2020-2022

Policies

The policies in this book were approved by the Board of Directors of the Alberta Chambers of Commerce at the 2022 AGM. Policies approved by the board remain a part of the policy book for three years.

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Advanced Education

Creating an Effective Workforce for the Changing Economy (2020)

Issue

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

Background

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

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

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

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

Development Bank of Canada in 2017 indicate that over a quarter of employers in Canada have already altered the way they operate because of the digital economy. (D'Souza and Williams, 2017)

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

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

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

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

Dual Credit Opportunities in Alberta (2022)

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 and journeyperson apprenticeship programs.

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. At the conclusion of the pilot project, there had been sixty dual credit projects in the province, twenty-four of which were approved within the last round of approvals. The pilot project funding followed a number of similarly funded projects that had been supported by the 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. Many colleges across Alberta have been awarded funding for the purpose of creating these educational opportunities for high school students.

The Provincial Dual Credit Strategy Implementation Evaluation prepared for Alberta Education following the pilot program provided strong indicators for expanding the program to improve student enthusiasm, confidence and excitement about moving on to post-secondary studies:

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

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

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

There are significant benefits to providing stable and continuous funding through the Dual Credit Strategy Fund, including supporting the labour needs of Alberta employers amidst a labour shortage.

The province has identified transition of high school students to post-secondary programs a priority and we strongly support the government in the belief that we can all work together to provide quality opportunities that prepare students for successful transition. The Dual Credit Program encourages high school students to extend their education into Alberta universities, colleges, and

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

trade schools 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. Several Alberta Chambers of Commerce continue to take an active role in promoting Dual Credit opportunities that link students/adults and post-secondary institutions and local businesses in Southern Alberta.

There is absolutely no competition between universities, colleges, and technical trade schools as these three post-secondary tracks attract different students. A dual credit structure provides excellent opportunities for technical trade schools, 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 that the Government of Alberta:

1. Allocate a long-term funding structure to the Dual Credit Program for students transitioning from high school to post-secondary studies and journeyperson apprenticeship programs; and,
2. Direct the Ministry of Education and Advanced Education to explore broadening the post-secondary studies and journeyperson apprenticeship programs available to high school students under the dual credit program.

The Importance of "Building Local" to Keep the Economic Footprint of Post-Secondary Education Strong (2022)

Issue

The economic footprint of post-secondary education has taken a dramatic hit through the pandemic along with the reductions of government funding. Access to education is essential in the economic recovery of Alberta and its future access to human capital and intellectual development. Post-secondary education serves as a catalyst for innovation, entrepreneurship, and strategic organization for both the management and advancement of social and economic progress.

Background

The economic impact that post-secondary institutions have on the effect of our provincial economy is a topic that needs to be brought forward during the time of the pandemic, particularly as we adjust to new economic and social realities. Unfortunately, this is a topic that seems to be put on the back burner of the recovery process.

Budget 2021 included a 5.4 per cent cut for post-secondary operations, which translated to the amount of $135 million this year for Alberta's universities and colleges. The Alberta government has indicated in budget documents that it intends to further reduce operating support for Alberta's post-secondary institutions in 2022-23.

To put some of the dollars and cuts into prospective University Affairs published in April 2021 that "The University of Alberta's provincial grant was decreased by 11 percent, meaning the university will lose more than $60 million in funding from the province. Combined with cuts from 2020-2021, the U of A has lost $170 million in provincial funding over the last two and a half years. The budget outlined an 8 percent ($5.7 million) reduction in the University of Lethbridge's operating and program base grant following the already $16.2 million reduction in previous cuts. There was a six percent reduction ($25 million) to the University of Calgary's operating budget.

Since 2019, the university's operating budget has been cut by 18 percent.[2] Keep in mind that this is only outlining 3 of the 26 post-secondary schools.

The pressure of these cuts has put our province's human skill development sector in a position that is creating tensions on all 26 post-secondary institutes in the province who "bring value to our province by contributing to Alberta's economic and social prosperity.

Our universities, colleges, and polytechnics produce highly skilled graduates, from doctors to dentists, engineers to electricians, chefs to videographers".[3] This list of skilled professionals is a small example of the diverse local educational background that our province will require moving towards a robust economic resurgence.

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[2] (https://www.universityaffairs.ca/news/news-article/provincial-budget-round-up-2021-university-sector-highlights/ April 28, 2021)

[3] Post-Secondary Education Position Paper. Council of Post-Secondary Presidents of Alberta pg. 10 (https://coppoa.ca/wp-content/uploads/2019/01/PSE-Position-Paper.pdf)

The benefits of a strong post-secondary system are reflected in community economic health. As an example, the University of Lethbridge contributes $1.7 billion every year to the provincial economy with about half of that staying in Lethbridge. Approximately 70 per cent of the students that attend the U of L arrive from outside of Lethbridge, with 35 per cent coming from Calgary. This in turn has a significant impact on the local economy with house rentals, groceries, business at community restaurants and other entertainment centres.

In 2014 the Conference Board of Canada reported that "over $40 billion in spending flows through Canada's colleges and universities each year, which generates over $55 billion in economic activity—after multiplier effects. Almost 700,000 direct and indirect jobs are attributable to spending by PSE institutions".[4] The pandemic has hit the post-secondary economy with as much aggression, as it has in all industries, in the way the students attending the intuitions have had limited access to schooling, and at the same time the workforce.

The Board states in a February 2022 that "pandemic employment losses have hit youth hard. With less seniority than more experienced workers, youth aged 15–29 have faced higher employment losses than the overall population during the pandemic."[5] Employers throughout our provincial communities have felt the effects of limited access to student employment and now continue to feel the strain as the province attempts to reopen for the fourth time since March 2020. Our post-secondary institutions have lost, and our businesses who employ the students have lost.

Post-secondary education is much more than access to a social program. It is access to future workforce who will build local. Our province is at a pivotal point where we need our future human capital, which brings with it innovation and entrepreneurial power, to remain in our province. We appreciate that reductions are not just something of our current government. Reductions have seen many faces throughout the past three decades.

While each decade has had its stressors none of them have faced the pandemic, nor the 30-year high inflation rate. Canada's inflation has now hit 5.1 per cent, the highest rate since 1991, largely driven by supply chain problems, labour shortages, and a skyrocketing real-estate market as reported by Statistics Canada on February 16, 2022.

Labour shortages can be solved through a robust post-secondary system that help individuals through skill development, into the employment channels, which then benefits supply chain and access to funds creating a positive flow into economic diversity and prosperity.

The Alberta 2030 initiative outlines the key goals of: improve access and student experience, develop skills for jobs, support innovation and commercialization, strengthen internationalization, improve sustainability and affordability, and strengthen system governance.[6] These are lofty key goals while asking those who create access to education to operate at a peak performance while having one hand tied behind their backs.

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[4] The Economic Impact of Post-Secondary Education in Canada. The Conference Board of Canada. November 2014. https://www.conferenceboard.ca/temp/130bc17f-9696-43e8-a0f2-0e15c47ce566/6607-SPSE%20Economic%20Impact-RPT.pdf (Page iii)

[5] Recovery for All Finding Equities in Education and Employment. The Conference Board of Canada. February 17, 2022. https://www.conferenceboard.ca/temp/b1bc64cf-efc1-4b6b-a907-17a594a15b45/11436_impact-paper_equities-and-employment.pdf (Pg 5)

[6] https://www.alberta.ca/alberta-2030-building-skills-for-jobs.aspx

Now is the time to re-invest in our future and support our 26 post-secondary institutes, our youth and workforce of the future who will be instrumental in building local in our province in both our business community and our social community.

It must also be recognized that Universities and Colleges are large employers in our community and participate in our local and provincial economy. Now it is more important than ever to signal to students, faculty, staff and the many industries who require a strong workforce that Province, that our government supports post-secondary education. Recovery and diversification of the Alberta economy can be accomplished through once the post-secondary institutes can return to a model of sustainability in the post-COVID world we find ourselves.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Fund the increased enrollment spaces at post-secondary institutions required to support economic growth and prepare for the growing number of Alberta students; and,

2. Continue to partner with industry and post-secondary to expand work integrated learning opportunities and apprentice programs.

Agriculture and Forestry

Expediting Approval of Grazing Lease Applications (2021)

Issue

The length of time it takes Alberta Environment and Parks (AEP) to process assignments of ownership and renewals of grazing leases is excessively long.

Background

Alberta's grazing lease system has been in place since 1881. More than 8 million acres of Alberta Crown land is used for grazing, and there are approximately 5,700 grazing disposition holders in Alberta.[7] Leaseholders provide upwards of $70 million in value to the Province of Alberta for their role overseeing Crown land under grazing dispositions. Grazing cattle is vital to maintain ecosystem function and wildlife habitat, and '...carefully managed cattle grazing and traditional ranching practices on long-term grazing leases contribute to the ecological health of large tracts of the continent's finest remaining native grasslands. Good stewardship and proper grazing management have helped retain much of the existing healthy native and intact rangelands.[8]

Grazing leases provide livestock producers with an economic grazing opportunity that allows their business to be sustainable. Thus, grazing leases are fundamental to Alberta livestock producers and directly impact the Alberta beef industry. From the government's perspective, there is economic value to having grazing disposition holders steward Alberta Crown land and ensuring modern rangeland management practices are followed. Livestock producers enhance the value of these lands and increase productive use of these lands by addressing issues like weed control, fencing the lands, monitoring usage, maintaining and improving the ecosystem, maintaining fences and water supplies, providing fire suppression and control of grasslands, managing and monitoring recreational and commercial access, and paying taxes on the land.

Alberta's grazing leases are generally given for ten years terms and must be renewed by the grazing disposition holder once the term expires. For example, British Columbia has recently moved to a 25-year tenure on grazing leases, providing the leaseholder with greater stability and certainty that they will have the land to use for an extended period of time. It appears Alberta is one of the last provinces to have tenure for grazing leases under 20 years.

There are specific rules that apply when a grazing disposition holder wishes to renew their grazing lease or transfer it to a third party. These renewals and transfers of ownership are reviewed and land inspected by the local lease inspector, before being sent to Edmonton for final processing by AEP. There is currently a backlog of up to two to three years. Contrast this to the mere weeks it takes for Special Areas to process a similar type of transfer or renewal for grazing leases within their area.

AEP has stated that these delays are due to staffing shortages, lack of modern technology, and extensive due diligence to determine the lands' status in question. The ability of the grazing

[7] Alberta Grazing Leaseholders Association, Policy Brief - Crown Land Grazing Dispositions: Spring 2019: https://albertagrazinglease.ca/downloads/2019/Crown-Lands-Grazing-Brief-Spring-2019.pdf

[8] Alberta Grazing Leaseholder Value Estimates Report 2020: https://albertagrazinglease.ca/downloads/2020/SUMMARY-POINTS-Alberta-Grazing-Leaseholder-Value-Estimates.pdf

disposition holder to transfer/renew its lease and the buyer's ability to acquire the transferred lease must also be confirmed.

Around 2017, AEP commenced a pilot project to reduce the turnaround time to process grazing lease assignments. The plan involved the development and institution of updated forms and increasing AEP staff to handle the assignments. The new forms unloaded a significant portion of the work previously performed by government employees to the parties and their lawyers.

The pilot project was successful. During the pilot, the turnaround time was reduced significantly, in some cases down to 4 months. The pilot project suffered cutbacks: initially with a significant downsizing of the government employees in the team. Then in March 2020, the pilot project was wound down and the pre-existing process, together with its delays, returned.

While we commend the government on the progress they are currently making at clearing out the backlog of renewals, there is still a large backlog of transfers. These renewal and transfer processes need to be streamlined and short processing times maintained to provide security to the grazing disposition holders, their advisors and any transferees seeking to purchase a grazing lease.

When a buyer and seller are waiting for the transfer to be approved by AEP, the parties must determine how to handle the purchase funds involved in the transaction. The purchase funds are generally held in trust by a lawyer at a nominal interest rate, in which case the seller has no access to the funds to invest or pay down debt, use for retirement, or to pay out an estate. The buyer is equally unhappy because despite having had to put up the funds to purchase the lease and are likely paying interest on the funds, they cannot use the land, and they do not have certainty that they will be approved to hold the grazing lease.

As all livestock placed on lease land must be owned by the registered leaseholder, the new proposed leaseholders cannot use the leased land until AEP has approved the transfer. A separate application must be made to get approval to graze the land until the lease is finally approved or rejected, adding another layer of red tape. Furthermore, new leaseholders are generally hesitant to invest in range or infrastructure improvements to the subject lands when the transfer or renewal has not been completed out of fear that AEP may not approve their assignment.

Even though grazing lease renewals are generally approved in practice, if the lands were utilized according to the lease terms and deemed healthy, there is no legislative requirement for AEP to renew the grazing lease. AEP has the legislative ability to cancel or refuse any renewals. This creates uncertainty about whether the grazing lease will be renewed, mainly since the backlog in the system results in the grazing disposition holder operating on an expired lease while they await approval of the renewal.

The current length of time it takes to approve a lease renewal or a transfer impedes commerce and creates unnecessary risk to the parties involved. Furthermore, it creates uncertainty in the livestock sector, inhibiting the ability to make long term plans and investments by livestock producers and can affect proper rangeland management. Invested capital is tied up in the transfer process, and returns on that investment (through the ability to graze) are not realized, significantly impacting business operations.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Streamline the approval process for grazing lease transfers and renewals to less than three months and ideally less than one month;
2. Establish a system wherein grazing disposition holders can track where their application is in the queue; and
3. Implement a grazing-lease option that is 25 years or longer in term.

Grown-in-Canada Label: Marketing Alberta's Agri-Food Industry (2020)

Issue

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

Background

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

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

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

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

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[9] https://www.wto.org/english/tratop_e/tbt_e/tbt_e.htm

[10] Consumers' Preferences for Geographical Origin Labels: Evidence from the Canadian Olive Oil Market

[11] (Barham, 2003; Josling, 2006). In consumers preference

[12] Canada's Economic Strategy Table: Agri-food': 2 https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDC_Agri-Food_E.pdf/$file/ISEDC_Agri-Food_E.pdf

[13] Canada's Economic Strategy Table: Agri-food': 3 https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDC_Agri-Food_E.pdf/$file/ISEDC_Agri-Food_E.pdf

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

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

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

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

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

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

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

Improving Risk Management for Agriculture Producers (2020)

Issue

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

Background

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

Government's Role

A December 2019 news report from Food in Canada[20] stated that federal, provincial, and territorial Ministers of Agriculture met face-to-face to initiate action on a number of key proposals to improve support to Canadian producers, following what has been a difficult year for many producers due to a series of impacts including bad weather, the CN work stoppage, and market access issues.

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

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

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

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

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

Forest sectors, along with focusing on managing our resources responsibly21. Key objectives for the ministry include identification of strategic opportunities to create the environment for business success and delivering agricultural insurance products to give producers tools to reduce the economic impacts of risks beyond their control that threaten the viability of their farms. To gauge success of these key objectives, the government has committed to evaluate the number of value-added agriculture products developed and successfully introduced into the market, along with the percentage of eligible seeded acres for major crop categories insured under Production Insurance.

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

Federally, in the mandate letter of the Federal Minister of Agriculture and Agri-food22, there was specific guidance to work in collaboration with the provinces and territories to undertake a review of risk management programs, with a special focus on AgriStability in order to help producers manage environmental and business risks by providing faster and better adapted support, drawing from lessons from recent trade disputes and evidence-based research.

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

For over 80 years AFSC has provided Alberta's agricultural producers, agribusinesses and other small businesses with loans, crop insurance and farm income disaster assistance in order to assist producers in managing their risk with a mission to provide leading, innovative, client-focused financial and risk-management solutions to grow agriculture in Alberta using a suite of programs and solutions23.

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

Producer Concerns

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

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

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

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

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

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

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

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

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

In addition, there have been significant changes to weather patterns, incidences of drought, amount of moisture and extreme weather events, requiring a need to adjust with them, taking into consideration seasonality and length of time draught happens, along with overall impacts of rain and whether there are benefits or negative implications as a result24. While clients may choose one, two or three weather stations to best represent conditions on their farm, and within proximity of their land base, weather station information may be subject to change and weather systems are also changing. Therefore, more emphasis should be placed on the use of various technology tools to assess crops and pastureland to increase accuracy in the assessment and assist producers in addressing weather events.

Since AgriStability is a margin-based program that provides whole farm protection25, there are also limits to this. Under the Canadian Agriculture Program, there have been improvements to the Margin Limit with it being adjusted now to ensure a more equitable level of support for participants impacted by the limit. However, participants are subject to limiting of at least 70 per cent of their calculated Olympic Average Reference Margin, known as the Adjusted Reference Margin Limit. The reference margin limit impacts about one third of participants to varying degrees. The reference margin used to calculate benefits (the applied reference margin) is the lower of the Olympic and the average adjusted expenses for the same three picked years as the Olympic. Therefore, if a producer's average adjusted expense for those three years was $200,000, the applied reference margin (used for calculating benefits) would be $200,000, which may only actually end up being 40% of their Olympic average. This type of example may seem extreme, but we have seen situations where limiting has impacted producers by a substantial amount.

Another limit is livestock price insurance. Currently, there are few truly effective risk management instruments that allow Western Canadian livestock producers to manage their risk. Cattle and hog producers in western Canada face volatile market prices and the Western Livestock Price Insurance Program is designed to be market driven to reflect the risks a producer in Western Canada faces when

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

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

selling livestock. Livestock producers are typically 'price takers', with prices varying greatly year to year, due to many factors impacting the market. Having a tool available to help protect against the unknowns of the market and associated price volatility can assist a producer with being more profitable26. While the current program helps with the risk at the time of selling, there is currently no program to help protect the producer against the unknowns of the market at the time of purchase. A reverse of the current program, allowing producers to lock in a ceiling price at the time of purchase, would go a long way to help alleviate the impacts of market volatility throughout the livestock ownership period.

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Support Biotech in Agriculture (2021)

Issue

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

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

Farmers, who represent less than 1% of Canadian population, have difficulty in making their voices heard in society.[27] Urbanites and those removed from agriculture have difficultly gaining accurate information regarding how their food is grown and sufficient insight as to the vast complexities and technology advancements associated with modern agriculture. This has created a disconnect between the reality vs perception of modern agriculture, especially when it comes to GMO crops.

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

Background

Genetically Modified Organisms (GMOs) is the evolution and usage of modern science to combine desired traits in plants. For thousands of years ago farmers realized they could vastly increase their yields by combining and focusing on certain traits of organisms. Only the most productive livestock would be allowed to reproduce and only the seeds from the largest and most productive crops would be planted the following season. Thus, the food we eat today is the result of thousands of years of genetically engineering organisms through selective breeding. The recent evolution of the very useful Canola from the far less useful Rapeseed is a perfect example of the incredible benefit selective breeding can have on agriculture.[28]

GMOs have resulted in a massive leap forward in modern agriculture by creating species of plants that increase yields, increase water efficiency, reduce the need for pesticides, reduced fertilizer, and even reduced tillage (a significant source of green house gas).[29] Not only will GMOs play a major role in

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

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

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

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

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

> "The science is quite clear: crop improvements by the modern molecular techniques of biotechnology is safe ... The World Health Organization, the American Medical Association, the U.S. National Academy of Sciences, the British Royal Society, and every other respected organization that has examined the evidence has come to the same conclusion: consuming foods containing ingredients derived from GM crops is no riskier than consuming the same foods containing ingredients from crop plants modified by conventional plant improvement techniques.[30]"

Today's Canadian GMO crops include corn, soybeans, sugar beets and canola, are of tremendous importance to the Canadian economy. Canola alone is now sown on over 20 million acres and provides a $19 Billion contribution to the Canadian economy[31]. Since the introduction of GMO Canola in 1995 (comprising 90%+ of cdn canola), yields have climbed from 21 bushels per acre to over 41.[32] Soil erosion has decreased 66%, greenhouse gas emissions have decreased by 26%, and fuel usage has been reduced by 31%.[33] Since the introduction of GMO corn in Ontario, yields have climbed 69% while herbicide and insecticide use has dramatically decreased.

Additionally, there are many Genetic Engineered traits that will greatly enhance food quality such as the Arctic Apple which is engineered to resist browning.[34] The newly approved Innate Potato resists bruising, reducing waste, and has reduced levels of asparagine, a compound that increases levels of the likely carcinogenic acrylamide.[35] Despite the plethora of benefits many businesses refuse to use GMO products because of the public's negative misconceptions. Canada has been a leader in the development and adoption of Genetic Engineering in agriculture resulting in her having a leadership role in the use of this technology globally. This has enabled Canada to be one of six countries in the world capable of exporting food.

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

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

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

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

[33] Ibid.

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

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

forward in technology.[36] It's imperative for the ongoing economic viability of the agriculture sector and the food security of our nation that genetically modified foods to be properly recognized as the safe and stable source of food that they are.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

The Application Process and Farmer Involvement in the Wetland Policy (2020)

Issue

People value wetlands for their significance and the functions they provide. Some of these functions include flood control, improvement of downstream water quality, biodiversity and recreational benefits. While the wetland policy has been in place for over 25 years, in its current form, the application process is burdensome for farmers. This has implications not only for our agriculture sector, but also the other sectors which rely on agriculture for production.

Background

Alberta has enjoyed economic prosperity; however, this has created challenges and responsibilities regarding the environment, social and economic needs of Albertans. In 1993, it was recognized that the cumulative effect of rapid population and economic growth were placing considerable pressure on Alberta's landscapes. In response to this, the Alberta Wetland Policy was initiated to manage areas in wetlands to "sustain the social, economic and environmental benefits that wetlands provide now and, in the future," (Alberta Water Resource Commission, 1993). While Alberta was one of the first provinces to adopt a wetland policy, a mechanism to fully adopt this policy was not developed until 1999 with the introduction of the Water Act, which created a legislative requirement to obtain a permit to conduct activities that negatively impact wetlands.

Despite these changes, a loss of wetlands has continued, prompting the Government of Alberta in 2013 to issue a new policy that shifts the focus of wetland protection from preservation to a focus on ecological function and replacement. Consistent with the previous policy, avoidance is the preferred action; where this is not possible, "the goal is to minimize impacts on cumulative wetland value over regional scales by enforcing replacement of wetland values within the same region" (Alberta Environment Parks, 2016). Replacement can take the form of restoring previously removed or degraded wetlands, constructing new wetlands, or contributing funds to help preserve, restore or change wetland functions through educational outreach or research that advances wetland science (Alberta Environment Parks, 2016). "Replacement is based on the value of the removed wetland relative to those other regional wetlands, with policy targets requiring (1) a 1:1 area-for-ratio wetlands with low level functions and up to a 8:1 area-for-area ratio for wetlands with high level functions, and (2) a total ratio of 3:1 for all wetlands in the settled area of Alberta" (Sarran and Creed, 2016). This policy has been in effect since June 2015.

The new wetland policy requires the simultaneous development of rapid assessment tools to (1) provide estimates of wetland functions and values at broad regional scales for planning purposes and (2) provide site-based assessments for regulatory approval. The Government of Alberta commissioned the Alberta Wetland Relative Value Evaluation Tool-Estimator to determine off-site estimates of relative value for all wetlands in the settled area of Alberta. These guidelines estimate how farmland is to be assessed in specific terms, resulting in agriculture use value. This aspect of the policy has been cited as an example of governmental overreach in the wetlands application process and a barrier to growth.

Farmers know and understand the ecological cycle of their land, which invariably involve a flux in precipitation and understand the difference between temporary standing water and an actual wetland. Despite this, they are not able to make this determination anymore and must wait to have it

independently verified. This is a major issue as it causes prolonged delays with seeding, which is a critical time for farmers. Delays jeopardize the growing season and the viability of their harvest in any given year, as they must wait for a declaration that the land is not in fact a wetland. This regulation is inefficient, and the negative outcome for farmers is greatly disproportionate to the outcomes the regulation is trying to achieve.

To improve the efficiency of the application processes within our agriculture industry, the Lethbridge Chamber of Commerce recommends that the government decrease their involvement in applications processes that the market and alternative regulatory institutions are designed to control. The government should be prepared to take on a role as a supporter, and facilitate communication between industry and regulatory bodies, instead of increasing the regulatory burden on farmers by overregulating an issue that farmers are in a better position to evaluate and respond to.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Make changes to the wetland assessment to account for farmers knowledge of their land so seeding is not delayed, while still being effective environmental stewards of the wetlands

Veterinary Retention and Recruitment (2022)

Issue

There is a shortage of veterinarians throughout Alberta for both companion and livestock practices. This shortage has resulted in veterinarian clinics shutting down in communities as they no longer have a veterinarian on staff contributing to economic hardship for both commercial livestock operations as well as individuals and communities who must travel or leave their communities for adequate vet care.

Background

In 2018 seven million (7,000,000) dogs visited the vet, up from 5 million (5, 000,000) a decade earlier.[37] This increase represents the increase of pet ownership in response to COVID as people sought alternative companionship due to social isolation and the increase of time available due to online work environments. With higher demand, the trending decrease of veterinarians has resulted in increased stress on an already understaffed industry.

