens to be enforced in both the Provincial Court of Alberta, where the value is within its jurisdiction, or the Court of Queen's Bench, where the claims exceeds the jurisdiction of the Provincial Court.

Transportation

DRAFT

RENEWAL

SPONSOR: RED DEER

CO-SPONSOR(S): SPRUCE GROVE

Ensure road-weight restriction reflect technology and economic needs

Issue

The size and scope of equipment and machinery being used for industrial and agricultural purposes has changed dramatically over the past number of years. Transportation laws need to strike the delicate balance between maintaining public roadways and facilitating business operations.

Background

Municipalities, on behalf of the province, are responsible for the maintenance and upgrading of the majority of roads that farmers and industry access. Many of the aging roads were built poorly relative to today's standard. For example, trees and black dirt were used as fill, and are not constructed to be able to weight-bear today's large equipment, and are especially vulnerable to road damage during the spring and wet conditions. Unfortunately, most agricultural and many industrial operations are time and weather sensitive, requiring heavy equipment to be moved at times that are not always harmonious with current road conditions. Many of these roads service the rural area and are not a high priority for upgrades.

The permitting and exemption system is a complicated mix of legislation and application processes. Many municipalities have developed over-weight permits to exempt vehicles from road bans by using a bond system where the bond will only be forfeited if damage occurs. Transportation Routing and Vehicle Information System (TRAVIS) is a Government of Alberta system designed to easily achieve necessary permits, but does not function with all vehicle types.

Total axle load, number of axles, distance between axles, number of tires, tire size, tire pressure, steering axles, all affect pressure between the tire and surface. Historically, as equipment weight increased, so has tire size. Larger tires, tires filled with less air (lower pounds per square inch (psi), and more axles spread further apart all reduce the pressure of the tire on the road surface. The tire industry has recently designed radial tires to replace bias ply tires for larger equipment. This has helped reduce tire pressures to almost half the inflation rate of bias tires. The current legislative framework, permitting, and subsequently fining system, does not take fully take technologies that reduce psi transferred to the roadways in to account. The table below illustrates the load index depending on tire inflation and the number of axles.

TRANSPORTATION

Load index by axle and tire inflation^{52 53}

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

It is important that legislation governing the transportation of equipment reflect the technological realities of the equipment used while protecting roadways from damage and allowing business activities to be completed.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Identify and publish the standards to which roads and bridges have been built and their weight bearing capacity, ensuring that information is used to set weight restrictions. Ensure a legislative mechanism exists for municipalities and the provincial government to waive weight bearing restrictions on a case-by-case analysis for roads that are a low priority for upgrading where the need is time sensitive.
2. Identify roads and bridges in need of upgrading to allow for a more efficient heavy load system and provide budgeting based on economic reliance on a particular road.
3. Undertake and continue in ongoing research to identify and ensure changes in vehicle and tire technologies reflect pressure transferred through to the roadway and update the legislative, permitting, and enforcement framework accordingly.
4. Take into account appropriate exemptions for agricultural and other necessary time-sensitive uses for public roadways.
5. Improve communication and education about how to obtain the proper permits.
6. Ensure permit providers obtain the correct and necessary information to make the process standard with minimal red tape.

⁵² www.goodyear.com

⁵³ <http://www.extension.umn.edu/agriculture/tillage/tires-traction-and-compaction/#3b>

Federal Policy

DRAFT

Agriculture (Federal)

DRAFT

NEW POLICY

SPONSOR: RED DEER

CO-SPONSOR(S): SPRUCE GROVE

Allow for the Creation of Agriculture REITs

Issue

One of the biggest obstacles to growth of the agriculture sector is the fragmentation and availability of farm land.

Background

Arable farm-land in Canada is among the most productive and expensive in the world. Throughout the years as technology and equipment has evolved the scale of the average farm operation in Canada has grown exponentially as the number of people doing the work has decreased.

In Alberta the majority of high-quality, arable farm-land exists along the QE2 corridor, alongside with most of the provinces population. This combination has resulted in this farm-land being among the most expensive in the world.

According to 2011 census, the 56% of Albertan farmers are 55 years and older.⁵⁴ More so than many other industries, Alberta is facing a massive demographic shift as an entire generation of farmers representing more than half the producers in our province will be retiring in the near future.