As many more veterinarians are retiring every year than there are new graduates, this shortage is all over Alberta, Canada and other countries requiring us all to work together to find solutions that will alleviate strain immediately and long term. We are glad to see the recent expansion announcement in the budget to alleviate this strain, as "veterinarians and veterinary technologists are critical to the health of Alberta's animals, the sustainability of Alberta's communities and to the Alberta economy growing forward. Labour shortages are real, growing and pose a risk to lives and livelihoods."[38]

Location, especially rural, is an issue for this profession. If you are interested in livestock practice, it is understood that you will need to live in rural Alberta for your practice. However, you can choose to set up your practice anywhere for companion animals, and rural locations are not as attractive to professionals as they must consider lifestyle, spouses' career and children's out-of-school activities. Communities will need assistance in selling the rural community lifestyle and its advantages from large urban centres.

Foreign recruitment is greatly hindered by accreditation, prejudices in communities, and the cost, which can be tens of thousands of dollars to bring a veterinarian to Alberta, not to mention the worldwide shortage of veterinarians. It was easy to attract young veterinarians from English-speaking countries, but that is no longer true due to global shortages in the profession.[39]

There are two types of veterinarian schools that graduates can successfully register as Canadian Veterinarians:

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[37] 2021 Peter Kuitenbrouwer December 27, "Canada's Veterinarian Shortage Is Shaping up to Be a Full-on Crisis," Macleans.ca, December 27, 2021, https://www.macleans.ca/society/canadas-veterinarian-shortage-is-shaping-up-to-be-a-full-on-crisis/

[38] "The Government of Alberta's Historic Commitment to Strengthen the Veterinary Profession in Alberta Is a Positive Step Forward for Alberta's Animal Owners and Provincial Economic Growth," Alberta Animal Health Source, February 25, 2022, https://www.albertaanimalhealthsource.ca/content/ab-government-historic-commitment-strengthen-veterinary-profession#:~:text=Budget%202022%20through%20the%20Alberta,(UCVM)%20for%20infrastructure%20expansion.

[39] Brooks Region Veterinarian Committee

1. American Veterinary Medical Association Council on Education accredited schools. These schools include all Canadian, US, UK, New Zealand, and Australian schools, with a few other schools worldwide. Graduates from accredited schools need only come to Canada and write the North American Veterinary Licensing Exam (NAVLE), which all Canadian Graduates must complete in order to receive a Certificate of Qualification from the National Examining Board (NEB), which allows them to register anywhere in Canada.[40]

2. Non-accredited but recognized veterinary school graduates must apply to the NEB and enter an exam process (four exams) to obtain their Certificate of Qualification. A well-prepared applicant can accomplish this in 12-18 months. The first two exams are computer-based, and the last two are hands-on exams. In Alberta, once an applicant has passed the first exam indicating basic knowledge, the ABVMA will register them with a Limited License which allows them to work, earn money, and gain experience in a veterinary clinic setting while working towards completion of their exams. If other veterinarians are at the practice, this can be an excellent way to introduce newcomers to rural practice with mentorship. It is not a way to get a solo practitioner into an area.[41]

Training and experience for foreign countries can be different than in Alberta. They can be more specialized in their fields, whereas, in Alberta, our veterinarians on more widely trained. We need to allow for this specialized training and prevent it from hindering recruitment.[42]

Registered veterinarian technologists (RVTs) are underutilized in most veterinarian clinics, leading to retention problems and overworked veterinarians. RVTs must only practice under the supervision of a veterinarian and within a veterinary practice, however, that still affords a vast range of tasks that they can perform.[43] Many technologists leave due to pay and not doing what they are trained to do. They can be an asset as their training is quick between 18 to 24 months. When utilized at their full potential, they can save business costs, allow veterinarians to do more critical parts of their jobs, and provide better customer service for clients and their animals. "Veterinary technologists are a critical part of the veterinary teams delivering services throughout Alberta communities that keep Alberta animals healthy and keep our communities healthy."[44]

We appreciate that through the Alberta at Work initiative, there will be a direct investment of $59 million over three years to the Faculty of Veterinary Medicine at the University of Calgary for infrastructure expansion to allow for more enrollment of new Albertan veterinarians. However, the shortage is genuine right now. We must move with actions that have solutions for now and not just in the future. We therefore recommend:

[40] Dr. Darrell Dalton, Interview
[41] Dr. Darrell Dalton, Interview
[42] Dr. Darrell Dalton, Interview
[43] Dr. Darrell Dalton, Interview
[44] Alberta Veterinary Technologist Association, Karen Melnyk, President, ABVTA

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Assist in the promotion of Rural Alberta for Companion and Livestock Veterinarian Professionals;
2. Accelerate the accreditation process for internationally trained, non-accredited veterinarians to work in Alberta; and,
3. Facilitate specialized foreign veterinarians to practice in Alberta in their specialized fields.

Children’s Services

Increasing Access to Quality Childcare in Alberta (2022)

Issue

The recent childcare funding agreement between the federal and provincial governments is expected to raise demand for childcare. The childcare industry has conversely experienced a decline in labour supply that will need to be addressed to meet the increased demand.

Three things can be done to help increase supply of childcare workers. First, restoring a living allowance for childcare workers in remote areas will help increase talent supply in areas that have a hard time attracting workers. Second, introducing a one-year certificate as the minimum educational requirement for workers in Early Learning and Care (ELC) programs will increase the quality of care given to our children. Third, creating more professional development opportunities for ELC workers will continuously improve the quality of childcare provided in those programs.

Background

The Canada-Alberta Early Learning and Child Care Agreement is expected to increase the demand for childcare in Alberta. However, recent events have caused the ELC labour supply to shrink. In the first year of the pandemic, roughly 20% of early childhood educators moved on to another industry with low enrolment caused by the pandemic.[45]

Quality of learning is also vital in ELC environments. Studies show that children's ages in ELC environments are the most formative years in their development. Despite this importance, ELC workers do not receive the same developmental support that educators in schools do.

There are three ways the Alberta Government can rectify these issues to increase the supply of quality childcare.

First, they need to restore the living allowance to remote communities like the one that was removed in March 2020.[46] While maintaining a supply of ELC workers is a struggle all over Alberta, it is even harder to attract workers in remote communities. The $1000/month allowance evened the playing field for the ELC industry against other, higher-paying industries in these communities. Without it, many workers passionate about ELC outcomes are forced to seek employment in other sectors. Restoring a living allowance in remote communities would increase access to quality childcare for Albertans in these communities.

Second, the Alberta Government can increase the quality of care by introducing a one-year early childhood education certificate as the minimum educational requirement for staff in licensed ELC programs. The certification will equip ELC workers with the knowledge and competency needed to

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[45] **Canadian Broadcasting Corporation. "Alberta lost one in five licensed early childhood educators during 1st year of pandemic, data shows", accessed February 27, 2022, https://www.cbc.ca/news/canada/edmonton/alberta-chlid-care-educators-federal-covid-19-1.6139406**

[46] Canadian Broadcasting Corporation. "Fort McMurray child-care workers protest loss of northern living allowance", accessed February 26, 2022, https://www.cbc.ca/news/canada/edmonton/fort-mcmurray-northern-allowance-1.5493179

fully support children's early learning and care in the most crucial stage of their development.[47] It will improve the quality of childcare in Alberta. The existing workforce also needs to be supported financially with a provincial bursary to meet the new educational requirement.

Third, the quality of childcare would increase with investment in the professional development of ELC workers. Offering more professional development opportunities to ELC workers would equip them with the knowledge to improve outcomes for the children in their care. ELC workers enjoy fewer opportunities for professional development than teachers.[48] Teachers use these opportunities to hone their craft and improve their knowledge of childhood development.

As the demand for childcare grows, these three initiatives will increase the quantity and quality of ELC services in Alberta and ensure our children have the support they need at the most crucial time in their development.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Reinstate a living allowance to Child Care workers in prescribed remote and rural communities;

2. Introduce a one-year early childhood education certificate as the minimum educational requirement for staff in licensed ELC programs; and,

3. Create a bridging program to support educators currently in the field without an ELCC certificate that blends foundational skills and knowledge while considering prior work experience in the field.

[47] The Muttart Foundation. "Advancing the Educational Preparation and Professional Development of Alberta's Early Learning and Care Workforce", Accessed February 14, 2022, https://muttart.org/wp-content/uploads/2014/10/Alberta-Summary-Report-102015.pdf

[48] Ibid.

Community and Social Services

Reducing the Cost of Working Through Reform to GIS and AISH Income Thresholds (2022)

Issue

Labour shortages, already a pressing issue for Canadian businesses before the COVID-19 pandemic, are growing and new ones emerging. Yet Canada's Guaranteed Income Supplement (GIS) and the Alberta Income for the Severely Handicapped (AISH) program claw backs are creating barriers to labour market participation for many employable older adults and for persons with disabilities by discouraging the pursuit of income exceeding set values to qualify for GIS and AISH. This is increasing labour market pressures, negatively impacting these citizens' quality of life, and limiting Canada and Alberta's potential economic output.

Background

Retirement Income System (RIS) and Barriers to Employment
Canada's RIS[49] (which includes GIS) functions on many of the assumptions that we had decades ago. Though some reforms recently have been introduced, innovation to Canada's RIS programs has been slow, especially in light of the evolving economic, demographic, social and labour market context. Research posits that a lack of integrated political decision-making, regulation and research is restricting RIS innovation.[50]

When Canada's public pension programs were designed over 50 years ago, the average age of the population was under 30. We're now on average over 40-years-old and living longer. About 23% of the working age population will be 65 years or older by 2024. Between 2021-2024, Canada will lose about 600,000 workers as people age and exceed 65-years-old, lowering the share of the population participating in labour markets.[51]

Further, many Canadians now face personal financial uncertainty.[52] Forty years ago, almost half of working Canadians had some form of pension coverage. Today, only about one-third do. Faced with living longer and fewer savings, worries about "inadequate savings for retirement, outliving their money, and affording health services that are not universally guaranteed (such as long-term care)"[53] are more prevalent.

What is concerning is that while Canada is experiencing a declining labour force and Canadians are facing increasing costs of living and inadequate savings for retirement, research[54] shows features of Canada's public retirement income system have significant work and income earning disincentives for

[49] Canada's retirement income system is federally administered publicly funded, and contains three pillars: 1) Old Age Security (OAS) and the Guaranteed Income Supplement (GIS); 2) the Canada and Quebec Pension Plans (C/QPP); and, 3) tax-deferred and other private savings and workplace pensions.
[50] Improving Canada's Retirement Income System- Setting Priorities (squarespace.com)
[51] Squeeze Play: Higher wages alone won't solve Canada's labour shortage problem (rbc.com)
[52] Labour shortages to become the new norm in future (cpacanada.ca)
[53] Improving Canada's Retirement Income System- Setting Priorities (squarespace.com)
[54] Ibid.

older workers. The greatest impact is on recipients of Guaranteed Income Supplement (GIS), a government program intended to support low-income seniors.

Basic Old Age Security (OAS) is a monthly payment available to all Canadian residents aged 65 and over. GIS is based on income and is available to low-income OAS recipients. A single senior qualifies for GIS if their income is below $19,464; couples qualify if their combined income is below $46,656.

These thresholds are meant to provide "floors" to keep people out poverty. To provide greater context for GIS thresholds, the thresholds to meet "low-income status" for Alberta's Community Housing Program are much higher: $25,500 to $43,000 (bachelor, 2021), depending on where you live.[55] This represents the minimum income required to meet basic needs in different municipalities throughout Alberta.

What is discouraging low earning seniors from saving for retirement and taking employment is that GIS benefits are reduced or clawed back for other income earned, including employment and self-employment income, above $5,000 per year. For earnings between $5,000 and $15,000, GIS will be reduced by 50 cents for every dollar of income received.[56]

Further, because GIS is based on previous year's income, the effect of earning additional income can be experienced for up to two years. For example, if an individual receiving GIS earns other income over $5,000 in 2020, the GIS for that year is clawed back after they file their 2020 taxes and they will continue to lose the monthly benefit amount until they file their 2021 tax return showing no additional income. Although GIS is paid retroactively for qualifying years, the loss of GIS income for an entire year can have significant impact on quality of life during that time period.

In addition, other provincial income supplements, and health and basic needs programs are also restricted if the individual earns income. Although these individuals are in need of additional income to meet basic living expenses, the risk of losing benefits creates a major disincentive for earning additional income through part-time employment.

Reform of GIS claw back mechanisms to incentivize older workers to participate in the labour force aligns with recommendations from the Melbourne-Mercer Global Pension Index (MMGPI), which benchmarks and ranks retirement income systems across the world. In 2019, MMGI made three recommendations for improvement to Canada's RIS. One of those is: "Increase labour force participation rates at older ages as life expectancy increases."[57]

When Canadians work longer there are numerous benefits to the economy and workplaces:[58]

- Modeling shows that the impact to Canada could be substantial in terms of extra labour supply and real output and would result in a substantial increase in living standards.
- Studies show that 1) older workers' accumulated knowledge, leadership skills and high job match quality contribute to high productivity; and, 2) since experience is a key element in the

[55] https://open.alberta.ca/dataset/423df5de-6562-4b06-9ccb-596e9d130bb5/resource/1128ae16-d050-4a98-860c-2e503d84a677/download/sh-2021-income-threshold.pdf

[56] https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/guaranteed-income-supplement/apply.html#h2.2-3.1

[57] Improving Canada's Retirement Income System- Setting Priorities (squarespace.com)

[58] P. 5, 12, Skills Research Initiative (ic.gc.ca)

commercialization aspects of innovation, an older workforce may increase this dimension of innovative capacity.
- More seniors working drives economic growth and generates tax revenue for government.

Alberta Income for the Severely Handicapped (AISH)
AISH was established to support Albertans with a disability who are unable to solely support themselves through work. Yet while many Albertans with disabilities wish to be employed, the existing claw back mechanism on AISH funding, similar to those claw backs for low-income seniors discussed above, is making it difficult for Albertans with disabilities who may be willing and able to integrate into the workforce to do so. Many AISH recipients have to keep earnings low enough to stay on AISH, in order to receive their maximum eligible amounts and to continue to be eligible for the medical services they need.

Albertans with disabilities not working and receiving AISH receive $19,056.47 annually, which does not provide enough money for basic necessities. A University of Calgary study, for example, found that the cost of support required by many individuals diagnosed with Autism Spectrum Disorder (ASD) is "well beyond what the individuals with ASD and their families could pay for out of annual income, giving many no choice but to stay on AISH."[59] As a result, rather than integrating into the workforce, these Albertans remain in a cycle of dependency on the government. So despite having high levels of education and an availability of workers, data shows that persons with disabilities are highly underrepresented in the workforce.[60]

Social assistance programs can contribute not only to a healthier and more productive population but to a healthier labour market. Key to achieving these goals is reform to the low-income amounts provided to AISH recipients and to the claw back rates to facilitate entry into the workforce for Albertans with disabilities.

A more modern framework to reduce the cost of participating in the workforce
It is in the best interest for individuals, communities, the government and the economy to ensure all productive and capable individuals have access to the labour market. Policy to eliminate current barriers for GIS and AISH recipients to remain in or enter the labour market is critical. Such reform will reduce the cost of working, and encourage and allow as much participation as possible in the workforce for those who are able – helping drive a healthy and diverse labour market. It will also generate long-term cost savings to the government as recipients leave the programs or rely less on them.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with federal, provincial and territory governments, industry and academia to create a modern framework for RIS that includes undertaking a comprehensive review of the GIS income thresholds and claw back rates to allow for higher earnings exemptions and income thresholds, which will incentivize older Canadians to voluntarily delay receiving RIS, delay retirement or enter the labour force after retirement;

[59] Fostering a Workforce of Equal Opportunity in Alberta: An analysis of adolescent transitional supports for students with Autism Spectrum Disorder (ucalgary.ca)
[60] Alberta Works, Calgary and Area Labour Market Report Recruiting and Employing Persons with Disabilities (Edmonton: Alberta Human Services, 2014), 11

2. Undertake a comprehensive review of the AISH claw backs, striving for a model that allows for higher earnings exemptions and income thresholds before claw backs to incentivize AISH recipients to enter or remain in the labour force; and
3. Ensure reform encourages and allows as much participation as possible in the workforce for GIS and AISH recipients, helps these individuals stay out of poverty, and allows them to maintain or improve their standard of living.

Alberta Chambers of Commerce

Education

Educate and Foster Entrepreneurship through MicroSociety (2021)

Issue

The *MicroSociety* program is underutilized, yet an incredibly effective learning tool that helps students develop invaluable skills resulting in higher student engagement and grades.

Background

MicroSociety create learning environments in grades K-12 allowing students to apply classroom knowledge to a real-world setting. The *MicroSociety* learning environment offers students authentic, hands-on learning through the creation and experience of dynamic miniature societies, reinforced by educators with classroom curricula. Schools include government, entrepreneurial hub, non-profits, and marketplaces all created and managed by students and facilitated by teachers.[1]

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

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

After initiating the program in 2009, Aspen Heights Grade Three Provincial Achievement tests went from 64% acceptable and 5% excellent in 2009-2010 to 92% acceptable and 16% excellent in 2011-2012. Discipline referrals to administration dropped from 55 in 2009-2010 to 14 in 2011-2012. The school also sees higher than average student and parent satisfaction and higher attendance. The percentage of parents, teachers and students who are satisfied that students model the characteristics of active citizenship was 96% at Aspen Heights compared to 80% average in the Red Deer School District and 82.5% provincially.[2]

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

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

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

[2] "MicroSociety", Aspen Heights PowerPoint Presentation. February 23, 2018

described the M*icroSociety* Program as being an excellent tool in helping students foster and develop these essential skills. Skills that are key to student's future success.[1]

In an analysis comparing 13 *MicroSociety* and 13 regular schools in Florida with similar demographics, the *MicroSociety* schools consistently and significantly outperformed in reading and math with the gap expanding over time.[2] Beyond exceeding standards at basic subjects, students also gain invaluable experience solving real world problems. "During Micro-Time, students often counter unanticipated and messy problems - settling a contractual dispute among students, figuring out how to turn around an unprofitable business, writing and then effectively enforcing legislation to reduce bullying - are dynamic dilemmas which provide opportunities for students to apply their school learning in authentic contexts.[3]"

While *MicroSociety* models come with some marginal training costs and involve a degree of complexity to initially set up and administer, they attract investment and involvement from the public sector and provides a significant net benefit through its ability to attract and retain students while exceeding curriculum requirements.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with *MicroSociety* to develop and distribute a training model and toolkit for schools that want to have a *MicroSociety*, and
2. Encourage Alberta school boards to create a *MicroSociety* in K to 8 schools across the province with the goal of at least 1 per district by 2025.[4]

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

Highlighting the Importance of Ag Education (2020)

Issue

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

Background

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

The 2016 Census of Agriculture found less than 1% of Canadians are farm operators, yet all Canadians participate in the agri-food sector when they go grocery shopping and make food choices[67]. Yet, farmers and ranchers feel increasingly under attack because of the public scrutiny and misinformation around the industry. The disconnect between the producers who grow the food we eat and consumers is widening due to urbanization[68], growing misperceptions and a lack of factual information around this vitally important industry.

To emphasize the importance of our agribusiness industry, based on 2017 annual estimates, 75,100 Albertans were employed in agri-food industries, representing 3.3 per cent of the total provincial workforce with Alberta having one of the world's most productive agricultural economies and a total farm area of 50.3 million acres.[69] Despite the decline in farms since 2011 in our province, Alberta continues to rank second, behind Ontario and had the highest number of cattle ranching in the country, representing one third of Canada's beef cattle ranching farms. In addition, Alberta has seen increases in wheat farms, oilseed and grain farms in addition to other grains.[70]

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

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

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

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

In 2018, Alberta's real gross domestic product for agri-food industries totaled $8.5 billion, increasing from $5.5 billion in 2011[71]. In 2018, Alberta agri-food exports remained strong at $11.6 billion, exceeding the 2017 record by 3.2 per cent[72] and exporting to nearly 140 countries. Even though this industry plays a critical role in our eco-system, there is no requirement to educate our youth or public about the facts and information around the role the industry plays in our economy, or to provide education around the sustainability of our agri-food sector.

The Government of Alberta has identified that teaching students where their food comes from and how it is produced is increasingly important as urban students become more disconnected from their rural neighbours[73]. In recognizing this need, there have been various efforts to develop resources and plans to integrate agriculture into the curriculum, including Alberta Agriculture Lesson plans[74], various education resources and programs[75], as well as funding for agriculture education and literacy[76]. There have also been not for profit and private organizations who have taken a leadership role in Agriculture Education, including Agriculture for Life[77] and the Classroom Agriculture Program[78], as well as Nutrients for Life[79], 4-H[80] and programs such as Journey 2050[81] and Farmers 2050[82].

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

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

A barrier to experiential learning opportunities can be correlated to timetables, as there isn't enough time within Junior High and High schools to do community classrooms or similar learning experiences, as teachers have a prescribed number of minutes they need in each course area. In elementary, because that time is with a single person, they can build in that flexible time to provide various educational opportunities. However, the more teachers you have, the less flex time there is to deliver outcomes through non-traditional learning environments.

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[71] Agriculture Statistics Factsheets, Government of Alberta: https://open.alberta.ca/publications/1929-4263
[72] 2018 Agri-Food Exports, Alberta Highlights, Government of Alberta: https://open.alberta.ca/dataset/d2476e36-1e8c-43fb-a4b2-15bd09c13773/resource/764d36d5-4f2a-4535-b317-9dc1f8228792/download/exp-19-1.pdf
[73] Alberta Agriculture Education Resources: https://www.alberta.ca/agricultural-education-resources.aspx
[74] Alberta Agriculture Education Lesson Plans https://www.alberta.ca/agricultural-education-lesson-plans.aspx
[75] Alberta Education Programs: https://www.alberta.ca/agricultural-education-programs.aspx
[76] Canadian Agricultural Partnership for Agriculture Education and Literacy: https://cap.alberta.ca/CAP/Programs/category/Agricultural%20Education%20and%20Literacy
[77] Agriculture for Life: http://agricultureforlife.ca/5490-2/
[78] Classroom Agriculture Program: https://classroomagriculture.com/Portal/Project/classroomagricultureprogram/pages/home.html
[79] Nutrients for Life: https://www.nutrientsforlife.ca/
[80] 4-H Canada: https://4-h-canada.ca/programs
[81] Journey 2050: http://www.journey2050.com/
[82] Farmers 2050: https://www.farmers2050.com/

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Require agriculture education to be incorporated into existing course curriculum with outcomes connected to grade levels;
2. Integrate agriculture in the classroom through entrepreneurial programming;
3. Integrate experiential learning opportunity options such as on-farm learning, community gardens and community classrooms;
4. Integrate fact-based agriculture education tools and resources through learnalberta.ca; and
5. Facilitate agriculture education learning opportunities, resources and connections for educators through teacher's conventions and professional development training options in order to provide the tools, resources and training needed for effective program delivery.

Energy

Alberta's Electricity System: A Balanced and Fair Playing Field for All Customers (2022)

Issue

The cost of transmission and distribution of electricity to customers has created disparity in pricing across Alberta. Extremely high power bills in some parts of the province are mainly driven by higher distribution charges. Distribution costs are higher in rural and northern service areas, with consumers in these areas paying up to 400% more for distribution services compared to consumers in urban service areas. Moreover, with customers in Saskatchewan and British Columbia paying significantly lower electricity rates than customers in most of Alberta, Alberta's overall competitiveness and ability to attract business is further impeded.

Background

Electricity industry structure in Alberta

In Alberta, electrical generation and retailing make up the de-regulated sectors of the market while transmission and distribution are government regulated sectors. Because electricity delivery is a fully regulated service, the Alberta Utilities Commission (AUC) reviews and approves the rates to ensure they are fair and reasonable for Alberta customers.[83] According to its mandate, the AUC considers and protects the social, economic and environmental interests of Alberta where competitive forces do not.[84]

However, depending on where you live or operate a business in Alberta, there is disparity in these charges: residential, farm and commercial customers in rural and northern areas pay significantly higher electricity costs than those in more urban areas. Charges for distribution are higher in rural and northern areas because of the low population density and longer distances between consumer sites. A distribution system that serves rural areas costs more than those serving urban areas because there are longer distances between customers; the utility must build, operate and maintain more poles, wires and facilities to serve each customer; and there are fewer customers on systems in rural areas sharing the costs.[85]

As shown in figures A and B, distribution and transmission charges are highest in ATCO's service area, followed by FortisAlberta's service area. ATCO primarily serves northern Alberta and parts of eastern Alberta. FortisAlberta serves the south and western more rural areas of Alberta. (A recent analysis shows that electricity prices in Alberta in 2021 were more than double the Alberta power pool price seen in 2020, and costs will remain elevated in 2022.)[86]

Breaking down the charges: Transmission and Distribution

Energy delivery charges in Alberta include two components: transmission and distribution (in addition to rate riders). *Transmission* charges cover the cost of moving electric energy from generating

[83] Alberta Utilities Commission http://www.auc.ab.ca/pages/distribution-rates.aspx

[84] Alberta Utilities Commission http://www.auc.ab.ca/Pages/review-process-steps.aspx

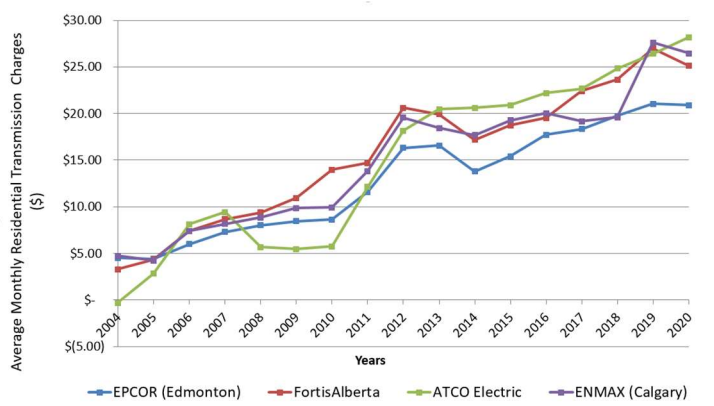
[85] Alberta Utilities Commission http://www.auc.ab.ca/pages/distribution-rates.aspx

[86] Edmonton Journal, Feb. 2, 2022, Chris Varcoe: Kenney signals return to gas rebates as prices take off

facilities through high-voltage transmission lines to the distribution system. Charges are based on the electricity used by the consumer, and make up between 14% to 20% of a customer's total bill. In 2020, monthly transmission charges paid by the average residential customer with 600kWh of consumption ranged from $20.88 (EPCOR's service area) to $28.19 (ATCO's service area).[87]

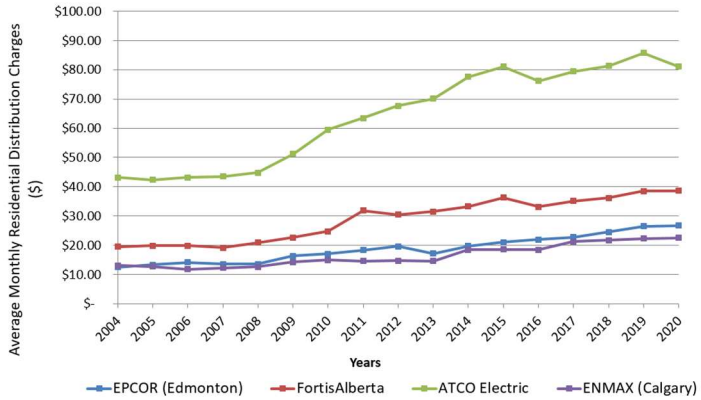
Distribution charges cover the cost of moving electric energy from substation transformers through local, lower-voltage lines that carry electricity to a customer's meter. These charges make up between 22% and 47% of a customer's total bill. In 2020, monthly distribution charges paid by the average residential consumer with 600kWh consumption ranged from $22.55 (ENMAX's service area) to $81.11 (ATCO's service area).[88] Consumers in the ATCO zone can pay twice as much for distribution compared to rural consumers in the ForisAlberta zone, and nearly 400% more than residential consumers in Calgary.

Figure A - **Average monthly transmission charges for residential RRO customers, by service area**



Source: Compiled by the Utilities Consumer Advocate based on data provided by the Alberta Utilities Commission and Alberta Department of Energy.

Figure B – **Average monthly distribution charges for residential RRO customers, by service area**



Source: Compiled by the Utilities Consumer Advocate based on data provided by the Alberta Utilities Commission and Alberta Department of Energy.

[87] Alberta Consumer's Advocate https://ucahelps.alberta.ca/electricity-transmission-and-distribution-charges.aspx

[88] Ibid.

Alberta's current electrical system creates further economic penalties for Alberta ratepayers
While disparities in electricity rates exist within Alberta, much lower electrical transmission and distribution rates in both Saskatchewan and British Columbia are also impacting Alberta's ability to attract and retain business. Alberta business owners with property in the two neighbouring provinces report paying much lower rates in Saskatchewan and BC.[89] While this impedes economic growth and development in rural communities along provincial borders, it also puts Alberta at a competitive disadvantage.

In addition, as electricity costs increase, consumers are exploring other alternatives. According to a recent AUC study, an increasing number of industrial facilities have been installing their own generation sources and individual Albertans and small businesses are doing the same.[90] With fewer customers to share costs of the electrical system, remaining electricity customers, particularly those in areas of low customer density, may be further penalized by the even higher rates. Further, as Alberta moves towards electrifying the grid, and as demand for electricity puts even greater pressure on the electricity system, the result will mean even greater disparities in pricing.

Conclusion
Higher electricity rates in certain areas of the province don't just threaten industry and businesses in that region but impact all of Alberta. Alberta's North, for example, has an abundance of resources with high global demand. Its economic contributions to the whole of Alberta and Canada are significant: the area contains much of Alberta's natural resources, specifically, 100% of the oil sands deposits, 86% of forests, both conventional oil and natural gas production, about 28% of Alberta's total farm area,[91] as well as the associated opportunities in value-added and emerging technologies. The ripple effect of economic impacts from higher electricity costs faced by these northern industrial operations cannot be ignored.

An electrical system that creates a fair playing field for the delivery of affordable electricity to Alberta homes, farms, businesses and industry is critical not only for all Albertans' well-being but for the strength of Alberta's economy and overall competitiveness. Further consideration must be taken to developing such a system that does not penalize communities and business owners based on their geographic location – one that protects the social, economic and environmental interests of *all* Albertans.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Create a tax incentive for utility distribution companies operating outside of Alberta's two metropolitan areas with the mandate to pass the savings along to customers through reduced distribution delivery rates.

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[89] AUMA https://auma.ca/advocacy-services/resolutions/resolutions-index/disparity-transmission-and-distribution-charges-across-alberta

[90] AUC http://www.auc.ab.ca/regulatory_documents/Consultations/DistributionGenerationReport.pdf p. 8, 39.

[91] Northern Alberta Development Committee (NADC

Alberta's Opportunity in the Hydrogen Economy (2021)

Issue

Hydrogen's potential has been identified as an important part in the global transition to emissions-free fuel sources and a healthier planet. The right support and promotion will enable Alberta to become a leading blue hydrogen supplier serving the global market. This environment will allow R&D and production to thrive, and allow government to keep keeping regulations and public funding to a minimum.

Background

It is no secret that economic diversification has been on the minds of the Canadian and Alberta governments for some time. The harsh economic impacts of the global pandemic and recession creates many questions about how to rebuild stronger for the future. We know, and support, that our traditional energy sector will be required for years to come, while at the same time we know that we must broaden our economic base and work towards more sustainable energy solutions. Hydrogen, while considered for years, may just be a perfect fit for the times.

Hydrogen is the most abundant element in our universe, made of one proton and one electron. While hydrogen burns cleanly with zero carbon emissions, there are three types of hydrogen,[92] each defined by the carbon output resulting from its production. "Grey" hydrogen, currently the most common, is produced from natural gas and emits carbon. "Blue" hydrogen, still created from natural gas, reduces GHG concerns as the emitted carbon is stored underground in a process called Carbon Capture, Utilization and Sequestration (CCUS), or used for other purposes. The final type is "green" hydrogen, powered by electrolysis, and is truly "emissions-free" but faces cost-efficiency challenges. Alberta's Natural Gas Strategy,[93] that was released in Fall of 2020, has positioned Alberta to be a leading producer in blue hydrogen.

At the consumer level, hydrogen can be used to reduce emissions as a clean-burning transportation fuel, or for heating homes. In 2020, Canadian Utilities (a member of the ACTO group of companies) announced that around 5000 homes in Fort Saskatchewan, Alberta, would be heated with a natural gas-hydrogen blend starting in 2021, in the country's biggest hydrogen-blending initiative.[94] Hydrogen can also be used as an industrial feedstock in places like Alberta's Industrial Heartland.

At the national level, hydrogen will be an important ingredient in the move towards net-zero emissions targets. In Canada, the Transition Accelerator, a think-tank studying a hydrogen transition, views hydrogen as a part of Canada's net zero target, for instance, as a possible key input in an overhauled electricity grid.[95] The Federal government is supportive of hydrogen by recently

[92] https://www.cbc.ca/news/canada/calgary/alberta-hydrogen-home-heating-1.5657736
[93] https://www.alberta.ca/natural-gas-vision-and-strategy.aspx
[94] https://www.cbc.ca/news/canada/calgary/alberta-hydrogen-home-heating-1.5657736
[95] https://transitionaccelerator.ca/wp-content/uploads/2021/01/2021-01-24-Pathways-to-Net-Zero-v9-4.pdf

releasing its federal hydrogen strategy.[96] Canada joins a list of countries that are investing in hydrogen, including: Australia, Germany, South Korea, Saudi Arabia, and more.[97]

The hydrogen economy, however, is not without challenges. A key challenge lies in the finalization of commercial-level CCUS technology. ATCO, a major player in Alberta's hydrogen space, has stated that they still have to "crack the carbon capture nut on a commercial level" predicting they are still approximately 5-6 years away from "commercial hydrogen production".[98] However, Alberta is in a great position to meet this challenge. The Alberta Carbon Trunk Line (ACTL) is a large-scale CCUS pipeline that is already in place that begins in Alberta's Industrial Heartland and "captures industrial emissions and delivers the CO_2 to mature oil and gas reservoirs for use in enhanced oil recovery and permanent storage… ACTL is capable of transporting up to 14.6 million tonnes of CO_2 per year… equal to the impact of capturing the CO_2 from more than 3 million cars in Alberta."[99] Further to this, Alberta's recently released Natural Gas Strategy[100] has set a 2030 goal for "Large-scale hydrogen production with carbon capture, utilization and storage (CCUS) and deployment in various commercial applications across the provincial economy".

A Transition Accelerator report[101] notes that one of the greatest challenges with building out the hydrogen economy is "connecting hydrogen supply to demand". The report notes that the Alberta Industrial Heartland region is well positioned to reach demand with "the ability to produce a large amount of low-cost, blue hydrogen adjacent to corridors with substantial demand for the gas as a transportation or heating fuel". "With sufficient demand for hydrogen in the corridor, pipeline infrastructure can be justified, and the new energy system will become economically viable in the absence of ongoing public investment."

Beyond domestic industrial and commercial uses, Alberta has set a 2040 target to ensure "exports of clean hydrogen and hydrogen-derived products" can be delivered "to jurisdictions across Canada, North America, and globally".[102]

With its existing infrastructure, access to feedstock, and export market knowledge, Alberta holds a great opportunity in the hydrogen energy sector. With continued provincial and federal support for blue hydrogen, and with successful R&D in carbon capture technology, Alberta holds potential as a leader in the emerging Hydrogen economy.

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[96] https://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/environment/hydrogen/NRCan_Hydrogen-Strategy-Canada-na-en-v3.pdf
[97] https://sponsored.bloomberg.com/immersive/hyundai/the-h2-economy
[98] https://edmontonjournal.com/news/politics/alberta-natural-gas-strategy
[99] https://actl.ca/
[100] https://www.alberta.ca/natural-gas-vision-and-strategy.aspx
[101] https://transitionaccelerator.ca/wp-content/uploads/2020/11/Building-a-Transition-Pathway-to-a-Vibrant-Hydrogen-Economy-in-the-Alberta-Industrial-Heartland-November-2020-5.pdf
[102] https://www.alberta.ca/natural-gas-vision-and-strategy.aspx

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Support blue hydrogen research and production in Alberta by working with stakeholders, such as the federal government and the energy industry in a manner consistent with the federal hydrogen strategy;
2. Work with industry to assist in research and infrastructure needs for Carbon Capture, Utilization and Storage to accommodate blue hydrogen energy;
3. Based on the results of a true market assessment of hydrogen energy viability, develop a plan that creates pathways for hydrogen to succeed on merit, with minimal use of regulation or policy; and
4. Work with the federal government to identify potential international markets to export hydrogen technology and product.

Electrifying Alberta's Grid (2022)

Issue

Alberta' electricity sector is rapidly undergoing transformation, most notably influenced by the drive toward net-zero emissions[103] and the demands of the increased electrification of other sectors of the economy. Alberta's future depends on the successful restructuring of the province's electricity system, not only to support the massive ramp-up of clean electricity required, but to ensure Albertans are not faced with soaring electricity costs that would threaten industry and business and citizen well-being. A clear, transparent and phased plan for a path forward is urgently needed – one that strikes a balance between the addition of renewable energy sources while encouraging investment and economic growth.

Background

As the world – including Alberta – aims for a net-zero future, Alberta's power sector is undergoing significant change. Alberta has set possible targets of *40-50% fewer total emissions than in 2005 by 2035* and net-zero greenhouse gas (GHG) emissions by 2050. Already it has made great strides in nearing its 2035 target, *primarily through* the implementation of renewable technology and coal generation conversions to natural gas.

*Research shows clean electrification of the economy (*substituting fossil fuels with increasingly clean, zero-carbon electricity) is the cheapest and most efficient way to *reach net-zero GHG targets.*[104] Technology like electric vehicles, advancements in hydrogen and carbon capture, utilization and storage (CCUS), for example, is rapidly transforming all sectors of the electricity industry, including Alberta's electricity system.

The shift to net-zero has immense implications for Alberta and Alberta businesses: it creates opportunities such as job creation, new infrastructure development and capital investment. A 2021 study found that "pursuing net-zero in Alberta could create nearly 170,000 new clean technology jobs and contribute $61 billion in GDP to the province's economy by 2050."[105] In late 2021, the province announced Alberta's Hydrogen Roadmap, aiming to integrate hydrogen into its electricity and heating systems, use it to power the transportation and industrial sectors, and export it as a source of low-emission energy.[106] In addition, Alberta is showing leadership in CCUS development, an emissions-reducing storage technology that will help ensure a reliable supply of electricity.

While the opportunities for Alberta are promising, there is much work to do if we are to transition towards net-zero with an equal commitment to sustainable economic growth. Canada's electricity systems are largely isolated from one another and there has been little progress made to break down

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[103] GofC: A net zero state is achieved when an economy either emits no GHG emissions or off-sets its emissions by removing carbon from the atmosphere through actions like tree planting or employing technologies that capture carbon before it is released into the air.

[104] The Transition Accelerator Launches 'Canada Grid,' A New Initiative Focused on Accelerating Electricity Grid Integration to Power Canada's Net-Zero Future - Transition Accelerator

[105] https://www.calgaryeconomicdevelopment.com/assets/Reports/Sectors/Energy-Environment/CED-2021_EnergyTransition_Report.pdf

[106] https://www.cbc.ca/news/canada/edmonton/alberta-bullish-on-hydrogen-strategy-that-relies-heavily-on-carbon-capture-technology-1.6239097

those silos. The Business Council of Alberta recommends better integration of provincial grids across the country to create more resilient, efficient and stable systems. The Council also recommends expanding cross-border infrastructure so as to strengthen the North American partnership to accelerate cross-border clean electricity transmission.[107]

Just as critical for Alberta is the need for a provincial roadmap for grid decarbonization. Currently, Alberta lacks such a plan. Without a comprehensive plan to move forward, Albertans face tremendous uncertainty and Alberta is at risk of experiencing the adverse impacts seen in some other jurisdictions.

Pursuing net-zero: Lessons to be learned

As Alberta seeks to chart a path on energy transition, lessons can be drawn from Ontario and Germany. The Province of Ontario invested billions, moving quickly in the pursuit of renewable energy without sound analysis of the costs of implementing green technologies into the grid. Its Green Energy Act, introduced in 2009, and repealed in 2019, contributed to a doubling of electricity prices in a decade, and according to an Ontario Chamber of Commerce report, [108] resulted in the province having one of the highest electricity rates in North America, undermined Chamber members' capacity to grow and hire new workers, and increased the cost of doing business in Ontario.

Overseas, Germany is steeped in controversy for its renewable energy deployment. [109] The country had ambitious climate goals; when it went on its path of pursuing renewable energy for its electric generation, rates skyrocketed. Germans now pay some of the highest rates in the world for electricity. Further, the country's per capita emissions are higher than many other European nations: the decision to phase out nuclear power by 2022 may have prolonged the use of coal, whose phase-out is not set to occur until 2033. And the country's heavy reliance on weather dependent renewables is requiring rethinking to avoid volatility in the system.[110]

More demand, more generation, more investment required

Adopting renewable technologies is expensive. And Alberta in the future will need more power than today to meet growing demand from more electric vehicles on the road, electrified heating, etc. For example, in Canada, in just under three decades, we will need about twice as much non-emitting electricity as we do today to connect our vehicles, heating systems and industry to a clean electricity grid.[111] In Alberta, calculations using data from the Canadian Energy Regulators suggest that a shift from gas to electricity for residential and small commercial businesses alone (which make up just 13% of the province's current natural gas load) will require 66,000 megawatts of power. As Alberta currently peaks out at 12,000 megawatts, that means about 5 times more electricity than is now being generated will be required for just those two sectors alone.

Increasing clean generation requires more investment into clean and emerging technologies. This investment will impact government and end-use consumers, as some of these costs will be passed on to Albertans. According to an October 2021 Alberta Chambers poll of Alberta businesses, about two-thirds of all respondents are worried about rising power costs, 43% reported increases of more than 15% of

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[107] https://thebusinesscouncil.ca/publication/priorities-for-canadas-2030-emissions-reduction-plan/

[108] https://occ.ca/wp-content/uploads/Empowering-Ontario-1.pdf

[109] https://www.cleanenergywire.org/factsheets/how-much-does-germanys-energy-transition-cost

[110] https://foreignpolicy.com/2021/02/10/is-germany-making-too-much-renewable-energy/

[111] https://www.theglobeandmail.com/opinion/article-can-canada-actually-produce-enough-clean-electricity-to-power-a-net/

monthly operating costs, and 35% reported their power costs had increased by 20% compared to just 7% in 2020.[112]

A transition to renewable energy is important for our planet and necessary for our province. As Alberta transforms the electricity grid, it is pertinent that clean and reliable energy should be affordable for and accessible to everyone. Detailed analysis of the costs and implications of electrifying Alberta's grid, followed by a comprehensive plan forward is critical to a net-zero future – and the future growth and competitiveness of Alberta and Alberta businesses.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Develop and openly share a comprehensive plan to transform Alberta's electrical system into the future. The plan should:
   a. Be informed by industry, stakeholders, energy transition research centres and the Alberta *Electric* System Operator (AESO) working collaboratively to understand the potential pathways and implications to a net-zero grid of the future;
   b. Be informed by analysis of the costs of implementing renewable energy;
   c. Ensure Albertans have access to a reliable supply of power at affordable rates;
   d. Ensure Alberta's price of electricity enhances, not detracts from, our ability to compete globally and attract investment;
   e. Support working with other provinces, the federal government, and the United States to grow, better integrate and optimize the electricity grid;
   f. Support a phased approach that does not place rapid significant increases in rates on end-use customers;
   g. Have the flexibility to mitigate potential adverse impacts and respond to changing market conditions;
   h. Be transparent, engaging and informing Alberta businesses and industries at all stages of its development and implementation to ensure they can be prepared and operationally ready for change; and
   i. Include a strategy to retrain employees working in the current energy industry to the renewables sector; and,
   j. Engage with nuclear research agencies for including nuclear options within the Alberta power gridlines plan.

[112] Alberta Chambers of Commerce Alberta Perspectives Oct 2021 survey data

Enhancing Alberta’s Natural Gas System (2020)

Issue

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

Background

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

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

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

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

There are also serious concerns for timelines to secure natural gas volumes in Alberta (for existing or new facilities). Currently, firm supply is available with a 4+ year lead time, while new facilities can be

built within a two- to three-year window. This misalignment of natural gas infrastructure expansion (or new build) and project development timelines will discourage new investment in Alberta.

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

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

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

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

Including Nuclear in Alberta's Energy Mix (2021)

Issue

Small Modular Reactors are an attractive nuclear energy solution that can be clean sources to power remote northern communities, reduce emissions in industry, and reduce Alberta's energy grid dependence on fossil fuels.

Background

As the second-largest producer and fourth-largest exporter, Canada made up 13% of global production of uranium in 2019, a key ingredient in producing nuclear energy. Nuclear energy in Canada dates back to 1942 and Canada has even developed a renowned nuclear reactor technology, *CANDU*, that is used on Canadian soil and internationally. In 2018, approximately 15% Canada's electricity grid was sourced by nuclear power.[113,114] Nuclear is a clean energy supply that does not emit carbon and has great potential to be increased within in Canada's energy mix to work towards our ambitious net-zero targets.

Small Modular Reactors (SMRs) have gained popularity in Canada as a smaller scale nuclear energy source. Regular-sized nuclear reactors used in Canada will usually produce about 800 megawatts of electricity which is "enough to power 600,000 homes at once", while Small Modular Reactors "can generate between 200 and 300 megawatts".[115] "The technology is also small enough to be transported on a truck, ship or train, and has been touted by the federal government as safer than traditional nuclear reactors".[116] The Canada Nuclear Safety Commission (CNSC) regulates SMR projects with the purpose of protecting the "health and safety of Canadians and the environment.[117]

Both the federal and provincial government have signalled strong support for SMRs. The Government of Canada has released their SMR Roadmap in partnership with Alberta Innovates, and their SMR Action Plan endorsed by the Government of Alberta and Alberta Innovates.[118,119]

According to Canada's SMR Roadmap, SMRs can be used for three major purposes:

- *On-grid power generation, especially in provinces phasing out coal in the near future. Utilities want to replace end-of-life coal plants with non-emitting base-load plants of similar size.*

[113] https://www.nrcan.gc.ca/science-data/data-analysis/energy-data-analysis/energy-facts/uranium-and-nuclear-power-facts/20070
[114] https://www.atomicheritage.org/location/Canada
[115] https://www.cbc.ca/news/canada/calgary/nuclear-energy-alberta-ucp-small-scale-modular-reactors-government-of-canada-1.5677983
[116] https://www.cbc.ca/news/canada/calgary/nuclear-energy-alberta-ucp-small-scale-modular-reactors-government-of-canada-1.5677983
[117] https://nuclearsafety.gc.ca/eng/reactors/research-reactors/other-reactor-facilities/small-modular-reactors.cfm
[118] https://smrroadmap.ca/
[119] https://smractionplan.ca/

- *On- and off-grid combined heat and power for heavy industry. Oilsands producers and remote mines would benefit from medium-term options for bulk heat and power that would be more reliable and cleaner than their current energy sources.*
- *Off-grid power, district heating, and desalination in remote communities. These currently rely almost exclusively on diesel fuel, which has various limitations (e.g. cost, emissions). Renewables and batteries can mitigate these limitations to some extent for residential power, but may not supply building heat, nor are they likely to offer reliable bulk energy to open up economic development.*

Over 90% of Alberta's electricity grid is powered by fossil fuels.[120] By contrast, Ontario's electricity grid is currently around 60% nuclear, which demonstrates nuclear's effectiveness and potential for expansion in Canada and Alberta.[121]

While nuclear projects have been attempted in the past in Alberta, there have been no successful builds to date. In August of 2020, Alberta signed onto an MOU with Ontario, Saskatchewan, and New Brunswick, supporting the "advancement and deployment" of SMRs. Premier Jason Kenney noted the potential to power remote communities, the opportunity for economic diversification, and the potential for job creation and reduced GHG emissions.[122]

With both the federal and provincial government supporting SMRs it will be important that policy and regulation is harmonized and streamlined to allow for ease of research and development, and implementation. Also vital, will be a strong partnership between government, industry, and stakeholders, such as indigenous groups.

One key challenge with implementing increased nuclear energy solutions will be public acceptance. Despite a very strong historical track record of safety, nuclear technology brings a level of public concern. Chris Varcoe of the Calgary Herald discussed nuclear in Alberta stating, *"Examining the case for small modular reactors makes sense, although there's a lot more work to do — and this will eventually include the need to educate Albertans about the merits and challenges about this form of energy…"*.[123]

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[120] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-alberta.html
[121] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-ontario.html
[122] https://www.cbc.ca/news/canada/calgary/nuclear-energy-alberta-ucp-small-scale-modular-reactors-government-of-canada-1.5677983
[123] https://calgaryherald.com/opinion/columnists/varcoe-alberta-studies-nuclear-power-again-this-time-its-small-modular-reactors

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with the federal government to streamline and coordinate regulatory processes to ensure that its policies, such as environmental regulations and construction red tape, do not unintentionally interfere or create disincentives for SMR technology;
2. Create a partnership with all stakeholders to support capacity-building initiatives. This would include engagement with the public, industry leaders, and Indigenous communities, to develop a robust knowledge base; and
3. Create an awareness campaign to engage with the public on the safety and benefits of nuclear technology and SMRs specifically.

Investment Attraction for Industrial Zones (2020)

Issue

Alberta's competitiveness on the global stage is dependent on reducing regulatory burdens and improving the province's and region's attractiveness for investors.

Background

The petrochemicals sector accounts for approximately one-third of Alberta's total manufacturing exports with producing 27% of Canada's chemical output. Contributing $6.8 Billion to the provincial GDP and $6 Billion in exports, Alberta holds Canada's largest refining and petrochemical cluster. We boast modern, world-scale plants with access to abundant resource feedstock and efficient transportation systems able to deliver supply to consumers. There is significant potential for investors who are interested in taking advantage of Alberta's vast energy resources and new government development programs to build new petrochemical plants in the province.