The 'family farm' remains a staple of Canadian agriculture, yet the trend towards large-scale, big-business farming continues to grow as the immense value for land and equipment and difficulties around succession create significant hurdles for younger generations looking to take over the family farm. Alongside the cost increases, advancements in technology and equipment have resulted in fewer farmers harvesting more land. The 2016 census showed there were 5.9% fewer farms and the average area per farm increased by 5.3%.⁵⁵

Real Estate Investment Trusts (REITs) have proven themselves to be an invaluable tool for investors and the renters of the properties they manage. With access to public markets, REITs can raise high levels of capital along with the organization required to provide liquidity in what is typically a non-liquid market. Being listed on public markets requires REITs adhere to the highest standards of governance and reporting, ensuring they remain transparent and accountable to the public.

Canadian REITs were established in 1993 and excluded from the income trust tax legislation passed in 2007. This allows REITs several tax advantages. As of 2016 there were 48 public equity REITs with a market cap of over CAD \$50 billion.⁵⁶ Canadian REITs exist in the areas of commercial, office, industrial, residential, healthcare real estate, hotels, and even automotive properties, yet remain glaringly absent in the realm of agriculture.

⁵⁴ <https://www150.statcan.gc.ca/n1/pub/96-325-x/2014001/article/11905-eng.htm>

⁵⁵ <https://www150.statcan.gc.ca/n1/daily-quotidien/170510/dq170510a-eng.htm>

⁵⁶ <https://ir.lib.uwo.ca/cgi/viewcontent.cgi?article=5530&context=etd>

As the boomer generation of farmers continue to retire, they will be looking for options to sell or pass on their land. Selling to an agriculture REIT could be one of those options and would subsequently create a much more robust rental market for new farmers and established looking to expand.

As agriculture REITs will benefit the users of land, they will also benefit Canadian investors looking to invest in land and agriculture.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Allow for the creation of Real Estate Investment Trusts for agriculture land.

DRAFT



Finance (Federal)

NEW POLICY

SPONSOR: SHERWOOD PARK

Co-SPONSOR(S):

Comprehensive Income Tax Reform

Background

The Income Tax Act is becoming more complex every year, adversely affecting Canadian individuals, businesses and Canada's global competitiveness. The Chartered Professional Accountants of Canada (CPA Canada) points out that:

At a time when income inequality is rising, labour force growth is slowing and our closest trading partners are shoring up their tax systems, Canada needs to ensure we continue to create jobs, attract investment and remain competitive. But, on these vital measures, our current tax system is falling short, and Canadians and their businesses risk falling ever more behind their global peers.⁵⁷

CPA Canada has repeatedly called for the simplification of the Income Tax Act (the Act) to assist taxpayers with compliance. The Royal Commission on Taxation, better known as the "Carter Commission" conducted the last complete review of the income tax system over 50 years ago in 1966. The 1972 Carter Commission report recommended taxation of the family as the basic unit of taxation rather than the individual with the goal of reducing complexity in the Income Tax Act and supporting Canadian families by taking into consideration the reality that the family is the basic economic unit of society.

The evolution of the Act since the recommendations of the Carter Commission, and the system of taxation in Canada as a whole, has not maintained this basic reality. In fact, a review of "where we are today" reveals some very troubling developments:

- Canada has lost its corporate tax advantage as the U.S. and other countries have reduced corporate taxes and improved their own tax competitiveness
- Top personal income tax rates and thresholds in Canada are uncompetitive
- Tax complexity makes it difficult for lower income and other vulnerable Canadians to access much-needed income supports through the tax system.
- Tax compliance is becoming exceedingly difficult for all Canadians, especially small business owners and their advisers, putting the integrity of the tax system in jeopardy
- Many Canadians have lost trust in the tax system, which may contribute to reduced compliance and increased underground economic activity
- Canada's tax mix is out of sync with international trends and overly reliant on
- income taxes with high efficiency costs, putting a drain on Canada's economy.
- Benefits delivered through Canada's Scientific Research and Experimental Development (SR&ED) program are declining, indicating a need to improve the program's accessibility, certainty and ease of use
- Beyond SR&ED, the tax system does not adequately encourage innovation or attract investment in innovation to Canada

⁵⁷ CPA Canada report reference – p. 4

- Canada's income tax and GST/HST rules deliver a high number of tax expenditures that greatly complicate the tax system, but it is not known whether they are achieving their aims at an acceptable cost⁵⁸

Over the past 50 years, the US has undergone several significant measures to reform their tax system – most recently with a lowering of personal and corporate income tax rates that is designed to attract business. The Department of Finance has not proposed any measures to ensure that Canada remains competitive, a good place for entrepreneurs, and attractive for investment in light of US tax reform. Comprehensive tax reform, reduction of taxes and efforts to simplify the Canadian tax system would help make Canada more competitive and improve the lives of all Canadians.