Five main petrochemical regions have been developed in Alberta to support our petrochemical industry across the province, with the Alberta Industrial Heartland, Central Alberta and Joffre, Medicine Hat, Grande Prairie and Yellowhead County.[124]

In addition, industrial manufacturing is a foundational industry that supports infrastructure development as well as energy and natural resource production in Alberta. With world-class expertise and access to global supply chains, Alberta's industrial manufacturing sector delivers high-value products and services across Canada and around the world. Alberta's industrial manufacturing industry has key strengths that make the industry competitive and positioned for growth with $2.6 Billion in GDP and $1.3 B in exports, there is opportunity to expand this sector[125].

This Government has committed to responsible energy development and a sensible approach to greenhouse gas reductions that will get Albertans back to work and also had a commitment to work with municipalities to facilitate pre-approved industrial zones to streamline regulatory approvals and decision-making.

Red Tape Reduction initiatives, reductions in corporate taxes and the new Tier program are positive steps, but is not always sufficient to ensure that Alberta is the most attractive location for investment decisions. There are investment challenges to be overcome, including capital cost uncertainty, higher logistics costs and risks due to the inland location of Alberta, and longer-term carbon pricing uncertainty compared to other global locations.

Currently, the Petrochemicals Diversification Program (PDP) is only available to and rewards proponents with project schedules that fit the application window. However, the business planning cycle for new investments is approximately five to seven years, but can be longer depending on market conditions. With a long-term planning horizon, a more open-ended program would give prospective investors the required certainty and predictability and would avoid the appearance of government picking winners and losers. The rewards of successful investment attraction will provide stable tax revenue, stable well-paying jobs, community investment and best-in-class emissions technology.

In addition, if investment attraction support programs had clear up-front criteria to qualify for and receive investment supports, a company that successfully meets the requirements could be assured

[124] https://investalberta.ca/industry-profiles/petrochemicals/
[125] https://investalberta.ca/industry-profiles/industrial-manufacturing/

of investment attraction support once the investment project is operational. Receipt of the support upon project completion minimizes government liability and provides a potential net gain through construction and early operations (i.e. self-funding) in addition to providing longer term economic development, jobs, and taxation benefits. Criteria could include value-add to the natural gas resource, level of capital expenditure, job creation, etc.

The form of investment supports should address the unique circumstances of each investment. The Petrochemical Diversification Program currently uses Royalty Credits that are granted to the successful applicants during the first three years of operation. Applicants are generally not royalty payers, so there is leakage in the system, as well as additional tax liabilities. The government could consider other investment attraction supports that would be of use to project applicants, such as refundable tax credits or grants, while maintaining the self-funding attractiveness by making these available only during early years of operation. Such programs could be a percentage of invested capital, comparable to investment supports in competing jurisdictions.

In addition, another main challenge in investment decisions is that Canada is outpacing competing jurisdictions on the price of carbon, making it less likely that investments will flow to Canada unless greater certainty on carbon pricing can be provided. The uncertainty on long-range carbon pricing (beyond 2022) and increases through ratcheting, potentially erode competitiveness with other jurisdictions and are barriers to securing an investment that benefits the economy for decades into the future. In order to address this challenge, government could consider a contractual agreement approach that provides longer-term certainty on carbon regulatory compliance costs to improve Alberta's investment competitiveness and encourage industry investment. Of course, such an agreement would be conditional on the any industrial plants having a world-class carbon footprint.

As an example, the Province of British Columbia signed an Operating Performance Payments Agreement with LNG Canada[126], which is intended to encourage investment from the LNG industry. One of the key components of this agreement is compensation for the carbon tax that may apply above a specific threshold, where the facility maintains best-in-class status. The compensation in this scenario would come from the PST re-payment schedule. The BC agreement illustrates the effective use of a program that is outside, but complementary to existing GHG regulations, and which incentivizes investment in large best-in-class industrial facilities.

If the Government proceeds to create a regulatory and tax environment that works, an investment attraction model that supports investment, diversification and expansion opportunities, long term certainty, combined with leveraging the opportunity for designated industrial zones, we can increase our competitiveness and opportunities for our province and more economic certainty moving forward for both business and Government.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Provide investment attraction support programs that are open-ended, predictable and transparent;
2. Provide clear, up-front criteria for any support programs in order to qualify for and receive investment supports;
3. Provide fair and equitable opportunity to any company that meets the eligibility criteria;

[126] Legislation introduced to complete fiscal framework for LNG investment, jobs and benefits https://news.gov.bc.ca/releases/2019FIN0035-000478

4. Provide investment supports that address the unique circumstances of each investment;
5. Consider a contractual agreement approach that provides longer-term certainty on carbon regulatory compliance costs;
6. Create a "concierge service" for large industrial projects to remove barriers and guide them through the permitting and regulatory processes while requiring high standards for safety and environmental performance; and,
7. Work with municipalities to facilitate pre-approved industrial zones to streamline regulatory approvals and decision-making.

Market Access for Alberta Based Energy Products (2021)

Issue

Alberta businesses will benefit from policies that help our people, products and services find new markets. As a trade-exposed province, we must facilitate international market access through trade-enabling infrastructure, export promotion, and market diversification. To that end, we urge the provincial government to take action to enhance market access that will promote increased growth in the resources extraction and value-added industries.

Background

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

The COVID-19 pandemic has only reinforced the importance of market access, particularly in terms of the overall supply chain. Product supply and demand has varied throughout the pandemic and changing and ongoing travel restrictions have complicated the movement of goods, services, and labour around the world.

When it comes to energy market access, our overwhelming reliance on the US market means that Canadian producers are often forced to sell their products at a discounted price. Bottlenecks in our infrastructure have exacerbated the price gap between Western Canada Select (WCS) and West Texas Intermediate (WTI) with the differential of WTI over WCS at US$13.91 in February 2021, and between approximately $7.00 and $45.00 in recent years.[127]

This discount on Alberta oil has a severe negative impact on our economy. The Canadian Chamber of Commerce estimates that a $10 improvement in the price differential would result in $50 million injected into Alberta's economy every day.[128] This estimate suggests that lack of infrastructure contributes to an extraordinary transfer of wealth from Canada to the United States.

Market access impacts the value-added sector as well. The American Chemistry Council estimates that while over $250 billion in new chemical investments were announced or underway in North America as of 2018, only 1% of this investment is located in Canada.[129] Investors have identified the transportation service being a concern in competitively accessing markets in a timely manner. Alberta has seen investors more inclined to invest in the US to hedge against logistical uncertainty and to guarantee access to tidewater than invest locally. As Alberta promotes further investment opportunities to build upon our existing industries, it will be critical to ensure that all pipeline, road, and rail transportation services are readily available and provide reliable and competitive service that supports the government's strategy for product and market diversification.

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[127] Alberta Economic Dashboard

[128] http://www.chamber.ca/media/blog/130917-50-Million-a-Day/

[129] https://www.canadianchemistry.ca/library/uploads/2018_CIAC_Pre-Budget_submission_-_July_10_Final.pdf

The energy industry has been a critical component in the growth of Alberta's economy. Economic surplus captured by Alberta businesses is reinvested in the economy and creates a more productive and prosperous population. The greater the economic value that is captured from the energy industry, the greater the well-being of Alberta's business community and population.

Conclusion

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

Expanded infrastructure to access diverse markets can position Alberta businesses to fully benefit from the energy industry in the long term, by transforming Alberta producers from price takers into leaders. It will also position Alberta as energy leaders, both in traditional and non-traditional forms of energy production.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Facilitate the development of new market access for Alberta's raw energy resources and value-added products, which includes development of energy transportation infrastructure such as pipelines and railways to tidewater.

Progressive Regulations to Promote Clean Technology and District Energy (2020)

Issue

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

Background

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

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

What is district energy
District energy systems use a central energy plant to provide efficient heating, cooling, hot water, and power to a group of buildings. Modern (climate-resilient and low-carbon) district energy systems are one of the least-cost and most efficient solutions in reducing emissions and primary energy demand.[130] These systems use alternative energy sources, such as wood waste, sewer heat or waste heat, captured from other processes. Typically, district energy is almost fully consumed by the consumers within that compound, building or subdivision; any excess electricity is sold to the grid.

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

More cost effective. Because a district energy system serves many customers from one location, these systems have **lower operations and maintenance costs than buildings with** in-building heating systems. Buildings connected to district energy systems also have lower capital costs and **smaller footprints** as they require less space (i.e. fewer infrastructure requirements for metering, boiler rooms, etc.) and, as such, do not have additional associated costs such as insurance, maintenance, upgrade, etc. This is particularly beneficial for office towers, commercial buildings, condos, municipal entities, institutions, etc.

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

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

Viable, reliable and readily available technology. District energy systems are proven technologies and are already in place in other parts of Canada and around the world.[131]

Reliable access to energy. Increasingly, consumers are experiencing interruptions on the grid due to external risks such as electricity brownouts or blackouts from ice, snow and windstorms, floods and fires. Using low carbon technologies like district energy systems provide an opportunity to add to Albertan's energy security.[132]

Barriers in Alberta

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

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

In 2017, the Alberta Utilities Commission submitted the Alberta Electric Distribution System-Connected Generation Inquiry, discussing the role of district energy sources. The inquiry identified the need for regulatory change to accommodate growth in this sector in Alberta.[133]

Conclusion

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Promoting the Oil Sands as the World's Most ESG Responsible Oil Source (2022)

Issue

World demand for oil is projected to rise over the next several decades. With governments simultaneously shifting to clean energy sources, governments will be looking for environmentally sustainable oil sources to meet that demand.

Alberta produces among the world's most responsible oil on ESG merits, and this presents an opportunity to gain our global market share as governments turn to cleaner and socially responsible sources of energy. Thus, our governments must promote it as ESG friendly to ensure we are the world's first choice as an oil source.

We must also continue to innovate in making our oil even more environmentally friendly through net-zero, carbon capture, utilization and storage, and other initiatives to maintain our status as the world's most ESG responsible oil source for decades to come.

Background

World demand for oil is projected to increase to 106.3 million barrels per day by 2040.[134] Simultaneously, governments are shifting to clean energy resources. Alberta can meet increased demand as the world's 3rd largest oil reserve while also offering the world's cleanest and most ESG responsible barrel of oil. This is an unprecedented opportunity for Alberta to gain their market share and provide security of supply.

The oil sands industry is a leader in the ESG space and recognizes the need to reduce emissions even while energy demand grows.

Alberta was the first jurisdiction to put a price on carbon in 2007.[135] Average emissions per barrel has decreased by an average of 27-percent in Alberta compared to an average of 13-percent by other major oil producers.[136]Alberta's oil also leads governance strength and contributions to society. Alberta oil producers contributed over $50 million to community investments in 2015 and

[134] Canadian Association of Petroleum Producers. "Crude Oil Forecast" accessed February 23, 2022, https://www.capp.ca/resources/crude-oil-forecast/

[135] Pembina Institute. "Carbon pricing – keeping Alberta competitive since 2007" accessed February 23, 2022, https://www.pembina.org/blog/carbon-pricing-keeping-alberta-competitive-2007

[136] Canadian Energy Centre. "Canadian Oil is Getting Cleaner" accessed February 23, 2022, https://www.canadianenergycentre.ca/canadian-oil-is-getting-cleaner/

2016 alone.[137] Major infrastructure in the oil sands is also owned by local Indigenous groups limited Partnerships, such as Thebatcha[138] and Astisiy[139].

The government also needs to continue to support the industry in its efforts to become even cleaner. They can do so by continuing to support the industry in their pathways to net zero, supporting carbon capture, utilization, and storage initiatives, and supporting research and development.

As the world seeks cleaner energy, we have the unique opportunity to lead the world's energy transformation by producing net-zero oil to become the world's supplier of choice.

Our government needs to reinforce to that we offer the world's most ESG responsible oil and are ready to meet the needs of increased demand. We also need to continue challenging ourselves to improve our ESG efforts to maintain our competitive advantage.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Collaborate, support, and invest in the Oilsands Industry in their pathways to net zero by 2050;
2. Continue to promote the Oilsands Industry as a leader in ESG performance and innovation;
3. Reduce emission intensity per barrel by continuing support for carbon capture, utilization and storage programs;
4. Support companies as they develop new technologies that drive our journey to net zero; and,
5. Enable policies that promote industry competitiveness, regulatory efficiency and facilitate infrastructure investment.

[137] Canadian Association of Petroleum Producers. "Canada's Oil Sands Fact Book", accessed February 23, 2022, https://www.capp.ca/wp-content/uploads/2020/12/Canadas-Oil-Sands-Fact-Book-376695.pdf

[138] Suncor. "Fort McKay and Mikisew Cree First Nations complete purchase of 49 per cent interest in Suncor's East Tank Farm Development", accessed February 23, 2022, https://www.suncor.com/en-ca/news-and-stories/news-releases/1324275

[139] Suncor. "Having sinew in the game", accessed February 28, 2022, https://www.suncor.com/en-ca/news-and-stories/our-stories/having-sinew-in-the-game

Small Scale Renewable Energy (2021)

Issue

Literature has long suggested that Alberta has the natural assets and technical feasibility to support further renewable energy development.[140] That being said, Alberta's renewable energy generation is low compared to the other provinces.[141,142] Despite the importance and potential of renewable energy as part of a low carbon future, Alberta generated 11% of its electricity in 2017 from renewable sources,[143] which is significantly less than the national rate of 66% renewable generation.[144] Alberta's largest source of renewable energy is wind power, generated from turbines often built together at wind farms on rural land, producing roughly 5% of total electricity in the province.

Background

Alberta's electricity market is deregulated, allowing private generators to participate in a competitive power pool. Subject to the approval of the Alberta Utilities Commission (AUC), any generator can connect to the grid, where the transmission network allows buyers to purchase the energy with Power Purchase Agreements.[145] Independent Power Producers make competitive offers to sell their energy to the grid and receive a price at the intersection of electricity supply and demand on an hourly basis.[146] Smaller energy producers (under 5 MW) can develop projects under the Micro-Generation Regulation, allowing energy generation from renewable or alternative sources to offset the generator's use, as well as sell back excess power to the grid.[147]

As the third largest producer of energy in Canada, Alberta trades electricity with British Columbia, Saskatchewan and Montana.[148] In 2017, Alberta was an electricity importer.[149] The bulk of Alberta's energy comes from fossil fuel sources, with roughly 45% of electricity generated coming from coal and another 45% from natural gas in 2018.[150] Despite having a number of legacy hydroelectric dams built in the 1900s, renewable electricity generation was quickly outpaced by fossil fuel energy development.

The Government of Alberta established a goal of generating 30% of electric energy from renewable sources by 2030 within the Renewable Electricity Act, passed in 2016.[151] To facilitate the development of renewable projects to meet this target, the AESO developed and implemented the Renewable Electricity Program (REP). This program provides an Indexed Renewable Energy Credit, where the government pays or is paid the difference between the pool price for wholesale electricity

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[140] https://www.cangea.ca/uploads/3/0/9/7/30973335/2288_deep_dive_analysis_of_best_geothermal_reservoirs_for_commercial_development_in_alberta_-_final_report_20170404.pdf
[141] http://publications.gc.ca/collections/collection_2017/eccc/En4-294-2016-eng.pdf
[142] https://open.alberta.ca/dataset/2bf1b608-8e3b-4bc9-854e-23d19bbecbdc/resource/a238daa7-1513-4ac0-841e-d512d73a9c16/download/energy.pdf
[143] National Energy Board (2019). Provincial and Territorial Energy Profiles – Alberta.
[144] https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/2020/canada-energy-futures-2020.pdf
[145] https://www.pembina.org/reports/plugging-in-2018.pdf
[146] Ibid.
[147] https://www.alberta.ca/micro-generation.aspx
[148] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-alberta.html
[149] https://www.alberta.ca/micro-generation.aspx
[150] National Energy Board (2019). Provincial and Territorial Energy Profiles – Alberta.
[151] https://www.qp.alberta.ca/documents/Acts/r16p5.pdf

sale and a bid price that represents the lowest acceptable cost for the renewable project.[152] This program was designed to attract the most bidders by allocating the market price risk and opportunity to the Government of Alberta, providing revenue certainty for the renewable project owner[153]. In the first three rounds of the REP, 12 projects were selected to receive this funding, totaling 1,359.3 MW of renewable capacity to be operational by 2021. The program was able to procure the lowest renewable electricity prices in Canada.[154]

In anticipation of introducing more renewable energy, the AESO recommended a transition from an energy-only market structure to a capacity market structure.[155] Under a capacity market, generators would be compensated for both producing energy and for providing capacity to produce energy.[156] This transition was recommended to ensure the system was reliable, provided stable revenue, drove innovation and cost discipline, and was adaptable to policy decisions.[157] The AESO determined that this transition would be required to accommodate the greater number of renewable generators being introduced by providing greater price stability and to incentivize investors to develop more renewable and natural gas projects because of the revenue sustainability.[158] However, critics of the program cited concerns about oversupply and higher prices.

However, following the 2019 election, the current government, passed a bill terminating both the next round of REP and the Alberta Carbon Tax.[159] These policy changes are one reason the AESO has forecast that Alberta will not reach 30% renewable capacity by 2030.[160] There are several shovel-ready projects in Alberta. AESO reports that 49 solar and wind generation projects from international and provincial players already received regulatory approval for construction. These projects have a combined generation capacity of 3,805 megawatts, including 300 MW wind project developed by EDP Renewables and several 200 MW wind projects developed by ENMAX, BluEarth Renewables and Suncor. Combined, these projects could create over $8 billion of investment in Alberta and more than 10,400 jobs by 2024.

In the wake of COVID-19, it only makes sense to hedge our public bets by diversifying into the small-scale renewable energy market, particularly in Alberta where there is significant economic activity to be unlocked by enabling renewables at a faster pace. Leveraging stimulus spending to reduce barriers for renewable energy will help Alberta tap into the potential of its vast renewable energy resources, which will mean more jobs, more investment coming to the province and affordable electricity.

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[152] https://www.aeso.ca/market/renewable-electricity-program/about-the-program/
[153] https://www.aeso.ca/assets/Uploads/AESO-RenewableElectricityProgramRecommendations-Report.pdf
[154] https://www.aeso.ca/assets/Uploads/2019-Transmission-Capability-Assessment-Final-18Apr2019.pdf
[155] AESO (2016). Alberta's Wholesale Electricity Market Transition Recommendation.
[156] Ibid.
[157] Ibid.
[158] Ibid.
[159] https://globalnews.ca/news/5334599/alberta-carbon-tax-ucp-bill-kenney/
[160] https://calgaryherald.com/business/local-business/renewable-electricity-target-downgraded-by-albertas-electric-system-operator

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Set clear targets and make commensurate investments in energy storage projects to ensure Alberta can leverage its opportunities in renewable energy;
2. Develop outreach programs to attract students to relevant academic programs – with the aim of producing a diverse, highly skilled work force of post-secondary graduates and/or tradespersons;
3. Continue to invest in pilot projects across Alberta and neighboring provinces, to further level the playing field for renewables on the provincial grid; and
4. Engage in a united action with other levels of government, electricity employers, and academic institutions to support education and training or retraining to optimize the labour potential of current workers.

Strengthening Alberta's Electricity Transmission Intertie Infrastructure (2021)

Issue

Affordable, reliable electricity is critical to the sustainability of the Canadian economy.

Background

Reliable and affordable electricity are essential components of a well-functioning, competitive economy. Provincial interties are a key aspect of Alberta's integrated transmission system, with three operating in Alberta (connecting to B.C., Saskatchewan, and Montana). These interties enable the import and export of electricity from neighbouring jurisdictions to both support Alberta's robust, competitive, energy-only market and provide system reliability, which is of utmost importance to residential, farm, and small business and industrial consumers throughout the province. Alberta is currently the least interconnected province in Canada as a percentage of electrical load.

On June 7, 2020, Alberta experienced rolling blackouts around the province due to a lightning strike in southern British Columbia that tripped the B.C.-Alberta intertie. The blackouts that occurred were not only disruptive to Alberta residents and businesses, but they were also economically costly due to lost productivity because of the interruption to business operations. Moreover, the Alberta Electricity System Operator (AESO) has since imposed a significant reduction in import capacity (curtailment) for the Montana and B.C. interties, which is having a negative effect on transmission system operations and, more importantly, is leading to an estimated $300 to $500 million in additional costs annually for Alberta electricity consumers.[161]

Berkshire Hathaway Energy Canada's Montana-Alberta Transmission Line (MATL) Intertie Enhancement Project

The Montana Alberta Transmission Line (MATL) is a 344-kilometer, 230 kV 300 MW merchant transmission line connecting Great Falls, Montana and Lethbridge, Alberta. Analysis by Berkshire Hathaway Energy Canada shows that having a 450 MW back-to-back DC converter on the MATL intertie would increase transfer capacity for both the B.C. and MATL interties, optimizing the intertie system and improving grid reliability to help avoid future blackouts. With the support of the Canada Infrastructure Bank, BHE Canada is proposing to invest in a $200 million back-to-back DC converter station on the line—a private investment in nonregulated transmission assets funded without any increase to rate base for Alberta ratepayers.

It is anticipated the additional capacity of the MATL intertie enhancement project would result in AESO easing the current curtailment, in turn leading to significant cost benefits for Alberta electricity consumers. In addition to reducing electricity costs for rate payers, the project would generate an estimated $2.4 to $3.1 million in property taxes in Lethbridge or Warner County, substantial tax revenue for Alberta, and employment opportunities for First Nations. The project would produce more than 200 construction and engineering jobs during build out and result in five full-time operations jobs when complete.

[161] AESO's curtailments of the Montana-Alberta- B.C. interties cost Alberta consumers $70 million in the first 46 days.

Expanding intertie infrastructure is of strategic interest to Alberta and Canada's economic and climate goals.

Alberta's current intertie infrastructure limits access to hydropower produced in B.C. and Manitoba, as well as access to renewable power produced in southern Alberta and the United States. Interties complement high penetrations of variable renewable electricity by enabling jurisdictions to trade surplus renewable generation with other markets when output is high and to import electricity when output is low.[162] Finding ways to improve the transmission system's reliability, lower electricity costs for consumers, and improve access to renewable energy sources are critical objectives to enable a less carbon-intensive and more sustainable Canadian economy.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Support private investment in provincial interties to enable competition in Alberta's energy-only market, lower electricity costs, and improve grid reliability, including BHE Canada's MATL intertie and back-to-back DC converter station project; and
2. Promote development of interjurisdictional interties to improve access to electricity produced by renewable resources and increase opportunities for interprovincial and Canada-U.S. electricity trade.

[162] *Strategic Electricity Interties* Report of the Standing Committee on Natural Resources 2017

Sustainability of Canada/Alberta's Energy Industry (2022)

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 sixth-largest global producer of natural gas[1] and the fourth-largest global producer of oil[2]. 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.

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 passage of Bills C-69 (Canadian Environmental Assessment Agency and National Energy Board review) and C-48 (West Coast Tanker Moratorium), concerns over future certainty for oil and gas investments will continue until economic solutions can be found to address market access issues.

Regulatory Competitiveness

Provincially, Canada has some of the most stringent regulatory standards in the world. But with this status comes challenges. In Alberta, concerns have been raised for years regarding regulatory process inefficiencies, long approval timeframes, and increasing costs to meet regulatory requirements. These

challenges lead to a loss in investor confidence and eventually driving investments to other regions where the regulatory systems are not so complex. There is a need for balance in enabling efficient and transparent regulatory processes to enhance industry competitiveness while achieving environmental goals and meeting community needs.

Economic Policy

A competitive fiscal framework encourages investment not only in resource extraction and value-add manufacturing but also in research and innovation. Combined, the opportunity exists to create a highly competitive and world-leading environment for industrial development that meets global market demands. Canada has a history of driving innovation to meet product and environmental needs. Canadian made technologies have been shared around the world raising awareness globally of the innovative expertise in our energy industry. Further opportunities exist to drive innovation. Finding ways to extract higher rates of resources with less impact on the environment is a key area of interest to the upstream industry. As well, the downstream industry is also focused on operational efficiencies and the development of products that achieve global demands (i.e.–reducing plastic waste, developing next generation fuels, and developing green building products).

Taxation in Canada was once highly competitive compared to the US, but recently the US has put in place tax reforms that have caused Canada's fiscal framework to fall behind. The average US combined federal and state corporate tax rate is now 25.75%, according to a recent report by Grant Thornton. Texas, which has the majority of US investment in oil and gas development, has zero corporate tax rate therefore companies only pay a federal rate of 21%. When comparing this to Canada, the combined federal and provincial corporate income rate for Alberta is 23%.

Decarbonization

There are exciting new decarbonization efforts being made in the province that include Blue Hydrogen produced through our abundant supply of natural gas, Carbon Capture Utilization and Storage projects and important Circular Economy efforts. It is important these actions are continued and promoted to the rest of Canada, and the globe, so that the world continues to learn and be aware that Alberta is a world class leader in energy production.

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 Commerce recommends 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 and economic competitiveness;
2. Establish policies that are clear, transparent, and provide long-term certainty to investors;
3. Provide a clear and concise policy on stakeholder engagement and consultations, including with Indigenous partners, that is consistent between all projects; and
4. Continue to support and promote the important work being done in Alberta to produce decarbonized energy for Canada and the world; for example, work around Hydrogen, Carbon Capture Utilization and Storage, and the Circular Economy.