Canada needs a tax system for the 21st century, one that reduces compliance costs and increases transparency while promoting growth, investment, entrepreneurship and job creation. A full review of the tax system is in order to ensure it works well for Canadians by identifying the broadest base possible, with lower rates and fewer preferences.

The Alberta Chambers of Commerce believes it is time for the federal government to consider all aspects of our tax system and answer four key questions:

- Does Canada's tax system align with international norms and promote global competitiveness?
- Does Canada's tax system help businesses grow and innovate?
- Do Canada's tax expenditures achieve their goals at the right cost?
- Does Canada's personal tax system promote compliance and deliver social benefits efficiently and effectively?

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with the government of Canada to commission a comprehensive non-partisan, independent review of the Income Tax Act and Canada's fiscal framework at its earliest convenience to address and answer the following four key questions:
 - Does Canada's tax system align with international norms and promote global competitiveness?
 - Does Canada's tax system help businesses grow and innovate?
 - Do Canada's tax expenditures achieve their goals at the right cost?
 - Does Canada's personal tax system promote compliance and deliver social benefits efficiently and effectively?

⁵⁸ CPA Canada report reference – pp. 4-5

NEW POLICY

SPONSOR: SHERWOOD PARK

Co-SPONSOR(S):

Exempt Spouses from Tax on Split Income

Background

Historically, owners of Canadian-controlled private corporations (CCPC's) have been able to split income with family members by paying dividends on CCPC shares owned directly, or indirectly through a Family Trust, to family members including spouses and children. Up until 2000, this strategy was available to small business owners with respect to the payment of dividends to all family members including minor children¹, most often via the use of a Family Trust. The objective, and result, was the mitigation of the overall tax burden of the small business owner by being able to utilize the low marginal rates of tax for all family members by having these dividends taxed in the hands of family members rather than all in the hands of the small business owner.

In 2000, the Department of Finance introduced legislation to ensure that any dividends paid to a minor child (either directly or indirectly) would be taxed in the hands of the minor at the highest marginal rate, thus frustrating access to the child's low marginal tax rates. These changes were colloquially referred to as the "kiddie tax" but specifically represented the first efforts of the Department of Finance with respect to introducing a "tax on split income" (TOSI). In the Budget releases following the 2000 introduction of the "kiddie tax" the government expanded the reach and application of TOSI by including not only dividends received by a minor from a related private corporation, but also capital gains realized on the sale of shares of a CCPC to a non-arm's length purchaser, rents realized on real property owned by a non-arm's length party as well as interest on debt issued to related parties. At the time, adult children and spouses were not subject to the reach of the "kiddie tax" rules as these were specific to minor children.

On July 18, 2017, the reach of the TOSI rules changed dramatically with the release of the Liberal government's White Paper on the Taxation of CCPC's. This White Paper formed the basis for legislation announced in the 2018 Budget that sought to treat certain adult children and spouses in the same manner as minor children with respect to the receipt of dividends and other sources of income received from a CCPC. The TOSI rules are very complex and problematic for business owners and their advisors in that they specifically eliminate any opportunity for a CCPC to remunerate spouses of "principal" shareholders of certain businesses with dividends or other sources of income. Because of their complexity and the selective nature of their application, it has become clear that, not only do the rules place certain industries (in particular service-based businesses) at a distinct disadvantage when it comes to tax planning opportunities, it also reflects a distinct gender bias as the vast majority of female spouses who have previously been provided with a source of independently-reported income are now viewed as wholly-dependent upon their male principal-shareholder spouses.

The application of the new TOSI rules to spouses also reflects an inconsistency in the income tax treatment of the individual taxpayer versus the family and, in particular, spouses. The "family unit" has generally been viewed as the appropriate unit of taxation as opposed to the individual². Generally, spouses are considered together as a couple for many income-tested benefits, pension income-splitting and spousal RRSP's which highlights the inconsistent

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approach to enabling principal shareholders to share income with their spouses. Beyond the pure income tax considerations, family law legislation in all provinces generally will recognize that both spouses make equal contributions in a marriage notwithstanding there may not be direct measurable capital contributions to a business. Family assets may be at risk for the purposes of financing CCPC debt, may be used indirectly in the execution of business operations or may form the quantum of funds contributed for business startup.

In addition to the shared-asset argument, spouses of principal shareholders are a critical informal source of support for business operations. A non-active spouse will often act as a sounding board and provide valuable perspective and advice to the active spouse.

The Alberta Chambers of Commerce recommends the Government of Canada:

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

NEW POLICY

SPONSOR: RED DEER

CO-SPONSOR(S):

Reforming Canada's Tax System

Issue

In a time when our largest trading partner has implemented sweeping tax reform that substantially simplified the U.S. federal tax code, Canadians face a dauntingly complex federal tax system that is filled with 'boutique tax credits' and is complicated by a collection of piecemeal changes implemented by successive governments based on tax changes driven by short term political issues rather than good tax policy. The resulting federal income tax system threatens Canada's economic competitiveness and is a barrier to success for Canadian businesses in the global race for talent where the best and brightest are highly mobile.

Background

The United States tax reforms are having an overall negative economic impact on Canada with the most significant impact on Canada's tax competitiveness. Other countries like France and the United Kingdom are creating attractive environments for businesses looking to expand or invest by dramatically reducing business taxes and taking measures to reduce red tape.

A December 20, 2017 opinion column in The Vancouver Sun by Fraser Institute staff Charles Lamman and High MacIntyre noted that "neither the federal government, nor any of the provinces, has presented a plan to maintain Canada's competitive position on business taxes. To the contrary, some provinces in the past two years have actually raised their corporate tax rates, making us less competitive compared with the U.S."

Furthermore, current federal and provincial finances particularly in Alberta and Ontario make short-term tax relief highly challenging without running larger deficits.

Jack Mintz of the University of Calgary argues that Canada's competitive edge in attracting business investment has rested on two pillars – a lower corporate tax rate and free trade. One pillar is gone with the second highly unstable for Canadian businesses exporting into the United States. In a December 19, 2017 Financial Post article Mintz further observed that Canada's competitive position is about to get rocked, making it harder for Canadian governments to push costs onto businesses through higher taxes and regulations. Federal and provincial authorities will need to change course and if politicians sit on their hands, Canadians will see investment, jobs and profits flowing to the United States.

It has been over 50 years since the release of the report of the Carter Commission, formally known as the Royal Commission on Taxation, which in 1966 released its report which was the country's last major undertaking to review and reform the country's tax policies and ensure a fair and equitable tax system for all Canadians. In that time, the country's tax system has become extremely complex due to the piecemeal reforms implemented by successive governments driven by the then-current political agenda rather than considering goals of fairness, efficiency and economic competitiveness. As National Post columnist Andrew Coyne notes "Put simply, the Canadian tax system is a creaking, productivity-killing wreck: hugely over-

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complicated, and riddled with unjustified deductions and exemptions that distort economic decisions and bleed the government of revenues, recouped by much higher tax rates than would otherwise be the case.⁵⁹

For example, the political backlash faced by the federal government for their series of July 2017 proposals to implement tax changes that disproportionately impacted Canadian small and medium-sized businesses under the guise of promoting ‘fairness’ in the tax system highlighted a problem created by decades of ‘in the moment’ political tax policy decisions. In justifying its proposals, the government pointed out the sharp trend upward in private corporations apparently motivated by the benefits of tax deferral and income sprinkling to name a few. Yet, that same government had just finished quickly and quietly implementing a 4% increase in the top marginal personal income tax bracket to well above 50% while lauding its efforts to make the wealthiest Canadians pay more. By doing so, the government effectively increased the impetus for Canadians to incorporate in a perfectly logical, legal and purely economic-driven attempt to reduce the substantial tax burden faced by them by taking advantage of the substantially lower small business tax rates afforded to private corporations for which successive federal governments have taken credit. The political uproar that resulted from businesses and professionals across the country succinctly demonstrated the effects of attempts to implement piecemeal tax changes rather than undertaking an overall review and reform of the country’s tax system.