Upgrade Alberta: Fixing Alberta's Bitumen Valuation Methodology (2021)

Issue

The oil sands resource is Alberta's largest economic asset, with proven reserves over 160 billion barrels.[163] Due to challenging market conditions, oil sands investment declined every year from the peak in 2014 through 2020.[164] While nearly two-thirds of oil sands production used to be upgraded, now only about one-third of oil sands production is upgraded. Currently, the Bitumen Valuation Methodology (BVM) is economically disadvantaging value-add opportunities for bitumen production, including upgrading. This is because the current BVM overestimates the value of bitumen relative to the actual market pricing. Revising BVM to reflect market value of bitumen is the most important long-term economic strategy the government can implement to enable market-based investment in technologies that add value to Alberta's resources and diversify Alberta's economy.

Background

In 2009, Alberta implemented the Bitumen Valuation Methodology (BVM) with the intent of ensuring integrated operators generally received the same market basis for royalty pricing whether they integrate the barrel of bitumen into an upgrader or sell to a third-party. This originated during the 2007 royalty review as a result of the termination of crown agreements with existing operators. The intent of BVM was to temporarily set a value on bitumen produced by integrated producers that was reflective of market prices, but the formula has led to inconsistent and substantially higher pricing than the market value of bitumen. A permanent replacement for BVM has not been developed.

BVM formula pricing assigns significantly higher bitumen prices ($4-8/bbl) than the market. The gap widens when market access issues worsen and differentials widen because there is a floor price provision linking the price to Mexican Maya heavy crude oil sold into the US Gulf Coast market. Integrated oil sands producers are paying incremental royalties on the value-added product instead of the bitumen production. This erodes upgrading margin and results in a significant competitive disadvantage in building additional processing in the province versus other jurisdictions. This has become Alberta's single largest financial barrier to investment in value added technology for the oil sands.

Alberta's resource is being sold at lower prices instead of being upgraded to create higher-value products that yield a higher price. Major construction projects have been withdrawn and the last greenfield oil sands development was sanctioned in 2013. Planned new upgraders and expansions of existing upgraders have been shelved, while oil sands companies have invested more than $18 billion in value-added in the United States. Prior to the introduction of BVM, approximately 60 per cent of produced bitumen was upgraded in the province. That share has dropped to about 35 per cent.[165]

[163] https://www.alberta.ca/oil-sands-facts-and-statistics.aspx
[164] https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3410003601
[165] https://www.capp.ca/wp-content/uploads/2021/05/Upgrade-Alberta-Eliminate-a-Barrier-to-Jobs-and-Prosperity-Kick-Start-Economic-Recovery-391659-1.pdf

Removing BVM and implementing a method that ensures the royalty for bitumen upgraded in Alberta is based on the same market value as the bitumen sold by producers to third parties, would lead to 50 per cent of bitumen being upgraded in the province in the next ten years. This aligns with Alberta Innovates goal of upgrading 20 per cent of in situ production (approximately 500,000 b/d of partial upgrading capacity) and the Government of Alberta's Recovery Plan.[166]

Reaching a goal of upgrading 50 per cent of bitumen in the province would:

- Allow for debottlenecking at existing upgraders, adding 100,000 b/d of upgrading capacity and, add an additional 400,000 b/d of upgrading capacity through potential new investments in partial upgraders.
- Create 30,000 construction jobs and more than 11,000 permanent jobs in Alberta.
- Generate an average of over $700 million in annual government revenue (taxes and royalties) over the life the new assets – 30 years or more.
- Free capacity on existing pipelines, up to an additional 180,000 b/d.
- Create new customers and markets for Alberta's oil sands products.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Remove the existing Bitumen Valuation Methodology and design a method that ensures the royalty for bitumen upgraded in Alberta is based on market value, ensuring competitiveness and value for Albertans and restoring investor confidence; and

2. Adopt the target of upgrading at least 50 per cent of Alberta's bitumen in the province in the next ten years.

[166] https://albertainnovates.ca/impact/newsroom/report-on-partial-bitumen-upgrading-delivers-key-market-insights/

Environment and Parks

Creating Jobs Through Remediating and Redeveloping Brownfields (2022)

Issue

The current process to discover, investigate, remediate, and redevelop brownfields is onerous, costly, and frustrating for local governments and does not encourage and incentivize the private sector to redevelop brownfields. While Alberta's Municipal Government Act enables local governments to cancel, defer, or reduce the municipal taxes on brownfields through a property tax bylaw, the provincial portion of education taxes remains on the property. In addition, legislation and regulations for remediation and reclamation change over time with old reclamation certificates deemed null and void because they do not meet the current requirements. The evolution of standards and lack of funding and incentive creates significant barriers for brownfield redevelopment.

Background

More than 1,700 brownfields sit abandoned on main streets and in neighbourhoods in almost every municipality across Alberta. The cost to remediate brownfields is quite onerous, often costing more than the property's value, resulting in private property owners choosing to leave brownfields vacant/dormant to avoid these costs, leaving brownfields and contaminated sites a detriment to business development, community growth and aesthetics in many communities.

In 2011, Alberta Environment and Parks (AEP) established a working group to identify required actions to encourage brownfield redevelopment. AUMA participated in this working group along with Municipal Affairs, the Cities of Edmonton and Calgary, Rural Municipalities of Alberta, the Federation of Canadian Municipalities, and industry stakeholders such as the Canadian Fuels Association and BILD. The group's final report[167], which included recommendations relating to financial tools, liability closure and educational programs, was submitted to responsible Ministers in April 2012. Since the final report, AEP has implemented several recommendations, but not all of them. A successful example coming from the report is enabling Municipal Government Act (MGA) to grant municipalities to offer multi-year property tax exemptions for brownfields. However, the province's education tax portion remains despite that municipal property tax exemption, and municipalities will continue to collect the education tax on behalf of the provincial government.

The provincial government has not enacted several important recommendations, including providing financial offsets to support local governments for environmental site assessment or financial incentives for the private sector to redevelop brownfields. Financial incentives and support are significant for smaller rural communities, who may not have the expertise and resources to investigate, reclaim and reuse contaminated sites.

Today's regulatory system for brownfield development can be burdensome, slow and confusing. Streamlining the system is equally important as having financial incentives for local government and businesses to redevelop brownfields so that not only can we contribute to protecting our environment, but also stimulate job creation and spur investment, development, tax revenue generation and sustainability within our communities.

[167] https://www.abmunis.ca/sites/default/files/brownfield_redevelopment_working_group_final_report-_practical_approache.pdf

Alberta needs a better system to allow local governments and businesses to discover, investigate, remediate, and redevelop brownfields. We need the provincial government's assistance on financial and regulatory barriers to this development.

At a time of economic uncertainty and increased concern about the state of the environment and our economy, brownfield redevelopment provides a business opportunity for Alberta.

Municipalities, the province, and the private sector need to collaborate on solutions that promote economic development, protect the environment, and improve Alberta's reputation as a responsible steward of natural resources.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Immediately implement all recommendations from the 2011 Brownfield Redevelopment Working Group;
2. Provide financial incentives to support municipalities in conducting environmental site assessments;
3. Develop a policy to manage old reclamation certificates deemed null and void and re-define the Orphan Well Association mandate to support legacy sites;
4. Create a provincial brownfield tax incentive program to match the province's education tax with municipal property tax to encourage eligible property owners to clean up brownfield properties; and,
5. Through the Associate Minister of Red Tape Reduction, work to remove barriers for local government and the private sector to discover, investigate, remediate, and redevelop brownfields.

Domestic Reclaimed Water Use (2022)

Issue

Health Canada has guidelines for domestic reclaimed water use in toilet and urinal flushing but Alberta doesnot 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)[168], 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 householdsto recycle their grey water.

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

A study (June 25, 2012) has found that citizens in a water – stressed basin of Spain are willing to pay over $5extra 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.[169]

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

Regulatory Approval for Soil and Water Technologies (2022)

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. We appreciate recent government action taken to address some concerns. There is still, however, more important work to be done, especially for products that focus on soil chemistry.

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 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.

There have been recent government actions that have helped address industrial challenges, including more stringent fines for non-compliance, however, there is more work to be done, especially around municipal regulation harmony, and updates to soil chemistry regulations.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Striking a Balance Between a Healthy Economy and Low Carbon Emissions (2020)

Issue

Government needs to strike a balance between achieving its emission reduction goals and preserving the competitiveness of the economy using pragmatic, flexible and innovative solutions.

Background

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

We recognize that Alberta's emissions are challenging to reduce for three primary reasons. First, our population and economic growth rates, as well as our incomes, have grown faster than other provinces, and emissions tend to be correlated with population, income and wealth. Second, our large, anchor industries are emissions-intensive and consist of long-lived assets (oil sands plants, gas plants, chemical production, refineries, etc.) which can improve performance over time, but not as rapidly as other sectors with shorter asset lives[170]. According to Canada's Ecofiscal Commission, 18% of Alberta's economy would qualify, under internationally recognized standards, as being both emissions-intensive and trade-exposed (compared to 2% in B.C. and Ontario and 1% in Quebec)[171]. Finally, our choice of fuels for electricity generation drives emissions.

The Technology Innovation and Emissions Reduction (TIER) program replaced the Carbon Competitiveness Incentive Regulation (CCIR) for large industrial emitters on January 1, 2020 and meets the federal benchmarks of $30 per tonne on emissions and is set to increase to $40 per tonne in 2021 and $50 per tonne in 2022.

Since Alberta's economy is particularly sensitive, there is concern that unduly aggressive actions taken to reduce emissions in Alberta may not lead to real emissions reductions. Instead investment may just shift to other jurisdictions without stringent GHG policies, negatively affecting Alberta's economy and not ultimately impacting global greenhouse gas emissions due to carbon leakage. Ensuring that our economy and small businesses remain vital and competitive is imperative as small businesses makes up 95% of all businesses in the province and are responsible for 35% of all private sector employment in the province. Government needs to strike a balance between achieving its emissions goals and preserving the competitiveness of a "vital lynchpin" of the economy[172].

There are many businesses, industries and municipalities that are looking to reduce their carbon footprint by converting to natural gas as an alternate energy source. While still a source of GHG emissions, in comparison with other fuel sources natural gas is less carbon intensive, relatively

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

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

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

clean-burning, abundant, safe, reliable and efficient. Burning natural gas gives off much fewer toxic emissions than coal or oil and for the same amount of energy produced; gas emits 30% less carbon dioxide when burned than oil, and as much as 45% less than coal[173]. Despite this known benefit, natural gas still has significant carbon pricing applied.

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

Earmarking a portion of the funds collected through the TIER program to create educational tools that highlight the high ethical, environmental and sustainable standards of the natural resource sector in Alberta will lay the groundwork for the education of Albertans. The goal of any climate policy is to change behavior and drive businesses and consumers to make choices that support low or zero carbon products. The provincial government must allow for the most effective way to encourage these new patterns of behaviour. Government should continue to provide incentives through tax credits to emerging alternative energy innovations which may provide wider spread and supportable long-term cooperation towards a low carbon economy. Alberta could also pursue cooperation of the federal government to provide carbon credits to the natural gas industry when exporting products displacing higher carbon fuel sources, as well as negotiate tariffs or import taxes on oil and gas products in future international trade agreements to both promote and protect our homegrown industries.

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

Flexibility to allow businesses to use innovative market driven solutions to fill the gaps between conventional and renewable forms of energy must be encouraged. Offering equal tax incentives between emerging technologies and those alternative energy sources already established, like solar and wind, will ensure that the government is not dictating "winners and losers". Alternatives and solutions must be driven by consumers and businesses and not dictated by government to ensure the best overall result. For example, the UK offers an accelerated depreciation allowance for energy efficiency equipment and technology, so that companies can replace old, energy consuming equipment with better models, which allows them to cut their operational costs.

The balance between preserving the economy while converting to low carbon emissions requires policies that are effective while also politically palatable. If policies and programs are applied ineffectively or seem to be incomplete and unduly punitive their chances of being successful and leading the charge to change behaviour will be unsustainable. There are numerous opportunities available that Alberta must seize in order to demonstrate its adaptability, resiliency and reinforce its long-held tradition of being pioneers in spirit and action. Capitalizing on the opportunities that arise from adapting to a low emissions economy is a path to economic sustainability which Alberta is

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

uniquely positioned to undertake.

Climate change is not possible in a single political cycle and needs buy in from society and government as a whole. Any policy implemented needs to be meaningful, pragmatic, sensible and flexible in order to achieve the final goal of emissions reductions and environmental preservation.

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

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

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

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

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

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

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

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

Finance and Treasury Board

Alberta Budget 2022/23

Issue

The Alberta economy is showing some encouraging early signs of recovering from the shocks of the pandemic although there are continued risks that the recovery could be uneven and interrupted by future waves of COVID-19 or by changes to global market forces. Gains in the labour market have been welcomed but the unemployment rate remains high even as employers in some sectors struggle to find the talent they need. The Alberta Chambers of Commerce commends the Government of Alberta for working diligently, along with other orders of government, on the pandemic response in support of businesses and all Albertans. The business community continues to adapt to new challenges, particularly the current Omicron wave which has meant a severe setback for many companies.

Background

Economic Recovery

With many payment deferral and pandemic support programs coming to an end, employers are concerned about their capacity to catch up on the accumulation of bills with fewer customers coming through the door. We urge governments to ensure flexible debt repayment schedules for businesses who accessed debt-supported response programs, such as the CEBA and BCAP, to ensure employers aren't forced to shut their doors due to government debt repayment. The government should be ready to introduce and operate programs to support businesses, particularly small business, during the most recent Omicron wave to assist with staff shortages and reduced traffic. We do not know what the future will bring and the government must be ready to respond.

The agreement signed between the Government of Canada and the Government of Alberta for high-quality, affordable and accessible early learning and child care is a vital step forward to strengthen the economy and support entrepreneurs, families, and the workforce. The effects of the pandemic have emphasized this critical need. Improved access to early learning and care provides an excellent start for children and support for families. It generates economic benefits through higher workforce participation, improved productivity, increased GDP and taxation revenues, and talent attraction. The Alberta Chambers of Commerce calls for continued collaboration with federal and municipal governments to ensure that families benefit from this important program as quickly as possible.

The need for shelters, supportive housing and affordable housing in Edmonton continues to be high. Currently more than 2,800 people are experiencing houselessness in Edmonton which has doubled since 2019. In addition to funding for affordable and supportive housing, significant investments in addictions and mental health services are urgently needed. Services must be delivered in a coordinated way by federal, provincial and municipal governments as well as other service organizations.

Businesses are very concerned about the rising numbers of people experiencing houselessness and the associated impacts to communities including personal safety issues, property damage, and crime and disorder. While this is a social issue, it is also an economic issue. Business districts and transportation must be safe and must appear safe for residents, front-line employees, office workers, shift-workers and customers. Investors will take safety and disorder into account when making investment decisions and customers and clients may choose to stay away, damaging the vibrancy and reputation of business districts. Houselessness deepens the severity of the challenges people face and prolongs the need for health, social and justice system supports.

Post-secondary institutions and higher learning are critical to a healthy economic environment in Alberta. Edmonton has the advantage of a large and diverse number of institutions to support a highly skilled population and to meet the evolving workforce needs through a full spectrum of certifications and micro-credentials through to graduate research. The global pandemic highlighted the critical role that research and development played in supporting the swift response and ensuring Alberta and Canada are ready for the challenges of the future. Developing, attracting and supporting top talent, accelerating employment readiness, recognizing foreign credentials and easier access to the Immigrant Nominee Program are high priorities for the business community and funding for post-secondaries should be generally stable and predictable.

Responsible fiscal management

The 2019 Blue Ribbon Panel reviewing Alberta's spending was a strong first step, ensuring Albertans receive effective government service delivery for the taxes they pay. Given the impacts of the pandemic on government revenues, the Province should convene a similar panel to examine the opposite side of the ledger. This review cannot ignore the largest and most controversial question on tax in Alberta – that being the adoption of the Provincial Sales Tax or Harmonized Sales Tax, as other provinces have done. Having said that, it is important that offsets like a lower provincial personal income tax rate be contemplated as any "consumption tax" should not be an additional burden layered on other taxes. Both this type of review, and the related review on spending, should be conducted periodically to ensure that the impacts of any resulting changes to tax systems or spending can be measured and reported publicly. In addition, the Alberta Chambers of Commerce believes a high priority should be a continuous review of programs and services and the implementation of solutions that increase efficiency through technology.

The Province should focus on long-term economic sustainability to enable businesses to confidently plan for the future. The Government of Alberta has never published a long-term fiscal plan. In 2018, the Auditor General of Alberta published a commentary titled: *Putting Alberta's Financial Future in Focus*. The commentary summarizes possible risks ahead that Alberta must address, including demographic changes, an ageing population, chronic disease, climate change, infrastructure maintenance, the economic shift away from fossil fuels, rising interest rates and environmental remediation. If the government does not engage in, and report on, long-term planning, Albertans will not be able to evaluate whether the decisions made today are sustainable over the next twenty years.

The Alberta Chambers of Commerce recommends that the Government of Alberta develop and publish a rolling annual report on the long-term fiscal health of the province reaching at least 20 years into the future, including enduring performance measures and tracking.

Trade Diversification

As provincial and federal leaders continue to discuss measures to boost Canada's economy, internal trade is a low-cost alternative to many more costly economic stimulus measures. Statistics Canada estimates that internal trade barriers add roughly seven percent to the cost of goods we buy, and the IMF estimates that the removal of internal trade barriers would grow Canada's GDP by nearly four percent. We urge governments to explore every avenue for dismantling internal trade barriers.

Alberta's traditional industries – agriculture, forestry and energy – were experiencing significant hardship prior to the pandemic, which has only heightened market uncertainty. The economic prosperity resulting from Canada's natural resource development depends on major infrastructure projects and technological advancements. As governments update their capital plans, we urge them to place a strong emphasis on trade-enabling infrastructure that will help to strengthen our long-term economic growth.

Innovation

Alberta's Innovation Employment Grant proposes to increase an organization's research and development spending. To meet concerns that the grant does not adequately support scale-up efforts, consult with companies to ensure the grant supports not only research and development but also scale-up and commercialization activities.

Alberta has supported research for decades, and such investments sought to improve Alberta's economy and quality of life, but the resulting innovations have been challenging to transfer or commercialize. In collaboration with post-secondary institutions, industry, and entrepreneurs, Alberta should swiftly develop and implement an Intellectual Property Strategy to strengthen collaboration, inspire investor confidence, and provide pathways to commercialize discoveries and innovations. In addition, an increased focus on applied research will support the commercialization of our innovation efforts.

Invest in a Low-Carbon Economy

The Edmonton Chamber of Commerce joined a coalition of the nine largest metro Chambers of Commerce for the Natural Resources Summit to engage in important dialogue about the future of the energy industry. Businesses can offer solutions to ensure that Canada continues to responsibly develop our natural resources and fight global climate change at the same time. It is critical that we reduce polarization and seek constructive answers to the challenges ahead.

Alberta should reinvest carbon tax funds directly into innovation and support investments made by the private sector to leverage and advance innovation. Currently, due to the combination of domestic and international factors many companies are struggling with reduced liquidity, which prevents them from being able to allocate funding to innovation. We encourage both provincial and federal governments to support businesses in seeking international markets that accelerate the growth, commercialization, and adoption of Alberta's homegrown technologies by allocating a portion of export development resources to low-emissions technology.

Capital Spending for Future Growth

Significant capital spending was used to help buoy the economy during the downturn, and the province realized relative savings by taking advantage of lower construction costs. This strategy of counter-cyclical capital spending in previous budgets was strongly supported by the Edmonton Chamber of Commerce.

The Alberta Chambers of Commerce supports strategic investments in growth-enabling infrastructure, and in particular investments to ensure that all homes and businesses in the province have access to high-speed internet. Albertans in remote, rural and First Nations communities require reliable telecommunications infrastructure to access education, employment opportunities, community and public services, and goods and services. Delaying these investments will create a greater digital divide and exclude rural and remote Canadians from many growth opportunities.

Infrastructure projects for housing will create jobs while providing communities with the infrastructure they need to fully recover and be set up for long-term success. Developing non-market housing options also helps to reduce government spending in other areas due to the impacts of houselessness. The City of Edmonton estimates an operational cost savings of over $10,000 for each of the 46 residents of Edmonton's Ambrose Place housing project, as the frequency of interactions with emergency services have been drastically reduced. Addressing the impacts of houselessness is crucial to our economic recovery, and this issue has been raised by many members of the business community. Further collaboration and commitment is needed by all levels of government to

effectively make a difference for those experiencing houselessness. The province should also assist the municipality where possible to improve timelines for affordable housing development permits and allow projects to proceed as quickly as possible.

The Alberta Chambers of Commerce recommends the Government of Alberta:

Economic Recovery

1. Provide flexibility on debt repayments to support businesses once support programs end;
2. The government should be ready to introduce and operate programs to support businesses, particularly small business, during the most recent Omicron wave to assist with staff shortages and reduced traffic;
3. Continue to work with federal and municipal governments to ensure that families benefit from affordable, accessible and high-quality early learning and child care as soon as possible and target benefits to those families who are most in need of assistance;
4. Continue to invest in operational funding for emergency shelter spaces; and
5. Ensure stable, ongoing investment in skills training and post-secondary institutions.

Responsible fiscal management

6. Align spending with core government priorities, including a full and transparent review of all government programs and services to eliminate under-used or inefficient services;
7. Appoint an independent panel of experts to review Alberta's revenue sources, including a review looking and current and new sources of revenue;
8. Publish a rolling annual report on the long-term fiscal health of the province reaching at least 20 years into the future, including enduring performance measures and tracking. This should include:
    a. information about expected demographic changes that will impact on the economy and/or the provision of government services.
    b. information about significant projected changes related to Alberta's major industries, and in the Canadian economy as a whole.

Trade Diversification

9. Aggressively dismantle internal trade barriers and bolster interprovincial supply chains to promote local economies;
10. Facilitate international market access through enabling infrastructure development and increasing export promotion to diversify Alberta markets and provide stability and opportunities for growth; and
11. Set specific, measurable and commercially sustainable diversification targets that include performance objectives and transparent reporting.

Innovation

12. Ensure the Innovation Employment Grant supports not only research and development but also scale-up and commercialization activities; and
13. Develop and execute an Intellectual Property Strategy to accelerate commercialization of Alberta's IP including post-secondary institutions and entrepreneurs.

Invest in a Low-Carbon Economy

14. Publicly support Alberta's continued position as an energy leader that will play a key role in the transition towards the low-carbon economy of the future;
15. Reinvest carbon tax funds directly into innovation to leverage and advance innovation in the private sector; and
16. Continue to support industry-sponsored technology solutions and push the regulatory bodies to expedite new standard adaptations that reduce Alberta's emissions and could be exported to reduce emissions globally.

Capital Spending for Future Growth

17. Prepare for Alberta's continued growth by strategically investing in growth-enabling infrastructure and work with industry to enable 100% of businesses, homes, ranches and farms in Alberta to have access to high-speed internet by 2025; and,
18. Work with service providers and the federal government to invest in infrastructure projects for permanent supportive housing and centres of community, to assist those in need of housing and enhance community vibrancy and support changes to streamline the development process.

Consolidating the Administration of the Provincial and Federal Corporate Tax Compliance and Collection (2021)

Issue

Alberta and Quebec are the only two remaining jurisdictions in Canada that have not consolidated their corporate income tax administration with the federal government. The duplication of filing requirements imposes an additional tax compliance burden through two returns and creates unnecessary compliance risks for Alberta businesses. From a tax compliance perspective, this continued duplication of functions, including reporting, auditing and returns, is a source of frustration and red tape.

Background

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

Since 1962, tax collection agreements (TCAs) have provided an administrative and legislative framework for the harmonization of tax structures, while respective provincial and federal governments' rights to impose personal and corporate income taxes. The TCAs do not prevent the provinces from continuing to establish their own tax calculations independently of the federal tax calculations. Indeed, personal income taxes in Alberta are collected by the Government of Canada.

According to a 2006 Ontario Fiscal Review, consolidation of the corporate income tax (which began in Ontario in 2009) was expected to save Ontario businesses $90 million annually from a consolidated tax base and an additional $100 million in compliance costs.[174] While Alberta is a smaller province compared with Ontario, the savings for businesses would be substantial and could be reinvested in the provincial economy.

Eleven of 13 provinces have already harmonized corporate tax collection by the federal government. For businesses operating in Alberta, the additional provincial system is an unnecessary regulatory barrier.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

[174] https://www.fin.gov.on.ca/en/tax/ct/singleadmin.html

Employee Share Ownership Plans: Harnessing Alberta's Entrepreneurial Spirit (2021)

Issue

Alberta's small businesses are struggling to recover from both the dramatic loss of revenues and access to capital created by Covid-19 safety regulations. And, while businesses struggle, Canadians' personal savings have reached unprecedented numbers. This is a unique opportunity to have Albertans invest in their employers and speed up the economic recovery. However, unlike other provinces, no personal tax incentives exist in Alberta for employees looking to invest in their employers.