Manufacturing is vital to the Canadian economy. In 2016, it accounted for 10.4 per cent of the country’s entire Gross Domestic Product (GDP). However, when the demand for goods and services generated by manufacturers are included, or the consumer spending from all the jobs created or maintained by manufacturers, nearly three of every ten dollars in wealth created in Canada can be traced back to the manufacturing sector.

Manufacturing businesses also invested an estimated \$15.9 billion in new capital in 2016, including \$12.1 billion in machinery and equipment. No other sector of the Canadian economy invests more in machinery and equipment. In addition, manufacturers account for one third of all research and development activities in Canada. Nearly 60 per cent expect to increase their investment in research and development over the next three years.

The personal and business tax changes in the U.S combined with the change that allows companies in all sectors to immediately write off the full cost of new machinery and equipment could affect the outcome of many companies’ tax planning and investment location decisions, shifting growth and some companies to the U.S. This accompanied with the additional red tape and regulations borne by employers is reducing business investment. In fact, Canada is now the second lowest among 17 advanced countries.

Beginning in 2019, the expansion of the Canada Pension Plan (CPP) will further reduce funds available for domestic investment. This leaves less money available in Canada to finance innovative start-up businesses, the maintenance and expansion of existing operations and investments in new machines and technology which is critical for the economy.

Allowing Canadian companies to deduct cost of certain capital assets, such as machinery and equipment, over an accelerated period of time (such as one year) would increase capital spending and economic activity.

Canada can and should create an internationally competitive system of small business taxation as well as personal income tax rates that encourages business to invest in the technologies, skills, and capacity they need to grow while attracting highly qualified people from around the world.

The calls for a comprehensive review and reform of the Canadian tax system have substantially increased recently including a call from the federal Minister of Finance’s Advisory Council on Economic Growth which

⁵⁹ National Post, Dec. 15, 2017

in its third and final report to the Minister recommended that “we need to conduct a targeted review of our tax system to ensure that the tax regime fosters the development and adoption of innovation, and secures Canada’s position as a global magnet for investment and talent. It is worth noting that it has been decades since the last significant review of Canada’s tax system years before the emergence of mobile phones and the internet, and the rise of the digital economy.”⁶⁰

Recently, Royal Bank of Canada’s CEO, Dave McKay, raised concerns of a ‘significant investment exodus already underway’ and suggested that Canada must take immediate steps to address the issue of competitiveness with the United States in its tax policies. “Investment dollars are already flowing out of Canada in ‘real time’, RBC CEO warns”, Andy Blatchford, April 1, 2018). The Organization for Economic Co-operation and Development (OECD) recognized the need to improve the global system for taxation in light of the digital economy and released a report in 2015 addressing Base Erosion and Profit Shifting (BEPS). This report included 15 action items to reform the global mechanisms through which tax is assessed and countries interact. These global changes need to be understood and woven into the Canadian domestic tax legislation.

As a result of the foregoing, it is time for the Canadian tax system to once again be reviewed from the ground up.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Immediately establish a royal commission to undertake a comprehensive review of the Income Tax Act and related legislation guided by the principles of simplification and modernization, as well as having the goal of:
 - a. Promoting fairness and reasonable integration between the personal and corporate tax systems.
 - b. Simplify and streamline the tax system to promote efficiency and ease of compliance for all individual and business taxpayers.
 - c. Promote Canada’s competitiveness in the global market and reward risk-takers, growth and innovation.

⁶⁰ The Path to Prosperity: Resetting Canada’s Growth Trajectory, Report of the Advisory Council on Economic Growth, December 1, 2017

NEW POLICY

SPONSOR: SHERWOOD PARK

CO-SPONSOR(S):

Restore the Integration of the Corporate and Personal Income Tax

Background

The Royal Commission on Taxation, better known as the "Carter Commission", conducted its comprehensive review of the Canadian income tax system over 50 years ago in 1966, rendering its report to Canadians in 1972. The Carter Commission Report introduced, among other recommendations, the concept that income should be taxed at the same rate regardless of whether it was earned in a corporation or personally. This concept has become known as the concept of "tax integration" of the personal income tax system (**PIT**) and the corporate income tax system (**CIT**). To accomplish this objective the Canadian Income Tax Act has various tax integration mechanisms. In effect what this means is that the Canadian personal and corporate income tax systems are integrated to yield the same overall tax liability regardless of the structure used to earn the income, which, in theory, should not influence a taxpayer's decision as to whether the income should be earned personally or through a corporate structure. These tax integration mechanisms have two major components.

The first relates to active corporate income, also called active business income (**ABI**). There are two stages of taxation of corporate earned business income. For a Canadian Controlled Private Corporation (**CCPC**) that earns active business income that qualifies for the small business deduction (SBD) there is a low rate of corporate tax charged, which is currently 11% (combined federal and provincial rates) in Alberta. That same income, if earned personally, would be taxed at 48% in Alberta at top personal marginal tax rates. How is this remaining 37% of tax charged to maintain integration? The dividend tax credit mechanism achieves the first element of integration at the PIT level. When a dividend is paid to the shareholder it is "grossed-up" to a taxable dividend and the taxpayer pays tax at full personal marginal tax rates but receives a dividend tax credit more or less equal to the tax the corporation originally paid. As a result (in theory) the overall tax rate is the same and tax integration is achieved.

The second tax integration mechanism relates to passive or investment income earned in a corporation. In this case the objective is to ensure that there is no tax benefit to earning investment income in a corporation by paying a lower rate of tax. This is accomplished by taxing the investment income earned by the corporation at high rates, in past years about the same as would be paid by an individual earning the income directly. However, in this case, part of the tax is allocated to the refundable dividend tax on hand (**RDTOH**) account with this amount being refunded to the corporation at a prescribed dollar rate for every dollar of taxable dividends paid to a (human) shareholder. Theoretically, this amount is passed to the shareholder to be taxed under the PIT system thereby again achieving tax integration.

Under these mechanisms, personal income tax returns allow taxpayers to gross-up their dividend income and then apply a tax credit to adjust the amount of taxes payable. The rates of gross-up and credit were initially set to achieve the full integration of CIT and PIT for small businesses. Since its creation in 1972, the dividend tax credit as well as statutory corporate tax rates have changed. As a result, in some years there has been over-integration for small business in the sense that the dividend credit was generous enough to reduce the combined tax on dividend income below that on other income. With the provinces

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levying differential rates of corporate tax on small business, and with federal and provincial surtaxes, the situation has become more complex. At present there is consistent over-integration throughout the provinces, with the departures from full integration being most significant for investment income earned by a corporation.

The most recent changes to the Income Tax Act, Canada **(the Act)** have resulted in dramatic and punitive changes with the way CCPC's are taxed on active and investment income earned. The result has been the absolute decimation of the Carter Commission's objective of integration of the CIT and PIT as we have witnessed the under-integration of all forms of income distributed from a corporation grow dramatically from mere tenths of a percentage point to in excess of 11% per cent in the 2019 taxation year. As recently as 2012, the disparity between earning \$1,000 of investment income in a corporation versus earning the same \$1,000 personally was a mere \$17.20 of additional tax paid.¹ Today that same disparity has grown to \$116.20 — a 676% increase in the associated tax cost.

The value of a fully integrated income tax system, as stated by the Carter Commission Report, is to avoid double taxation under the CIT and PIT while ensuring that there is relative indifference between earning income through a Canadian corporation, by salary or by dividend. The full integration of the CIT and PIT has the further benefit of eliminating another non-neutrality of the existing corporate income tax in Canada, the distortion of incorporation decisions. Without full integration, the combined taxation of corporate source income exceeds the taxation of comparable unincorporated businesses.

¹See Appendix A for a full comparison of the 2012 integration tables to the 2019 integration tables.