Background

The Covid-19 crisis has unevenly impacted Alberta's small businesses. Statistics Canada's *Impact of COVID-19 on Small Businesses in Canada, Third Quarter 2020* shows that small businesses were more likely to experience a decrease in revenue and have less liquidity and were more likely to be unable to take on more debt and to be considering bankruptcy in the current economic environment.[175] And, while half of all Canadian businesses reported a revenue decrease, it was more likely for smaller businesses to report a revenue decrease of 40% or more.[176]

With declining revenues, some small businesses are being forced to borrow. However, small businesses are less likely to have the ability to take on debt.[177] In fact, close to half of businesses with 1 to 4 employees (47.2%), and around two-fifths of businesses with 5 to 19 employees (43.4%), do not have the ability to take on more debt.[178]

This decline in revenues combined with difficulties in borrowing inevitably leads to employment reduction. While small businesses are less likely to lay off staff, when layoffs are made, small businesses are more likely to layoff all of their staff.[179]

Of note, however, these businesses are also most likely to rehire all staff back.[180]

Yet, despite these layoffs, in large part due to government programs like the Canadian Emergency Response Benefit (CERB), Canadians' household savings were $90 billion more than expected in the second quarter of 2020 and household savings are the highest in our country's history[181].

Employee Share Ownership Plans (ESOP) are an effective way of helping small businesses access the liquidity they need to survive while providing employees with short- and long-term investment benefits from their substantial savings.

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[175] Impact of COVID-19 on small businesses in Canada, third quarter 2020. Statistics Canada: https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00088-eng.htm
[176] Ibid.
[177] Ibid.
[178] Ibid.
[179] Ibid.
[180] Ibid.
[181] Household savings in Canada skyrocket during pandemic as Ottawa doles out billions in emergency benefits. National Post: https://nationalpost.com/news/politics/household-savings-in-canada-skyrocket-during-pandemic-as-ottawa-doles-out-billions-in-emergency-benefits

According to the ESOP Association of Canada, ESOPs are also an excellent tool to help recruit and retain talent, improve productivity and employee engagement, assist with succession planning, and allow participating employees to build long term wealth while acting as a source of capital for the company[182].

Only two provinces in Canada offer government programs that incentive employees to participate in share ownership plans, however. The province of British Columbia offers a 20 percent tax credit for employees making investments in their employers' businesses[183] and Manitoba offers employees a partially refundable 45 percent tax credit.[184]

By providing personal tax incentives to Albertans looking to invest in their employers, the Government of Alberta can support its small businesses while unlocking Albertans' savings to speed up our economic recovery.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Offer a personal income tax incentive to employees participating in Employee Share Ownership Plans; and
2. Consider preferred tax treatment for the corporation offering an Employee Share Ownership Plan to help with the cost of administering the program.

[182] ESOP Association of Canada: https://www.esopcanada.ca/content.aspx?page_id=22&club_id=925161&module_id=409825

[183] Government of British Columbia: https://www2.gov.bc.ca/gov/content/employment-business/investment-capital/employee-share-ownership-program

[184] Government of Manitoba: https://www.gov.mb.ca/finance/tao/esop.html

Encouraging Film and Television Production in Alberta Through Expansion of the Film and Television Tax Credit (2020)

Issue

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

Background

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

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

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

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

Analysis

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Positioning Alberta for a Healthy Future (2022)

Issue

Fitness, physical activity, and wellness providers play an integral role in the overall health and wellbeing of Albertans of all ages, socio-economic backgrounds, and ability levels. Incentivizing Albertans to invest in health and wellness will result in lower costs for maintaining the provincial healthcare system, in turn, providing opportunity to reduce tax burdens on Albertans and employers.

Background

Economics of Health

Encouraging physical activity is of paramount importance to adopting lifelong behaviour changes which can result in lowering the costs of healthcare for Albertans. During the Covid-19 pandemic, many Albertans were forced to move to their living rooms, basements and outside for their fitness and activity.

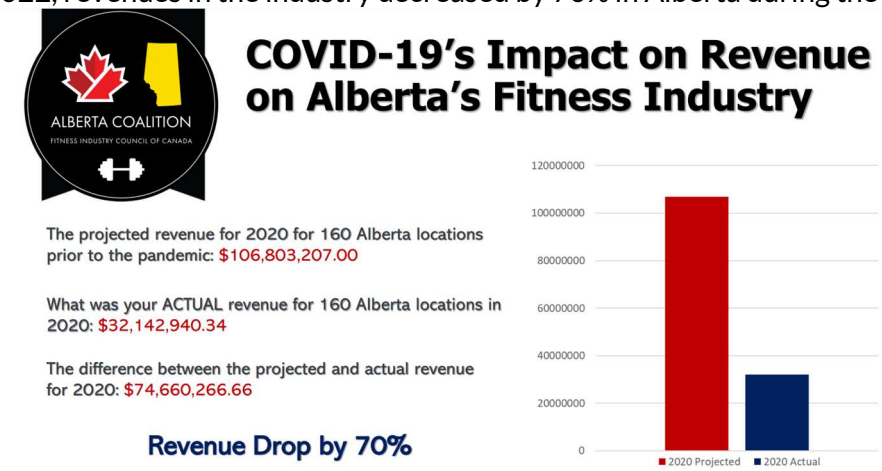
Pre-Covid, in Canada, the annual economic burden of the risk factors excess weight and physical inactivity are estimated at $30 billion in 2012. Of the $30 billion, $19.0 ($13.8 to $24.0) billion to excess weight and $10.0 ($7.8 to $12.0) billion to physical inactivity. A 1 % relative annual reduction in each physical inactivity and obesity risk factor would result in an $2.1 billion annual reduction in economic burden by 2031.1

According to a recent study by Dalhousie University, 45% of Canadian's gained weight during the pandemic with the 38% reporting weight gain of 6-10 pounds.[1] In turn, the overall increases of individual's weight and sedentary lifestyles will have only increased and continue increasing the overall burdens on Alberta's and other provincial healthcare systems.

Economics of the Fitness Industry

Prior to the pandemic, many entrepreneurs in the fitness and health industry were thriving. Fitness professionals were earning good incomes and contributing to federal and provincial tax revenues.

According to survey of its members conducted by the Fitness Industry Council of Canada in March 2022, revenues in the industry decreased by 70% in Alberta during the pandemic:



The results above are from a survey conducted by Fitness Industry Council of Canada in March 2022 via our membership base.

Furthermore, according to research conducting by the Canadian Federation of Independent Business, entrepreneurs in the industry have taken on an additional $160,000 in personal debt to navigate numerous closures and strict operating guidelines.[1]

Without a dramatic shift in the use of these services, it is estimated that 30-40% of businesses in this sector will need to file for bankruptcy within five months of the termination of the wage subsidy program. In Alberta, some studio's have already started the process of "leaning out" their operations. Reducing salaries, classes, offerings in order to reduce their overall expenses. The closure of these businesses will have a dramatic impact on the economy and well being of Albertans, leading to lost jobs and less opportunities for Albertans to maintain their health, in turn, resulting in higher healthcare costs and higher tax burdens to maintain the health care system.

Opportunities of Health-Focused Tax Policy
A simple tax credit could provide a boost to the health and fitness industry, getting Albertan's back to being active and getting industry professionals back to work. This tax credit could be made available for individuals or families which engage the services of legitimate for-profit or non-profit entities, for example:

- Gym memberships
- Private studio memberships or classes
- Personal training sessions
- Group fitness classes
- Activity coaching sessions
- Team sports
- Children's programs such as dance, gymnastics, swimming, soccer, hockey, racquet sports etc.

Proactive tax policy to incent investment in personal fitness would enable a healthier and more productive workforce, reduce the economic impacts of business closures and job losses, while also reducing the costs of the healthcare system and improving quality of life for Albertans.

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

1. Provide a one-time, Physical Activity Tax Credit for Albertan's and families who invest in their own personal health or the health of their children via a legitimate private or non-profit organization with a valid CRA business number.

Provincial Insurance Premiums Tax: A Barrier to Investment and Responsible Decisions (2020)

Issue

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

Background

Market research conducted by the Alberta Chambers of Commerce (ACC) network indicates the provincial insurance premiums tax (IPT) is a major barrier to business growth. According to a recent survey, 69 per cent of more than 1000 respondents cited this tax as a barrier to business growth – more than any other provincial or municipal costs ACC surveyed. Only 3 per cent indicating this tax benefited their growth, signaling it provided the lowest value proposition as a cost for doing business in Alberta.[185]

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

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

Taxing Albertans and businesses for seeking (or providing) the protections afforded through these types of insurance coverage is counterintuitive. According to the C.D. Howe Institute, one percentage point in the provincial IPT rate leads to a 10 per cent decrease in the number of life insurance contracts sold. Reduced insurance coverage for natural disasters [and pandemics such as COVID-19], or relief of the financial burden of illness and disability, may also increase cost pressures on future provincial budgets.[186]

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

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

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

[186] Piling On – How Provincial Taxation of Insurance Premiums Costs Consumers, 2018

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

Reduce Alberta Corporate Income Tax Rates (2022)

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 2022
General	11.5 %	11.0 %	12.0 %	10.0 %
M & P	11.5 %	11.0 %	12.0 %	10.0 %
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 three provinces with lower tax rates for small businesses than Alberta.

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Ensure that the Alberta small business and general corporate tax rate applicable to Canadian-controlled private corporations does not exceed the lowest tax rate in other Canadian provinces or territories.

Reinstate the Alberta Investment Tax Credit (2020)

Issue

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

Background

The AITC was introduced on January 1, 2017, as a component of the *Investing in a Diversified Economy Act*, which had a stated objective of boosting investment in Alberta's small and medium sized businesses, drive innovation, diversify the economy and create new jobs[187] outside of the traditionally dominant oil and gas industry and broader resource sector. The introduction of the legislation in 2017 was effectively retroactively applied to April of 2016 and was largely modeled after legislation that has been in place in other competing provinces for several years.[188]

The operation of the AITC program was relatively straightforward as it provided eligible individual and corporate **investors** in emerging corporations substantially engaged in "eligible business activities"[189] (which includes research, development and commercialization of proprietary technologies) with a 30% non-refundable tax credit to be applied against Alberta income tax payable by the individual or corporation. The credit was structured in a manner that would allow for unused credits to be carried forward up to 5 years by the individual or corporate investor.

In August of 2019, the current government of Alberta announced that the AITC would be phased out beginning effective October 24, 2019 with no additional funding being provided after March 30, 2020 and no approvals being provided for applications submitted subsequent to October 24, 2019.[190] This sudden reversal of an established policy presented significant challenges for companies in the process of qualifying for the credit or as a start-up entity had budgeted for investment capital that was contingent on the investor(s) accessing the preferential tax credit.

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

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

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

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

In response to the objections voiced by industry at the loss of the AITC, the government pointed to the overall incentivization of business growth in Alberta represented by the "Job Creation Tax Cut" which implements sees the general corporate income tax rate reduced from the pre-July 1, 2019 rate of 12% to 8% by January 1, 2022. While this proposed reduction in the general corporate income tax rate is laudable, with the overall objective of creating in excess of 50,000 jobs over the projected period, this cut does very little to stimulate capital investment in burgeoning non-traditional sectors of the economy. This tax cut is applicable only to taxable income that is **not** subject to the small business rate (taxable income in excess of $500,000) which is representative of a particular subset of the Alberta economy that generally excludes start-up entities in emerging non-traditional sectors of the economy. In most instances, start-up companies require a number of years to reach levels of profitability that would allow them to access the reduced levels of corporate tax rates at the general rate level. What is desperately needed by these corporations is start-up and venture capital that is lacking in Alberta and has been largely the domain of venture capitalists or angel investors.

While the government continues to be cost-conscious with respect to program evaluation and spending decisions, we believe that the relative cost-benefit of the program warrants the reinstatement of the non-refundable tax credit. The total tax expenditure relative to the program for 2019 was a mere $12.7 million[191] which represents approximately 17% of the total government expenditure commitment to investment attraction and less than 1% of the aggregate cost of the Job Creation Tax Cut. With the potential for the AITC to create up to 4,400 new jobs over three years and contribute up to $500 million to Alberta's GDP[192], the program appears to be relatively cost-efficient with the potential to provide full cost recovery with the additional corporate tax revenue generated by the start-up entities created under the program.

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

Rethinking the Boundaries: Capturing Data that Reflect a More Accurate Picture of Alberta's Diverse Economies (2022)

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."[193]

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."[194] 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.[195] ER 4840 was identified as small by population,[196] 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."[197]

[193] 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.

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

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

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

[197] 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."[198] LFS data estimates are produced for Canada, the provinces, the territories and a large number of sub-provincial regions.[199]

Data drive decisions

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

One data set, vastly different economies

While LFS data are designed to provide key labour market estimates for ERs and must be sufficiently reliable to support the various uses of the data,[200] some data for this newly combined ER region (4840 and 4870) present an inaccurate picture of this ER's economies. Not only does the ER encompass almost all of the western half of Alberta, but there are significant differences in the economies and labour forces between some areas in ER 4840 (which includes two national parks and is tourism-based) and ER 4870 (which includes economies based on a foundation of world-class natural resources including oil, natural gas, forestry and agriculture). Building in other factors has in some cases resulted in an economic analysis that is not representative of the true nature of the different economies and labour forces within the combined ER; as such, some data is neither reliable nor useful, and in some cases, is detrimental to economic development.

In the Grande Prairie region, for example, the ER's unemployment rate (derived from the LFS) is typically 1-2 percent higher than the reality in the region's economic landscape (estimates based on previous years' data when labour force data for Grande Prairie (CA) were available, combined with current data on local spending figures, hotel stays, rental vacancies, etc.). Economic Development Officers in the region report that this elevated Statistics Canada unemployment rate is deterring potential investors from investing in the region[201], 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

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[198] https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm

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

[200] https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm

[201] Economic Development Department, City of Grande Prairie

is noted for its economic contributions to the provincial and national economies due to its proximity to the prolific world-class Montney-Duvernay shale gas play, its global reputation for agricultural and forest products, and its trade area of over 280,000 people.

To the south of the combined ER, the Towns of Jasper and Banff, located in the Canadian Rockies and in national parks, as well as Canmore, have an economic landscape, and unique labour force and labour force challenges distinctly different from the Grande Prairie region *and* the rest of Alberta. Recent research[202] has highlighted that these municipalities, which rely on tourism, face unique pressures in their efforts to provide effective and sustainable service delivery and quality infrastructure to large numbers of domestic and international visitors. Combining economic data for this region with areas that have distinctly different economic drivers does not reflect the economic realities in these mountain park communities, and as such, is not an effective tool for understanding and addressing the challenges associated with being major international tourist destinations. This, too, has important implications beyond this region, as the ability of these communities to attract and serve visitors benefits Alberta as a whole, other Alberta communities, and Canada.

Reliable data to effectively inform

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

[202] 2016 Banff, Jasper, Canmore Tourism Economic Impact Study http://banff.ca/DocumentCenter/View/5550 and economic development data

Supporting Alberta's Craft Liquor Industry With Fair AGLC Markups for Small Producers (2020)

Issue

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

Background

The craft distillery business represents an exciting area of growth throughout North America. The lure of diversifying local economies has led many jurisdictions to create distillery friendly regulations and tax relief to attract entrepreneurs. This has led to the establishment of over 700 new North American craft distilleries in the past decade, including 60 in Canada[203]. Alberta is home to nearly 30 producers. The past fifteen years has also seen rise to a cottage fruit wine and mead industry that is ready to expand its horizons.

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

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

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

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

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

Craft spirit distillers, wine and mead producers must pay the full markup rate for their products. This markup adds from $10.36 to $18.33 per litre sold for distillers and from $3.91 to $6.56 for fruit wineries[204]. This is a standard rate applied to all spirits and wines, whether produced by major international corporations or by small local small businesses. Craft distillers, wine and mead producers can access a lower rate, but only if the product is sold from their manufacturing site or at artisan markets.

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

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

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

Some craft alcohol producers manufacture and distribute their products in the same facility with production facilities and a retail space within the same building. They are in essence acting as both a manufacturer and a licensee. When moving product, either on paper or physically, from production to retail a craft distiller is considered a licensee that is buying their own product and is required to send payment to AGLC for the whole sale price. This payment is capital that is then unavailable to the manufacturer. When the AGLC receives this payment, they will then deduct a deposit fee, recycling fee, markup and GST.[205] Once they have collected these deductions the difference is then sent back to the manufacturer, which can take weeks. The solution for this is simple. Allow producers who both manufacture and sell their product in the same building to calculate the deductions required by AGLC and remit only this portion instead of the entire wholesale price. This is especially important for craft distillers who are in the start-up phase of their business where access to capital and having cash flow available is imperative. It will also enable them to move their product more freely from production floor to retail space, allowing them to meet the demand for their product without impeding their cash flow.

Craft alcohol is an industry in its infancy with incredible potential. But the North American and European industry is pushing ahead of Alberta, assisted by regulatory and tax revisions. As

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[204] https://aglc.ca/liquor/about-liquor-alberta/liquor-markup-rate-schedule

[205] AGLC Liquor Manufacturer Handbook, section 5.4, Self-Distribution (Non-consignment) Payment https://aglc.ca/sites/aglc.ca/files/2020-04/20-03-27_LM_Handbook.pdf

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

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

Tax Agency Impact on Small Business (2021)

Issue

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

Background

As small business accounts for 98 per cent of business in Canada, employing 71 per cent of the labour force in the private sector, it is apparent that small businesses are the backbone of Canada's economy.[206]

There are few businesses that at some point in time have not had to correspond with the Canada Revenue Agency (CRA), or Alberta Tax and Revenue Administration (TRA) over some matter related to their business, whether by letter, fax, telephone, online or in person. Inquiries typically center around issues related to corporation income taxes, the goods and services tax, payroll taxes, customs and excise taxes, or even personal income taxes. Despite ongoing efforts to improve the quality of service complaints to the ombudsperson have remained consistent.

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

Over the years the CRA has held many consultations with the goal of reducing red tape and improving service for small and medium businesses. Across the country the feedback provided to the CRA has remained remarkably consistent. Report. Businesses want to:

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

In the fall of 2017, the Auditor-General tabled a report in the House of Commons that found the CRA actively blocked calls from taxpayers in order to falsely say it met its service standards of keeping people waiting less than two minutes. Between March 2016 and March 2017 the CRA answered only 36 per cent of calls. The report also found that the number of errors made by CRA agents was drastically underreported. The CRA reports a 6.5 per cent error rate compared to the 30% error rate observed by the Auditor-General's office.[207]

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

[207] 2017 Fall Reports of the Auditor General of Canada to the Parliament of Canada. http://www.oag-bvg.gc.ca/internet/English/parl_oag_201711_02_e_42667.html

Despite ongoing efforts at reducing red tape and improving service, frustration and complaints about dealings with the CRA and TRA remain. Reports of significant administrative burden, lack of timeliness, professionalism and predictability when dealing with regulators, lack of coordination between regulators, and a lack of fundamental understanding of the realities of small business continue to hamper business prosperity and growth.[208]

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

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

Health

Access to Helicopter-Based Air Ambulance Service for All Albertans (2021)

Issue

The Government of Alberta currently provides funding through Alberta Health Services (AHS) to the following helicopter-based air ambulance service providers:

- Shock Trauma Air Rescue Society (STARS) from bases in Calgary, Edmonton and Grande Prairie, and
- Helicopter Emergency Response Organization (HERO) from Fort McMurray.

While providing adequate coverage to large regions in Alberta, it still leaves communities, including larger cities like Lethbridge and Medicine Hat, without secure, life-saving air ambulance service to these rural and remote areas in southern Alberta. The Government of Alberta and AHS should ensure the whole province is equitably covered by government-funded Helicopter Emergency Medical Services (HEMS).

Background

STARS received formal recognition as an air ambulance service in 1988, after launching its original life-saving service in 1985, and has served Calgary and area since then. A base was added in Edmonton in 1991 and then in Grande Prairie in 2006. In 2015, STARS celebrated 30 years of care with 29,000 missions carried out in British Columbia, Alberta, Saskatchewan and Manitoba.[209]

In 1996 STARS Emergency Link Centre was opened and serving as a 24-hour emergency medical communications centre offering timely information to emergency service providers for critically ill and injured patients. AHS currently contracts STARS Emergency Link Centre to dispatch all Helicopter-Based Air Ambulance service in Alberta.[210]

In 1991, Phoenix Heli-Flight provided helicopter medevac services to the Wood Buffalo region and, in 2013, the HERO Foundation was established. Since their inception, over 500 medevac missions have been flown.[211]

HALO Air Ambulance, based out of Medicine Hat, has been providing helicopter medevac services to southern Alberta since July 2007. Since their inception, they have flown over 750 medevac missions.[212,213]

Both STARS and HERO receive funding through AHS for their operations, with STARS receiving one-fifth of their operating costs and HERO receiving one-third through government funding. HALO Air

[209] www.stars.ca History, STARS Emergency Link Centre and How We Are Funded.
[210] Ibid.
[211] www.localherofoundation.com History and How We Are Funded.
[212] www.haloairambulance.com About
[213] https://globalnews.ca/news/6943972/halo-air-ambulance-funding-alberta/

Ambulance does not receive any government funding for their services, with all funding raised through donations.[214,215,216]

Government-funded HEMS became increasingly important to Southern Alberta when HALO announced in May 2020 that it would have to cease operations on July 1, 2020 without government funding or significant donations. Thankfully the funding was raised by donations to keep operations going.[217]

HEMS provides a vital and timely emergency service to remote areas outside of a conventional ambulance's quick response area and areas inaccessible by vehicle and comes with substantial operating costs. The operating cost of a helicopter-based air ambulance service varies between the providers between $3,000,000 ($250,000/month) to $10,000,000 ($830,000/month) annually.[218,219]

On November 22, 2019, AHS started a Helicopter Emergency Medical Service (HEMS) Review to look at a consistent structure, operating guidelines, and funding for all HEMS providers across the province to benefit all Albertans. The goal of the HEMS review was to evaluate existing services and identify service gaps. The HEMS review process is complete, is being reviewed by AHS leadership and AHS notes that they should have more information to share soon on https://together4health.albertahealthservices.ca/HEMSEngagement.[220]

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Immediately publish and make the Helicopter Emergency Medical Service (HEMS) Review report public;
2. Commit to providing equitable funding for all HEMS providers across the province; and
3. Ensure that all communities in Alberta have access to timely, life-saving, helicopter-based air ambulance service.

[214] www.stars.ca History, STARS Emergency Link Centre and How We Are Funded.
[215] www.localherofoundation.com History and How We Are Funded.
[216] www.haloairambulance.com About
[217] https://globalnews.ca/news/6943972/halo-air-ambulance-funding-alberta/
[218] www.stars.ca History, STARS Emergency Link Centre and How We Are Funded.
[219] https://globalnews.ca/news/6943972/halo-air-ambulance-funding-alberta/
[220] https://together4health.albertahealthservices.ca/HEMSEngagement

Access to Physicians Supports Rural Economic Development (2020)

Issue

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

Background

The ability of rural residents to access health care provided by rural physicians is of great importance to Alberta's economic recovery and long-term prosperity in the province. With the growing concern of physicians leaving rural communities, residents of rural communities are at risk of losing much more than local medical care; reduced access to physician care also impacts businesses' ability to attract skilled workers and grow which, in turn, impacts the vitality and sustainability of rural communities.[221][222][223]

Economic Development

Physician shortages negatively impact the business community's ability to recruit and retain employees; people want and need accessible health care for their families. Employers in underserviced areas report lost productivity and increased absenteeism because employees need to invest their time––and by extension, their employers' time––accessing out-of-town health facilities and physician care.[224][225] The increased costs of staff recruitment and lower productivity due to inadequate access to medical care can be a significant factor in location decisions for business. This may influence companies to locate in other areas, negatively impacting Alberta and Canada's competitiveness in the world economy.

Studies show rural physicians' economic contributions to a community can be as important as their medical contributions. Physicians employ people and maintain brick-and-mortar locations, both of which use local services and contribute to local taxes. Travel required to access healthcare services and physicians outside of a local community impacts the local economy in another way––while individuals seek medical attention elsewhere, they are also spending their money outside of their community.[226]

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[221] Investing in rural Healthcare: An Economic Stimulus for Canada https://www.ourcommons.ca/Content/Committee/421/FINA/Brief/BR10006555/br-external/CollegeOfFamilyPhysiciansOfCanada-e.pdf
[222] Physicians Offices in Canada: Assessing Their Economic Footprint https://www.cma.ca/sites/default/files/pdf/health-advocacy/activity/physicians_%20offices_canada_economic_footprint_2017_e.pdf
[223] CMA Brief: Small Business Perspectives of Physician Medical Practices in Canada https://policybase.cma.ca/documents/Briefpdf/BR2016-05.pdf
[224] The Economic Cost of Wait Times in Canada https://www.cimca.ca/i/m/TheCentreForSpatialEconomics-Jun06.pdf
[225] CMA Position Statement: Ensuring Equitable Access to Care: Strategies for Governments, Health System Planners, and the Medical Profession https://www.cma.ca/sites/default/files/2018-11/PD14-04-e.pdf
[226] Want to see the economic impact of a doctor? Visit a small town. https://www.ama-assn.org/practice-management/economics/want-see-economic-impact-doctor-visit-small-town

Sustainable healthcare

The business case for maintaining physicians in rural communities extends to the broader healthcare system. Rural physicians typically carry a greater practice burden than their urban colleagues.[227] They have greater population-to-physician ratios, broader scopes of practice, and less support than a typical urban practice. These added costs affect the overhead costs that they incur. For this reason, rural physicians are affected more than their urban counterparts by physician shortage and government funding.