Taxation of Dividends in Alberta - 2012 vs. 2019

Appendix A

	2012 - Income					2019 and on – Earned Income				
	Earned Personally	Earned at general rate	Earned at SBD rate	Earned As Investment Income	Earned As Capital Gains	Earned Personally	Earned at general rate	Earned at SBD rate	Earned As Investment Income	Earned As Capital Gains
Corporate										
Income Earned		1,000.00	1,000.00	1,000.00	1,000.00		1,000.00	1,000.00	1,000.00	1,000.00
Federal Corporate Tax		150.00	110.00	150.00	346.70		150.00	100.00	386.70	193.35
Alberta Corporate Tax		100.00	30.00	110.00	100.00		120.00	10.00	120.00	60.00
Total Corporate Tax		250.00	140.00	260.00	446.70		270.00	110.00	506.70	253.35
After-Tax Cash (Dividend)		750.00	860.00	740.00	553.30		730.00	890.00	493.30	246.65
Dividend Refund (Federal)					266.70				306.70	153.35
Effective Tax Rate	0.00%	25.00%	14.00%	26.00%	18.00%	0.00%	27.00%	11.00%	20.00%	10.00%
Personal										
Dividend received/Income	1,000.00	750.00	860.00	740.00	820.00	1,000.00	730.00	890.00	800.00	400.00
Taxable dividend	N/A	1,035.00	1,075.00	1,021.20	1,025.00	N/A	1,007.40	1,023.50	920.00	460.00
Federal tax @29%/33%	290.00	300.15	311.75	296.15	297.25	330.00	332.44	337.76	303.60	151.80
Dividend tax credit	N/A	155.45	143.33	153.38	136.67	N/A	151.31	92.42	27.42	13.71
Net federal personal tax	290.00	144.70	168.42	142.77	160.58	330.00	181.13	245.33	276.18	138.09
Alberta personal tax	100.00	103.50	107.50	114.89	102.50	150.00	151.11	153.53	138.00	69.00
Dividend tax credit	N/A	(103.50)	(37.63)	(102.12)	(35.88)	-	(100.74)	(20.06)	(18.03)	(9.02)
Net Alberta personal tax	100.00		69.88	12.77	66.63	150.00	50.37	133.46	119.97	59.98
Total personal income taxes	390.00	144.70	238.29	155.53	227.21	480.00	231.50	378.80	396.15	198.08
After-Tax Cash to S/H	610.00	605.30	621.71	584.47	592.79	520.00	498.50	511.20	403.85	701.92
Effective Rate ⁶²	39.00%	19.29%	27.71%	21.02%	27.71%	48.00%	31.71%	42.56%	49.52%	49.52%

⁶¹ Dividends received for the purposes of recovering RDTOH are calculated at 2.61 times the dividend refund. In most cases there is insufficient income to recover all RDTOH.

⁶² Personal effective rate for capital gains earned personally is 24% due to the 50% inclusion rate.

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

	2012 - Income					2019 and on – Earned Income				
	Earned Personally	Earned at general rate	Earned at SBD rate	Earned As Investment Income	Earned As Capital Gains	Earned Personally	Earned at general rate	Earned at SBD rate	Earned As Investment Income	Earned As Capital Gains
Total income taxes paid										
Corporate		250.00	140.00	260.00	180.00		270.00	110.00	200.00	100.00
Personal	390.00	144.70	238.29	155.53	227.21	480.00	231.50	378.80	396.15	198.08
Total tax paid (corporate + personal)	390.00	394.70	378.29	415.53	407.21	480.00	501.50	488.80	596.15	298.08
Effective combined tax rate	39.00%	39.47%	37.83%	41.55%	40.72%	48.00%	50.15%	48.88%	59.62%	29.81%
Over/(Under) integration		-0.47%	1.17%	-3.72%	-1.72%		-2.15%	-0.88%	-11.62%	-5.81%

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Department of Finance undertake a full review of the integration mechanisms that currently exist within the Act, including, but not limited to:
 - CIT rates for active small business, general and investment income;
 - the additional tax on investment income earned in a corporation;
 - the PIT dividend gross-up mechanism; and,
 - the PIT dividend tax credit;
 - the CIT RDTOH rates;
 - eligible dividend PIT rates;
 - non-eligible dividend PIT rates; and,
 - PIT rates.
2. That upon completion of this review, the Department of Finance amend the applicable rates and provisions of the Act to ensure the restoration of tax integration as recommended by the Carter Commission Report.

The Alberta Chambers of Commerce recommends the Government of Alberta:

3. Implement a refundable CIT mechanism to ensure that provincial PIT and CIT systems support the integration of all forms of income earned and taxed in the province.