Rural physician training in rural areas: A proven model

Research, including that of the Canadian Medical Association, and experience in other provinces, such as Ontario and British Columbia, indicates that medical education in rural areas is an effective model for addressing the rural physician shortage. Programs such as those developed by the Alberta Rural Physician Action Plan are not only alleviating the overall shortage of family physicians in their provinces but are targeting both the physician needs and community needs in rural areas.[228]

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

Addressing Emergency Medical Service Resource Allocation Deficiencies (2022)

Issue

Across Alberta there has been a degradation in the service level emergency medical services (EMS) have the ability to provide, resulting in increased harm to both patients and emergency workers.

Background

Alberta has been lauded as an economic superpower of Canada for years. Despite the impact low oil prices and limited access to tide water has on this status, Alberta remains known for its economic strengths. Ongoing population growth, both by natural and migratory measures, is both a biproduct of Alberta's attractiveness as a place to call home, as well as evidence that Alberta businesses need to employ higher numbers of residents.

There are certain realities that come with increased population, an increased reliance on emergency services is one of those. Since 2010, there has been an increase in call volumes of 59.8%, with some years experiencing more than 50% increase in calls. Unfortunately, the increase in calls has not been met with adequate resources or changes in process, culminating in Calgary and Edmonton leading the country in red alerts.

Recently, the Alberta government came out with a 10-point plan to address the issue of EMS resource allocation in our province. Unfortunately, that plan was insufficient by a number of measures. Each of the points have either already been enacted or will not address the underlying issue.

Analysis

The conversation about improving EMS has been ongoing for some time. In 2009, the Alberta government proceeded with dispatch centralization and committed that these changes would "improve Albertans' access to emergency medical services, no matter when or where they find themselves in need of emergency care[229],". Unfortunately, that has not been a reality, and in fact the centralization of dispatch and complications with the process have dominated the conversation about EMS for over a decade. While dispatch centralization may be a contributor to the problem, there are three significant causes, including hallway waits, staffing shortages, and overall stagnation of resources that need immediate attention.

Hallway Waits

Once a call is dispatched to an ambulance, EMS will respond to the call and bring their patients to the hospital. Following a report to the triage nurse, the patient and EMS personnel are moved to a hallway until a bed becomes available for the patient. Naturally, no patient can be left unattended, so it remains the responsibility of the EMS workers to monitor and care for the patient until a bed is available.

While this process ensures that ongoing care is provided to the patient, it also results in nearly 10% of worked man hours of EMS personnel being spent waiting in hospital hallways until a bed becomes

[229] Government of Alberta. (2009, March 20). *EMS transition on track for April 1.*[Press release]

available for their patient. Specifically, in the last full year of data we have (2019/2020 fiscal year), 289,573 hours were lost ambulance time to hospital transfer of care offloads out of a total of 3,387,381 total ambulance time province wide[230]. In practical terms, this equates to approximately an hour out of each EMS shift spent waiting for a transfer of care.

Staffing

Despite the increasing population and inevitable increase in call volumes, EMS has not seen a proportional increase in staff. In 2021, call volumes were up 35.05% across Alberta, with only a 9% staff increase in response[231]. In fact, province wide man hours have remained relatively stagnant since 2015, ranging from a 2.0% decrease to a 3.9% increase[232] averaging an increase of only 1.5% from 2015 through 2020. To further complicate matters, Calgary and Edmonton's EMS staff grew much more than was seen in smaller centres and rural areas across the province.

Given the inadequate staffing numbers for our population, it is somewhat predictable that our EMS workers are experiencing burnout at a much higher rate than other AHS employees. EMS makes up 5% of AHS staff but is the target of a disproportionate number of time off requests – higher even than peace officers and other first responders. Nearly 40% of staff are off for physical and non-physical related injuries at any given time, putting additional pressure on already overworked staff.

Stagnation of Resources

Outside of inadequate increases in staffing resources, there is also a general stagnation in new resources available to EMS. The optimum population to ambulance ratio is 20,000 people to one ambulance. Across Alberta, we are currently sitting around 30,000 people to one ambulance – the worst ratio in the country[233]. The impact is that ambulances designated to be in one jurisdiction are being called to others, leaving their jurisdiction unprepared and unable to respond if an emergency takes place.

Unfortunately, the increasing number of calls is unavoidable given the increase in Alberta's population. While many may point to the COVID-19 pandemic or the increasing numbers of opioid calls, neither of those are directly responsible for the high number of red alert or other issues previously mentioned. Out of just over 200,000 emergencies last year, heat and cold related emergencies are only 2% of calls, and opioid calls number under 30,000. As a matter of fact, there are nearly twice as many fall-related calls compared to opioid calls and environmental (heat/cold) related calls combined. Ultimately, there needs to be an understanding that a growing population needs to have appropriate resources available to service the growth.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Immediately contract a third party to review Alberta's emergency medical services and publicly release their findings; and,
2. Form a committee of leadership from the Government of Alberta Ministry of Health, Alberta Health Services including Emergency Medical Services and all stakeholders to review and implement the recommendations by incorporating best practices with a view to outcomes, viability and implementation.

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[230] FOIP 2020-G-172

[231] Ibid.

[232] Ibid.

[233] Ibid.

Increasing Access to Mental Wellness Workplace Supports (2021)

Issue

There is a need for integrated, effective, and efficient mental wellness support in the workplace for Alberta businesses. Mental health issues and concerns that were present previous to the COVID-19 and were costing businesses in both financial and human terms, have now been further exposed and accelerated.

Background

Individuals who are experiencing mental health issues are employees, employers and business owners. When individuals are dealing with personal stress, trauma or loss, they are also trying to contribute and participate in the workplace.

In addition to personal struggles, business owners and their employees are also trying to manage the stress associated with financial burdens, responsibility for administering protocols, and the necessary pivots resulting from changing context and directives. Consequently, businesses are experiencing significant financial and human costs.

According to the Mental Health Commission of Canada, one in five Canadians will experience a mental health problem or illness every year, resulting in a $50 billion impact on our economy. About 30 percent of short- and long-term disability claims in Canada are attributed to mental health problems and illnesses.[234] In 2011, mental health problems and illnesses among working adults in Canada cost employers more than $6 billion in lost productivity from absenteeism, presenteeism and turnover.

One in every five Canadians experiences a mental health problem or illness within a given year. This figure equates to 20% of the Canadian population, approximately 7.1 million individuals, or the population of the 15 largest Canadian cities combined. We also know one in two Canadians under the age of 40 will experience a mental health problem or illness by the time they turn 40 years of age. These numbers also directly impact the workplace, as every week, 500,000 Canadians are unable to work due to mental health problems or illnesses.[235] These statistics are pre-Covid and have been compounded as business struggles to cope during the pandemic.

Currently, workplace mental health is mainly the responsibility of business owners who may, or may not, be equipped or have the resources to support their employees. The government can and should help employers and employees access effective mental health therapies and supports.

The Government has invested in workforce development and training through programs like the Canada/Alberta Jobs Grant Program, realizing that an investment in an employee will benefit the individual, the employer and the larger economy. Considering the economic loss that untreated mental health issues like absenteeism and presenteeism cost the economy, an investment in mental health treatment, access and support would provide a significant return on the investment of public

[234] Mental Health Commission: https://www.mentalhealthcommission.ca/English/focus-areas/mental-health-strategy-canada and https://www.mentalhealthcommission.ca/English/covid19

[235] Morneau Shepell: *Understanding mental health, mental illness, and their impacts in the workplace*: https://www.morneaushepell.com/ca-en/insights/understanding-mental-health-mental-illness-and-their-impacts-workplace

dollars allowing the individual to be more present and focused on their work and resulting in greater productivity for the business and the economy.

Using a proven model like the Canada/Alberta Jobs Grant Program, an Alberta Workplace Wellness Grant would allow employers to find financial support and customize mental health support for their employees. A critical feature should also ensure owners and those who are self-employed and their families have access to the program.

An added benefit to a Workplace Wellness Grant would allow local health providers and entrepreneurs to provide solutions and support within the workplace and community. Building a wellness network with ties within the community could potentially create a trusted and preventative support system that could identify individuals who are needing more intensive mental health therapy and intervention

Currently, psychological services are paid out of pocket. If an employer's benefits program covers them, each hour of services' cost is often only partially covered, and there is typically a cap on how much can be claimed. Mental health treatment usually requires more time and resources than is available to an employee in a given calendar year. For example, one typical benefit program provides $100 per service hour, up to a maximum of $500 per calendar year. A brief psychotherapeutic treatment plan typically requires between 4 and 8 one-hour sessions at the cost of $200 per hour. A family accessing six hours of psychological service, with the full help of this benefit program, will be out of pocket $700.

The cost of treatment for many who need it the most is currently hindering access to these much-needed services. To help increase access by having psychological services within Alberta Health care, similar to physicians, would overcome these cost barriers. This allows for client choice, improved service delivery, and reduced bureaucracy by moving administration into private practice enabling those with the most training to address mental health to be members of the primary care team. Additionally, the burden on the larger medical establishment, which is already being exhausted due to the pandemic, would be eased.

While there are long-term cost savings associated with addressing mental health, we recognize that expanding these supports might create additional up-front costs to the Health Care system. To offset the benefit provision of mental health coverage, the Government of Alberta may need to reconsider reinstating the Health Care Premium to assist with incorporating this into health care coverage, with exemptions considered for those under a certain income level. When the Health Care Premium was removed in 2009, the rates were $44 per person or $88 per family per month.

For businesses to become invested in mental health supports for themselves and their employees, there needs to be a demonstrable benefit. In a study conducted by Deloitte, the median yearly ROI on mental health programs was CA$1.62 among seven companies that provided at least three years' worth of data. Companies whose programs had been in place for three or more years had a median yearly ROI of CA$2.18. Programs are more likely to deliver greater returns as they mature, rather than yielding immediate financial benefits. Indeed, achieving positive ROI can take three or more years.[236] Mental health solutions will take time to establish; however, programs in the workplace help create a culture within participating companies that value employees' overall well-being and result in employees becoming more productive and dedicated to their workplace.

Tracking the success of support initiatives should be an essential part of mental health initiatives. Employers can measure increased productivity and worker retention. Health care providers can track

[236] Deloitte Insights: The ROI in workplace mental health programs: Good for people, good for business

increased referrals as a preventative treatment and not during or after a mental health crisis has occurred. The government can gauge popularity and uptake of wellness grant funding and an increase in overall economic productivity.

Improving individual mental health will take a collective effort. Health professionals, educators, the business community and all levels of government will need to come together to tackle this complex issue. However, while the task of addressing this challenge may seem daunting, the cost of inaction and not harnessing our efforts to effect change and improve the mental health of our communities is one we cannot afford.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Implement an Alberta Workplace Wellness Grant to provide at least two-thirds of funding for mental health and wellness services for employees, employers, owners and those who are self-employed;
2. Explore the possibility of including mental health and wellness services within the Alberta Health Care system model; and
3. Support a community-led, collaborative, and entrepreneurial approach for service delivery early detection, prevention and treatment to avoid duplication and reduce service delivery costs.

Infrastructure

Preparing for Alberta's Growth by Securing Transportation and Utility Corridors (2020)

Issue

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

Background

By 2046, Alberta's population of 4.3 million is expected to swell to 6.6 million. More residents will generate larger volumes of traffic, boost demand for utility services, and increase the likelihood of inter-municipal land-use conflicts. This is especially noteworthy in the Edmonton-Calgary corridor, as the projected population by 2046 shows 8 in 10 Albertans are expected to live within this region.1

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

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

3. Work with the federal government to progress nation-wide connection projects, for example, the Northern Corridor proposal.

Transportation and Utility Corridors (2022)

Issue

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

Background

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

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

The ongoing struggle for Canada to see the completion of major projects proves the need to replicate the success of the RDAs throughout the provinces and across the country. This will help ensure new projects can be done in a timely and 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.[237]

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

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

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

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

1. Work with other provinces, territories, affected Indigenous groups and First Nations, partners and key stakeholders to:
    a. Establish Transportation and Utility corridors throughout the country that are designated for the construction and expansion of major linear projects; and,
    b. Establish a North-South Transportation Utility corridor across the province be designated for the construction and/or expansion of major linear projects.

Jobs, Economy, and Innovation

Creating a New Pharmaceutical Industry in Canada (2022)

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 12.7% of Canadians (roughly 3.7 million people), reporting they used opioid pain relievers in the past 12 months[238], Southern Alberta has an opportunity to change this.

In 2020, Alberta saw exports in excess of $91 billion[239]. Of this figure, the U.S. accounts for 85%, or $77.54 billion of Alberta's exports. This industry has the potential to serve a market in the U.S., in excess of $5 billion thereby increasing net exports from Alberta as a whole.

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

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

Agriculture Canada supported the project with a $450,000 repayable loan in 2012 to establish poppy cultivation and develop the high-value crop. Private sector investment supplemented the government repayable loan which was supposed to be repaid using commercial poppy seed sales. Loan payments have been made since 2016 yet Health Canada has yet to grant the necessary licensing for commercial sales to begin.

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[238] Pain relief medication containing opioids, 2018
https://www150.statcan.gc.ca/n1/pub/82-625-x/2019001/article/00008-eng.htm
[239] Export Tool
https://export.alberta.ca/export-tool/

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Communicate the importance of the thebaine industry to the Government of Canada; and
2. Engage, invest in and provide support to this new emerging industry as part of the long-term strategy for Alberta's economic diversification, including:
    a. Investigating artificial synthesized alternatives; and,
    b. Providing incentives to encourage the industry to locate and remain in Alberta.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Support the creation of a new pharmaceutical industry by recognizing the potential of farming and processing of high-level thebaine poppy in Canada for the pharmaceutical industry; and,
2. That applications be expeditiously reviewed and approved by Health Canada and the Canadian Food Inspection Agency to help diversify the economy.

Incentivizing Abandoned Well Cleanup and Reinvestment in Alberta (2021)

Issue

Alberta has 97,000 inactive well sites that present challenges to the hosting landowners and the environment. The R* ("R-Star") Job Creation Program will join with current government programs to encourage the abandonment & reclamation of depleted oil & gas wells, as well as attract investment back into Alberta, restoring livelihoods and local economies.

Background

According to CTV News' investigative program *W5*, there are 97,000 "inactive" wells in Alberta.[240] These many well sites across Alberta devalue and even harm land owned by private landowners. By law, companies are obligated to clean the wells up, but there are no deadlines in Alberta for when the work must be completed. In many cases, the company that created the well now no longer exists or has sold the asset to other energy companies. Alberta is one of the few jurisdictions with no deadlines for reclamation. The Alberta Government estimates that it will take $18.5B to clean up wells, but an independent study performed by the Alberta Liabilities Disclosure Project, estimates it could be closer to $70B[1].The Orphan Well Association is an essential government-operated organization that has taken on this massive clean-up challenge.

The Government of Alberta currently employs a Liability Management Ratio (LMR) program that determines the liability of well sites. The LMR program has allocated a deemed liability value to every oilfield site in Alberta and assigns a ratio to every energy company in Alberta based on the assets divided by the liabilities of that company; an LMR >1 means that the assets outweigh the liabilities, and <1 means that the company has more deemed liabilities than their assets can cover. This ratio can cause challenges for smaller players if they drill or buy a well that does not produce, and that "dud' well reduces or nullifies the company's valuation.

The Drilling and Completion Cost Allowance "C*" program was introduced as a part Alberta Modernized Royalty Framework (MRF) and came into general effect in 2017. This program allows newly drilled wells to produce a certain amount of revenue at a reduced royalty rate before paying full royalties to the province, which encourages further investment into Alberta.

As a whole, the current royalty framework has its challenges and presents an opportunity to rethink the way that wells are considered on the balance sheet and provide a new incentive for investment in Alberta.

The Alberta Chambers of Commerce is proud to join in calls for the Province of Alberta to adopt and implement an R* (pronounced "R-Star") credit program. The R* credit will be issued to oil and gas companies that complete a well abandonment and achieve a reclamation certification. The value of each R* credit is based on the value already predetermined by the LMR Program and will be attached

[240] https://www.youtube.com/watch?v=UfpejjeuOxs

to the existing C* incentive program. Thus, companies that clean up a well site will receive a royalty credit to use on their newly drilled well projects, turning a liability into an investment opportunity in Alberta, and allowing them to retain employees and create new jobs. By making the credits transferable to other companies, R* will make well clean-up more attractive to companies not actively drilling new projects.

Sproule (a global energy consulting firm) estimates that if Alberta adopts the R* program it would encourage oil and gas companies to spend their own capital to clean up Alberta's liabilities while encouraging new drilling within Alberta without costing the Alberta taxpayer any additional money. Sproule estimates that nearly $20 billion spent on cleaning up Alberta's liabilities could yield a total GDP of $76.7 billion, creating 366,000 thousand jobs in Alberta and yielding $2.66 billion in new taxes (not including personal income taxes & corporate taxes). It is estimated 2000-4000 new wells could be drilled in Alberta and that $8.54 Billion could flow in new royalties for Albertans. By turning liabilities into investment opportunities, it will increase the value of every oil and gas asset in Alberta making Alberta's oil patch very attractive to foreign investment again.

While there are many large oil companies that are well known to Albertans, it is the local businesses that service the oil fields, supporting the local economies. In fact, on a national scale over 95 per cent of oil and gas sector companies are small businesses with less than 100 employees.[241] The R* credit has the opportunity to not only support major reclamation, but to help rebuild local economies as well.

With the right action, Alberta can become a world leader in environmental reclamation and remediation. Alberta holds a unique jurisdictional advantage in offering this program because the province owns over 80% of the mineral rights, which allows the government the ability to offer this program across most of the province. We believe the R* Job Creation Program is the right approach to help incentivize clean-up and promote drilling investment back in Alberta, restoring livelihoods.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Implement the R* Job Creation Program to incentivize companies to clean-up liabilities and invest in new drilling projects in the province of Alberta; and
2. Make the R* credit transferable to other companies to further incentivize action and investment into local economies.

[241] https://www.canadianenergycentre.ca/big-oil-is-mainly-small-oil-in-canada/

Keeping Alberta Competitive: Commit to the Longevity of the Innovation Employment Grant Tax Credit (2021)

Issue

When Alberta's Scientific Research and Experimental Development Tax Incentive program was cancelled suddenly in 2020, it threw many innovative and young businesses into disarray. An important source of capital for Research & Development (R&D) was suddenly cut off, and this left investors in these Alberta businesses turning to other provinces with better tax regimes, and subsequently investing elsewhere. In 2021, the Alberta government has introduced the Innovation Employment Grant, which will act as a valuable replacement. However, without a clear indication that that IE Grant is here to stay, as well as clarity that this is a tax policy and not a government grant, investors will continue to turn to other provinces with better investment structures, and innovative R&D in Alberta will seriously decline in the future.

Certainty for business is critical for innovation stimulus mechanisms, such as tax credits, to be effective.

Background

The federal Scientific Research and Experimental Development (SR&ED) Investment Tax Credit (ITC) was introduced in the 1980s and provides incentives to Canadian businesses to conduct research and development (R&D) in Canada that leads to new, improved or technologically advanced products or processes. Historically, most Canada's provinces and territories also provide tax incentives, including Alberta. In 2018, Canada saw a 60% increase in foreign direct investment due to the long running successes of programs like the SR&ED program.[242]

SR&ED tax incentives are an incredible resource for businesses in all industries, encouraging them to develop new and unconventional ways to drive themselves onto the world market. This tax credit has benefited all manner of industries in Alberta from canola producers and barley farmers,[243,244] beekeepers,[245] oil and gas,[246] tech firms,[247] and more. It has given many businesses the ability to try new ideas and to diversify their capacity.

In 2020, the Alberta government removed SR&ED from their tax incentives, which greatly undermined investor confidence. In 2021, the government replaced this tax incentive with the Innovation Employment Grant (IEG),[248] designed to support businesses that are expanding their

[242] https://www.theglobeandmail.com/business/commentary/article-why-canada-saw-a-60-increase-in-foreign-direct-investment-last-year/
[243] https://albertacanola.com/news/tax-credit-for-the-2019-tax-year-open-to-canola-farmers-in-alberta-2/
[244] https://www.seed.ab.ca/barley-farmers-can-claim-13-per-cent-sred-credit-on-their-2019-taxes/
[245] https://www.albertabeekeepers.ca/producer-resources/2018-sred-tax-credit/
[246] https://windsorstar.com/feature/innovation-energy-oilsands-step-up-to-take-on-clean-tech-challenge/wcm/2d364ae4-dad9-410f-bbfa-6123cb8c763c
[247] https://www.pwc.com/ca/en/industries/technology/canadian-tech-companies-sred-incentives.html
[248] https://edmontonjournal.com/news/politics/kenney-toews-fir-to-announce-support-for-albertas-technology-sector

R&D expenditures and encouraging diversity and innovation across all industries. However, the sudden removal of SR&ED funding in 2020 was a shock to many industries and businesses, especially those within the tech sector and new start-ups which had not initially made a profit and were working instead on growth.[249] Businesses were lured away during 2020 to B.C. because of the friendlier tax climate.[250] For many investors, the sudden and drastic change left many companies re-evaluating the risk of doing business in Alberta.[251] The concern that Alberta government might drop the IEG within a year or two to further decrease the corporate tax rate or save money, leaves many investors uncomfortable with starting or reopening R&D offices in Alberta. The government needs to be clear that IEG is here to stay long-term.[252] Government support for R&D is critical to many start-ups determining where they operate, and many will now be nervous about Alberta if they do not know whether these credits will remain in the future.[253]

Alberta Budget documents show that SR&ED income tax expenditures and transfers delivered in 2018 were approximately $80 million.[254] 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.[255] Finance Canada and the Revenue Canada (1997) found that the federal SR&ED credit generates $1.38 in incremental R&D spending per dollar of foregone tax revenue, and that private sector R&D spending is 32 per-cent higher than it would be in the absence of SR&ED tax incentives. SR&ED works to both diversify the economy and stimulate further growth.

Tax credits, as opposed to subsidies or other expenditures, ~~it~~ provide~~s~~ a simple and effective approach to supporting innovation. The IEG also incorporates the same technique of utilizing tax credits, however, use of the term "Grant" distorts this concept and makes the IEG appear to be a subsidy rather than tax policy. For investors unfamiliar with this fact, seeing that a "Grant" is being provided to a business, but only at the end of a tax year, will lead many investors to be more uncomfortable with the nature of this policy.

Alberta businesses recognize the need to invest in technology and innovation to remain open and competitive; SR&ED and IEG would naturally assist them greatly in this. The Alberta government has a major role to play in ensuring Albertan businesses keep R&D in Alberta, and in making Alberta a more attractive national and global destination for innovative businesses. These programs are critical to supporting innovation and keeping R&D activities in Alberta.

There has been a demonstrated reluctance by investors to invest in R&D in Alberta since the SR&ED was dropped in 2020,[256] with the IE Grant causing such ambiguity as to its longevity and role.

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[249] https://www.theglobeandmail.com/canada/alberta/article-jason-kenneys-budget-cuts-are-bad-news-for-albertas-tech-sector/

[250] https://www.westerninvestor.com/news/alberta/alberta-s-technology-incentive-losses-could-be-b-c-s-gain-1.24047499

[251] https://www.dailyoilbulletin.com/article/2019/12/2/loss-of-innovation-funding-has-ripple-effects-well/

[252] https://edmontonjournal.com/news/politics/kenney-toews-fir-to-announce-support-for-albertas-technology-sector

[253] https://www.g6consulting.ca/alberta-shuts-down-its-sred-program/

[254] https://www.cdhowe.org/graphic-intelligence/credit-check-albertas-tax-credits-elimination

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

[256] https://www.g6consulting.ca/alberta-shuts-down-its-sred-program/

Renaming the program to properly reflect its nature as a tax policy and not a “grant” will go far to bringing much-needed confidence and investment back to innovative Alberta businesses.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Clearly commit to the Innovation Employment Grant being strongly supported in the future, and that there are no plans to remove it or decrease the tax credits; and
2. Rename the Innovation Employment Grant to a refundable Employment Innovation Tax Credit, to properly mark it as tax policy and not a government grant.

Special Economic Zones (2020)

Issue

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

Background

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

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

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

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

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

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

Examples of SEZs in North America, are:

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

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

Foreign Trade Zone Program:

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

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

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

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

Global Transportation Hub – Regina, Saskatchewan

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

Foreign Trade Zone Status:

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

Texas Enterprise Zone Program

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

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

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

Louisiana Opportunity Zones

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

1. Defer – the payment of your capital gains until Dec 31, 2026

2. Reduce – the tax you owe by up to 15% after 7 years
3. Pay Zero – tax on gains earned from the Opportunity Fund

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

Justice and Solicitor General

Increase Small Claims Court Limit and Increase Access to Justice (2022)

Issue

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

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

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

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

Background

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

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

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

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

Trends of Crime Severity Index by Year[138] ***Note that COVID-19 began in 2020 and exerted non-typical effects on statistical trends.**

Year	Crime Severity Index
2016	105.99
2017	112.06
2018	113.65
2019	120.17
*2020	107.36

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

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. Make a budgetary commitment to ensure the current resource allocation is sufficient to address the timely resolution of disputes in small claims court, including the appointment of more Provincial Court Judges, Masters in Chambers, and the hiring of other support staff; and,
3. Integrate virtual technology solutions for select categories of cases to allow further access to the judicial system.