RENEWAL

(FORMERLY: INNOVATION IN CANADA: PRESERVE AND STRENGTHEN THE SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT TAX INCENTIVE PROGRAM)

SPONSOR: RED DEER

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Restoring Canada's Innovation Competitiveness

Issue

In a global economy where technology and innovation are increasingly important, Canada trails most of its peer countries in innovation and research. The Government of Canada needs to act quickly to address this, particularly by restoring faith in and simplifying a tax credit regime that nurtures private sector investment across all industries in R & D and technology.

Background

The World Economic Forum ranks Canada as 22nd in capacity for innovation, 22nd in technological readiness, and 27th in company spending on R&D.⁶³ Canada's R&D spending as a percentage of GDP has been declining for over a decade and is now 1.69%, compared to the OECD average of 2.4%. Business spending on R&D is near the bottom of all OECD countries.⁶⁴ Canada is the only developed country in the world with an intellectual property deficit – we spend more importing technology from other countries than we earn selling technology abroad. This gap is estimated to cost \$4.5 billion a year.⁶⁵

Having Canadian businesses that are innovative by developing and applying new technologies is essential for success in a 21st century economy. In 2018 the Canadian Chamber of Commerce published 10 Ways to build a Canada that wins, outlining a 10-part strategy to support business growth and build a winning economy. The report stressed the importance of de-risking the development, adopting, commercialization, and production of new technologies and facilitating access to capital to do so.

A key component to driving innovation in Canada is the Scientific Research and Experimental Development tax credit. Canada Revenue Agency has reported that based on 2011 projections, the total value of federal SR&ED tax credit expenditure is approximately \$3.6 billion.⁶⁶ The tax credits also stimulate the economy. According to a 2007 Department of Finance study, for every \$1 in SR&ED tax credits given out, the government receives back a benefit of \$1.11.⁶⁷ Finance Canada and the Revenue Canada (1997) found that the federal SR&ED credit generates \$1.38 in incremental R&D spending per

⁶³ KPMG, Canadian Manufacturing Outlook 2014: Leveraging Opportunities, Embracing Growth, 2014.

⁶⁴ OECD, Science, Technology and Industry Scoreboard 2015.

⁶⁵ Standing Committee on Industry, Science and Technology, The Canadian Intellectual Property Regime – Dissenting Opinion of the New Democratic Party

⁶⁶ Government of Canada. (2012). Do Your Research in Canada: It Pays Off! <http://investincanada.gc.ca/eng/publications/rd-tax-credit-fact-sheet.aspx>

⁶⁷ Department of Finance Canada and Revenue Canada. (1997). The Federal System of Income Tax Incentives for Scientific Research and Experimental Development: Evaluation Report. <http://publications.gc.ca/collections/Collection/F32-1-1997E.pdf>

dollar of foregone tax revenue, and that private sector R&D spending is 32 per cent higher than it would be in the absence of SR&ED tax incentives.

Despite its success, changes were made in 2012 and 2014 that reduced the effectiveness of the SR&ED by reducing eligible expenses and reducing the tax credit from 20% to 15%. Businesses also report that the audit component of the SR&ED program has become onerous and time-consuming, and that the uptake and efficiency of the program are hampered by overly frequent changes. A tax regime, using SR&ED as the backbone, must be sustainable with a simple reporting mechanism and changes that are inline and timely with respect to the issues businesses are facing.

The Government of Canada must recognize the essential role fostering innovation has on the current and future economic prosperity of our nation. Tax incentives such as the SR&ED play a critical role in increasing the competitiveness of our businesses in the continually evolving global economy.

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

1. Maintain the Scientific Research and Experimental Development tax incentive at pre-2012 levels, including eligible expenses.
2. Simplify the process of the Innovation Tax Credit (former SR&ED) application, using the following as a base: improving the pre-claim project review service, simplifying the base on which the credits are calculated, and introducing incentives that encourage SME growth – so that Canadian companies of all sizes and across all industries can move forward with confidence to bring their innovations to market;
3. Create an innovation environment that encourages private sector investment in R&D and technology across all industries focusing on the following factors for success: ease of use for businesses, consultation with the business community to ensure programs are in line with the real time needs of business, achieved and sustainable growth of participating businesses, export readiness and enables operational scale-up.