The Business Cost of Cybercrime (2021)

Issue

In an increasingly interconnected and digitized world, data breaches have become ever more common. The wealth of personal information that corporations have in their possession means that such breaches can occur in even the most benign circumstances. Although many corporations have developed sophisticated privacy and cybersecurity protocols to minimize these risks, data breaches have become a prominent feature in the 21st century and particularly in the COVID-19 world.

Background

Cybercrime can be defined as any activity where the internet and digital technologies, such as computers or mobile devices, are key to committing a crime.[257] There are two different categories of cybercrime: technology-as-target where the crime is committed using computers, networks, and digital devices. This generally involves the unauthorized use of computers and data. The other category, technology-as-instrument, is where the internet and information technologies play an instrumental role in crime.[258]

Cybercrime is difficult to measure and often goes unreported to law enforcement agencies. Data has suggested that cybercrime is on the rise in Canada. In 2012, the RCMP reported receiving nearly 4,000 reported incidents of cybercrime: an increase of over 800 reported incidents from 2011. In both years, technology-as-instrument cybercrimes accounted for the majority of reported incidents.[259] These figures, however, only tell part of the story. Other studies and reports show increases in selected aspects of Canada's cybercrime environment. For example, in 2013, the Canadian Anti-Fraud Centre (CAFC) received over 16,000 complaints of cyber-related fraud (email and website scams), accounting for more than $29 million in reported losses.[260] Police-reported data has also indicated that cybercrime has more than doubled over a four-year period in Alberta, and there is no sign that those numbers will improve any time soon. The 2017 number in Alberta represented a rate of 108.6 cases per 100,000 people.[261]

Cybercrime and Business

It has been suggested that cybercrime has become more visible in boardrooms.[262] It stands to reason that as greater global connectivity increases so too does the risk for cyber threats and cyber attacks, making cyber security one of the major concerns of companies across industries. Research has shown that just over one-fifth (or 21 percent) of Canadian businesses reported that they were impacted by cyber security incidents, which affected their operations in 2017. About 19 percent of small

[257] RCMP. The National Cybercrime Coordination Unit (NC3). https://www.rcmp-grc.gc.ca/en/nc3. Accessed January 15, 2021.
[258] Ibid.
[259] Ibid.
[260] Canada Anti-Fraud Centre. Recent Scams and Fraud. https://www.antifraudcentre-centreantifraude.ca/index-eng.htm. Accessed January 16, 2021.
[261] Graney, J. Alberta Police Reported Cybercrime Doubles Over Four Years. 2018. https://edmontonjournal.com/technology/personal-tech/alberta-police-reported-cybercrime-doubles-over-four-years-statistics-canada#:~:text=The%202017%20number%20in%20Alberta,81.3%20cases%20per%20100%2C000%20people. Accessed January 17, 2021.
[262] Dessanti, C. 2020. In Data We Trust. Unlocking the Value of Data in Ontario. Ontario Chamber of Commerce.

businesses reported being impacted compared to 28 percent of medium-sized businesses and 41 percent of large businesses.[263]

39 percent of businesses that were impacted by cyber security incidents, could not identify the motive of the act; whereas 38 percent identified the motive as an attempt to steal money or demand a ransom payment. 26 percent of businesses experienced incidents where perpetrators attempted to access unauthorized or privileged areas, while 23 percent experienced incidents where there was an attempt to steal personal or financial information.[264] This clearly illustrates that the number of data breaches is on the rise.

In response to this, businesses are shoveling out more money to mitigate these breaches. It has been reported that Canadian businesses spent an average of $16,000 to recover from all impactful cyber security incidents. Further, data from a PwC survey has indicated that the cost of cybercrime on the bottom line of businesses increasing.[265] These costs include downtime, compensation for breached records and loss of intellectual property. Moreover, this can lead to a vast array of consequences including a complete shutdown, a demand from ransom or damage to reputation. It is clear, that that the threat to business is growing.

Impact of Cybersecurity on Small and Medium Sized Enterprises (SME's)

The Canadian economy is comprised of close to 1.17 million SME's, with Alberta contributing 160,264 small businesses (1-99 employees) and 2,933 medium-sized businesses (100-499 employees). Research has shown that these businesses are the most vulnerable, the first to go down, and they often do not recover. "Cyber crime has been shown to target small business for a few reasons: 1) Small businesses are less equipped to handle an attack 2) The kinds of information hackers want: credit card credentials, intellectual property and personal identifiable information is less guarded on a small business system 3) Small business partnerships: the value chain with larger business provide back-channel access to a hacker's true target."[266] The primary reason that SME's do not invest in cybersecurity protection, despite knowing this, is that "most have limited financial or human resources (technical expertise) to address the challenges presented by cybercrime; therefore there is little inclination to invest in protection."[267] Without the necessary equipment, skills or experience to keep pace with hackers this issue is likely to exacerbate, particularly in the face of COVID-19, breaking many SME's, a valuable component of our ecosystem.

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

1. Provide funding and/or incentives to enhance cyber security education, training and implementation for businesses;
2. Provide funding for an education campaign geared towards raising awareness, building the profile, and disseminating best practices in cybersecurity in conjunction with the Canadian Anti-Fraud Centre or the Electronic Crime Committee;

[263] Statistics Canada. Cybercrime in Canada. https://www150.statcan.gc.ca/n1/pub/89-28-0001/2018001/article/00015-eng.htm. Accessed January 21 2021.
[264] Ibid.
[265] Dessanti, C. 2020. In Data We Trust. Unlocking the Value of Data in Ontario. Ontario Chamber of Commerce.
[266] Ibid.
[267] Ibid.

3. Include businesses and other stakeholders in the newly formed Electronic Crime Committee to assist with communications and outreach strategies; and
4. Provide appropriate training and development opportunities to SMEs so these businesses are educated regarding threats and empowered to assess their own vulnerabilities.

Labour and Immigration

Addressing the Impacts of Cannabis Legalization on Workplace Safety (2020)

Issue

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

Background

Cannabis is a substance with complicated effects on the body, and legal substances like alcohol do not provide useful comparisons. Testing for alcohol impairment is straightforward—the quantity of alcohol in the bloodstream is a reliable indication of how intoxicated an individual is at the moment of testing. Tetrahydrocannabinol, or THC for short, is the primary psychoactive component of cannabis and can remain in the blood stream of users for days or weeks after the intoxicating effects have worn off.

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

Current Jurisprudence

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

In *Everitt v Homewood Health Inc*, the complainant, Brad Everitt, alleged that the respondent discriminated against him when it refused to register him in the Rapid Site Access Program (RSAP), a voluntary program that provides pre-qualification to workers for access to safety-sensitive workplaces.[268] In Everitt's situation, he had been a heavy recreational cannabis user for about 25 years and had used cannabis for medical purposes for more than ten of those years to manage pain related to arthritis. He applied to participate in the RSAP administered by Homewood and failed the pre-enrolment test when his test results measured 1,200 nanograms per milliliter for THC when the permissible threshold level was 50 nanograms per milliliter. As a result, Homewood did not permit Everitt to participate in the RSAP. He was still eligible to be dispatched to safety-sensitive worksites but would need to go through the standard pre-access testing protocol. He filed a human rights

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

complaint that he had been denied a service customarily available to the public on the basis of a disability. Ultimately, Everitt's complaint was dismissed because Everitt posed an unacceptable safety risk and Homewood could not have accommodated him without incurring undue hardship.

In the 2018 arbitration decision *IBEW Local 1620 v. Lower Churchill Transmission Construction Employers Association*, the grievor, Scott Tizzard, failed a pre-employment drug and alcohol screening test due to a medical cannabis authorization to treat chronic pain arising from Crohn's disease and osteoarthritis.[269] Tizzard disclosed his medical cannabis use before the testing and to the sample collection technician at the time of testing. The union subsequently grieved when the employer ultimately refused to hire Tizzard for the position, alleging the employer failed to accommodate Tizzard's disability contrary to both the collective agreement and human rights legislation. The arbitration found that there was a lack of reliable resources to allow an employer to accurately, effectively, and practically measure impairment and that the inability to manage risk of harm due to residual impairment in the performance of safety-sensitive duties arising from medical cannabis use created hazard and undue hardship. The arbitration also found that the employer carried out the necessary assessment of accommodation possibilities on the basis of Tizzard's disability; Tizzard's disability required cannabis to effectively treat and there were no non-safety-sensitive positions available. The grievance was therefore dismissed. In its judicial review application, the union argued that the arbitration decision was unreasonable, but the Court disagreed and dismissed the union's application.

In *Stewart v. Elk Valley Coal Corp*, the appellant, Ian Stewart, filed a complaint claiming that his employer discriminated against him on the basis of a physical disability after he was involved in an accident and was subsequently terminated after failing a drug test.[270] He admitted to having a crack cocaine addiction after the incident. The workplace policy required that employees disclose any dependency or addiction issues *before* a significant drug-related incident occurred; and if they did, employees would be offered treatment without fear of discipline or reprisal. The policy also stated that employees who did not disclose dependency or addiction issues in accordance with the policy, or sought assistance *after* an accident occurred, could be terminated from their employment if involved in an incident and testing positive for drugs. Stewart attended a training session with respect to the policy and confirmed in writing that he had received and understood the policy. The Supreme Court upheld earlier decisions that an employee was not wrongfully terminated due to his drug addiction but rather terminated due to his breach of a workplace drug policy. The Court relied on the fact that Stewart had the capacity to comply with the company policy.

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

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

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

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

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

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

Measuring the Effects of Increased Minimum Wages in Alberta (2020)

Issue

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

Background

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

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

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Meeting our Labour Needs by Attracting and Retaining International Students (2021)

Issue

Current immigration legislation and the supporting models to facilitate economic migration create barriers to the attraction and retention of the highly educated and specialized workforce available to meet Alberta's and Canada's labour needs through international education. Adjustments to provincial and federal immigration programs can overcome the gaps in labour and skills availability.

Background

International students represent a significant and currently underutilized opportunity for meeting the needs of the Alberta and Canadian economy and supporting an economic driver for Alberta and Canada in the long term. As noted by the Canadian Council of Chief Executives (CCCE) in a report titled *Canada's International Education Strategy*:

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

With a coherent provincial strategy that includes advocacy to the federal government and implementing changes within provincial jurisdiction, the Government of Alberta can offset federal policy barriers to attracting and retaining international talent and position international education as a key long-term economic driver for Alberta.

Alberta Immigrant Nominee Program

In October 2020, the Alberta Immigrant Nominee Program (AINP) launched two immigration pathways to encourage international graduates to open businesses in Alberta that will create new high-paying jobs and help diversify the economy.

The International Graduate Entrepreneur Immigration Stream is a new Provincial Nominee Program (PNP) for recent international graduates from Alberta post-secondaries and operates on an Expression of Interest (EIO) system. Candidates who submit an Expression of Interest will be assessed by the AINP and given points; the highest-ranking candidates will receive an invitation to submit a Business Application, and only candidates who receive the request to apply will be able to access the AINP portal and start the process. Receiving a request is not a guarantee that applicants will get Canadian permanent residence.

International student graduates from Alberta universities and colleges must meet certain eligibility criteria in order to be considered for the International Graduate Entrepreneur Immigration Stream. First, they must be immigrating to Alberta to establish a new business or to buy an existing business and must have at least 34 percent ownership of the company. Second, the proposed business type

must not be on Alberta's list of ineligible businesses.[271,272] Candidates also need at least six months of full-time work experience which can be a combination of actively managing or owning the business or an equivalent amount of experience with a business incubator, business accelerator, or entrepreneurship program courses. Candidates also require two years of full-time education in Alberta with a degree or diploma from a designated post-secondary institution in Alberta. Finally, they must possess a Post Graduation Work Permit that is valid for at least two years at the time their EIO is submitted, must and have a minimum Canadian Language Benchmark (CLB) of at least seven in all proficiencies in either English or French.

The Foreign Graduate Start-Up Visa Stream launched in January 2021 and is for international student graduates from top U.S. universities and colleges who want to start a business and settle in Alberta communities.

Post-Graduation Work Permit

In Canada, Post-graduation Work Permits (PGWPs) are issued based on the length of the study program.[273] When determining the length of a PGWP, officials consider the duration of the program of study in Canada and confirm it with supporting documents. Regularly scheduled breaks (i.e. winter and summer breaks) are included in the time accumulated toward the length of the PGWP. If the student completed their studies in less time than the normal length of the program (i.e. accelerated studies) the PGWP shall be assessed on the length of the program study. Applicants who are impacted by a strike affecting a designated learning institution (DLI) in Canada are considered to be studying continually full time during the period, and the period of time in which the students not attending class due to a school strike does not impact their eligibility under the PGWPP. Students must be continually studying full-time in Canada and students who complete a program of study exclusively by distance or online learning, either outside or within Canada, are not eligible for a PGWP. Study programs with an online, distance, or overseas component may by eligible under the PGWPP provided less than 50% of the program's courses are administered in this way; the length of the PGWP shall by based on the length of time actually spent in Canada.

Provincial Comparisons

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

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[271] https://www.alberta.ca/ainp-international-graduate-entrepreneur-immigration-stream-eligibility.aspx#igeis-ineligility

[272] Per the AINP webpage, a business must align with the following requirements to be eligible under the IGEIS: (1) the business must make a profit from active or earned income, not passive income (2) the business must have a physical location in Alberta at all times (3) the day-to-day management of the business must take place in Alberta and may not be done remotely e.g. from another Canadian province or territory or another country (4) the business must have a value-add component i.e. through the sale of manufactured goods (5) the business shall not be part of a succession plan i.e. businesses owned/operated by a relative of the applicant or that have changed ownership in the past 3 years (6) the business shall not produce, distribute, or sell pornography or sexually explicit products or services, provide sexually oriented services, or otherwise bring the AINP and/or Government of Alberta into disrepute by association.

[273] https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/temporary-residents/study-permits/post-graduation-work-permit-program/permit.html

applicants on PGWP only need a 12-month offer of employment to apply for PNP immediately. In Alberta, applicants must work full-time for six months before applying.[274]

Conclusion

The provincial Immigrant Nominee Program and federal Post-Graduation Work Permit have the potential to create significant economic benefit in Alberta and Canada. However, certain adjustments are needed to ensure these programs achieve their full intended benefit.

The Alberta Chambers of Commerce recommends the Government of Alberta and the Government of Canada, in accordance with travel restrictions related to COVID-19:

1. Expedite processing times to make it quicker and easier for potential international students to receive study and work visas, and for international students graduating from recognized Canadian institutions currently employed in Canada to receive permanent residency by:
    a. Using the federal Study Direct Stream (SDS) as a template to reduce processing times from 2-3 months to 20 calendar days; and
    b. Prioritizing applications based on in-demand occupations;
2. When considering applications for permanent residency, take into account the work experience that an international student gains through working off campus, working on campus and co-op and internship programs; and
3. Change the employment requirement under the Alberta Provincial Nominee Program from six months of full-time work to a one-year offer of employment.

[274] https://www.immigratemanitoba.com/immigrate-to-manitoba/in-demand-occupations/

Provide a Pathway to Permanent Residency for Entrepreneurial Immigrants (2020)

Issue

Alberta is unable to attract or retain immigrant entrepreneurs because there is no pathway to permanent residency.

Background

Immigration plays an invaluable role in our province and is essential to our economic growth. It offsets aging demographics and helps employers fill gaps in their workforce, bringing new skills, ideas, and talents to our province. Immigration is essential to manage the rapidly shifting economy. Alberta has a robust and largely effective immigration system unless you are an immigrant entrepreneur wishing to invest in a business in the province.

Until 2014, the Canadian Immigrant Investor Program did provide an avenue for wealthy immigrants wishing to get Canadian Citizenship. Unfortunately, the program was characterized as a way for the wealthy to "buy" their way into Canada without providing much economic benefit to the country. While termination of the program certainly ended abuse of the federal immigration system, it also ended any legitimate avenues that resulted in measurable benefits to Canada, and to Alberta.

The current federal permanent residency programs for immigrant entrepreneurs are very specific, excluding the vast majority of potential immigrants. The Start-up Visa program is available to those with an innovative business idea that has received support from a designated organization, such as venture capital fund or angel investor. The self-employment program is available to farmers, artists, and athletes only. This leaves limited avenues for immigrant entrepreneurs to pursue.

On an annual basis, the Alberta Immigrant Nominee Program (AINP) helps thousands of immigrants obtain permanent residency, filling gaps in our workforce and providing significant benefit to Alberta employers. Those nominated have proven their mettle and make positive contributions to their communities, our province, and our country. Eligible occupations vary from chief executives to housekeeping staff, but fails to include entrepreneurs.

With no avenue to permanent residency available in Alberta, immigrant entrepreneurs are establishing their businesses in other provinces. Apart from Newfoundland and Labrador and Alberta, all other provinces actively court and provide pathways to residency for entrepreneurial immigrants with varying requirements:

- British Columbia: $600,000 net worth and demonstrated business or management experience.[275]

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

- Saskatchewan: $500,000 net worth, 3 years' experience, and a willingness to invest either $300 thousand in Regina or Saskatoon or $200 thousand in any other community.[276]
- Quebec: $300 thousand net worth, and minimum $100 thousand investment worth 25% of the capital equity, 2 years' experience.[277]
- Ontario: $1,500,000 net worth in the GTA, $800,000 net worth outside of the GTA, 3 years' experience, create at least 2 full-time jobs.[278]
- Manitoba: $350,000 net worth, and 3 years' experience.[279]

Immigrant entrepreneur programs can be designed to add incentive for entrepreneurs choosing to locate outside of major urban centres or invest in underrepresented industries that will promote economic diversification. Regardless of the details they share a common thread of creating a pathway for immigrant entrepreneurs to obtain permanent residency.

With proper oversight and investment requirements, an Alberta Immigrant Entrepreneur Nominee Program would diversify and grow the economy and create jobs for Albertans.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

[276] "Saskatchewan immigrant nominee program entrepreneurs," https://www.saskatchewan.ca/residents/moving-to-saskatchewan/immigrating-to-saskatchewan/saskatchewan-immigrant-nominee-program/applicants-entrepreneursOI_PNPENTREPRENEUR.html
[277] "Entrepreneur Program,"https://www.immigration-quebec.gouv.qc.ca/en/immigrate-settle/businesspeople/applying-business-immigrant/three-programs/entrepreneurs.html
[278] "Ontario Immigrant Nominee Program: Entrepreneur," http://www.ontarioimmigration.ca/en/pnp/OI_PNPENTREPRENEUR.html
[279] "MPNP for Business," http://www.gov.mb.ca/jec/invest/pnp-b/e_intro.html

The Option of Private Worker Coverage (2022)

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."[280]

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. Private companies that have their own ombudsman and staff dealings with clients must be licensed with mandatory continuous education hours. The private sector is subject to established laws and precedents, WCB has tribunals which can lead to inconsistency in decisions. WCB has significantly fewer consequences for frontline staff, less incentive for further education, and government entities tend to have extra middle management positions.

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

[280] https://www.alberta.ca/assets/documents/WCB-Review-Final-Report.pdf

program, and an effective administrative organization for workers' compensation program.[281] The relative cost of premiums varies from state to state and depends on the job, private insurance options have proven they can offer lower rates than Canadian WCB.[282]

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

[281] http://www.lni.wa.gov/IPUB/101-002-000.pdf

[282] http://www.bridgingthegapsafely.ca/pdfs/Terry%20Bogyo.pdf

Municipal Affairs

Clarity Required in Joint Use Agreements (2020)

Issue

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

Background

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

As a result of the Alberta Court of Appeal decision on August 1, 2019 [Citation: Condo Corporation No. 0410106 v Medicine Hat (City), 2019 ABCA 294]283 an enduring precedent has been established, requiring municipalities to take responsibility for the operation and maintenance of privately-owned water, sewer and storm infrastructure located on multiple parcels that service more than one parcel (i.e. shared infrastructure) previously considered the responsibility of a private owner. This decision affects all Alberta municipalities resulting in significant financial and administrative impacts.

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

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

infrastructure that service more than one parcel. As the Appeal Court decision is an interpretation of the duty to provide a utility service under the Municipal Government Act, the decision has implications beyond this one development, to other existing and future developments in all municipalities in Alberta284.

MGA Chapter M-26 does state that the Government of Alberta recognizes that Alberta's municipalities have varying interests and capacity levels that require flexible approaches to support local, intermunicipal and regional needs.285

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

Restoration and costs

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

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

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Modify the Municipal Government Act to clarify that a municipality should not be responsible for the repair and maintenance of a portion of a "public utility" unless it is an owner of that portion of the "public utility" and to provide transitional provisions to address existing situations where infrastructure crosses parcel boundaries; and

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

Predictable, Fair and Transparent Market Value Assessments (2020)

Issue

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

Background

The *Municipal Government Act (MGA)* requires all properties to be assessed by the municipal assessor and prepared using mass appraisal methodology, to reflect the market value of the property[286]. Assessment notices for non-residential properties are then sent to taxpayers who have the ability to file a complaint heard by composite review board panels (CARBs) if the taxpayer feels the assessed value on the notice does not reflect the market value of the property.

Market value is the price a property might reasonably be expected to sell for, if sold by a willing seller to a willing buyer, after appropriate time and exposure in an open market.[287] There are three approaches to determine the market value assessment of a property: the sales comparison approach which examines sale price of similar properties; the cost approach which is used for unique or new properties and reflects estimated replacement cost for the asset; and the income approach which evaluates properties based on their earning potential. The accuracy and reliability of an income approach analysis will depend on the availability of market data and the degree of comparability of the subject to other properties.

As per the Municipal Affairs Detailed Assessment Audit Manual, the assessor is expected to apply the appropriate valuation approach based on the availability of market information and property type. Although factors such as location and municipality size affect markets, assessors must value similar properties in the same manner (not necessarily to the same amount). However, over 5 properties in the same stratification are required with at least 15 properties being ideal for adequate market comparisons.[288]

For properties evaluated using the income approach, it is expected that appropriate income and expense data is collected and maintained, leading to development of a valuation model. Without the appropriate data, assessors are to time-adjust older sales followed by examining other municipalities for supporting information.[289]

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[286] Section 5 and 6 of the *Matters Relations to Assessment Regulation (MRAT)*

[287] MGA 284 (1): http://www.qp.alberta.ca/documents/acts/m26.pdf

[288] Municipal Affairs Detailed Assessment Audit Manual – pg. 8 https://open.alberta.ca/dataset/08608017-884d-49f4-b3ee-9ba23d907299/resource/5e715f84-616f-4b96-b0de-3062863bd9b5/download/2016-detailed-assessment-audit-manual-august-2016.pdf

[289] Municipal Affairs Detailed Assessment Audit Manual – pg. 13

If the data used to develop metrics[290] is not reflective of the market, then the assessment values of properties will be inaccurate and can cause gross variation of assessment values year over year. This lack of predictability can have a damaging impact on business and property owners who expect their assessment value to be reflective of the property's market value. To maintain a predictable and fair assessment system, when a miscalculation due to an error in data, calculations or assumptions has been identified under section 305(1) of the MGA, corrections should be applied consistently and to other similar properties.

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

Similarly, providing an advance consultation period can prevent or potentially realize discrepancies before the assessment roll is finalized and subsequently reduce the number of complaints needing to be arbitrated through CARB. A comparison between Edmonton and Calgary suggested that savings as a result of a non-residential advance consultation process and a focus on pre-trial negotiation could be approximately $2 million dollars per year of Calgary's review board budget.[291] While not every municipality would see such large savings, providing steps which promote fairness and cooperation in the assessment process will also create fiscal responsibility. Advance consultation also provides business the ability to potentially resolve any disputes early rather than waiting for the arbitration process, thus giving a reasonable period of time to prepare for changes in expenses.

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

While it is understood that each year's assessment is independent of the previous year and is not sufficient enough to draw a conclusion that an assessment is too high, it is reflective of the level of transparency and perceived trust that an assessment department has in its assessment process. The BC Assessment Authority provides free online access to assessment data, including previous years' assessments and comparable property assessments to increase transparency of the assessment process.[292] Making previous assessments available for non-residential commercial comparable listings indicates willingness for municipalities to work with the business community and increase transparency.

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

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[290] These can include market rents, vacancy rates, expense ratios, capitalization rates, income quality, gross rent multipliers.

[291] An Independent Review Calgary's Non-Residential Property Assessment & Complaint Systems

[292] Review of BC Assessment Authority: https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/services-policies-for-government/internal-corporate-services/internal-audits/bc-assessment-authority-review.pdf

information to defend the assessment."[293] The challenge remains that there is only a bare minimum requirement as to what municipalities are required to provide through section 299 or 300 requests for non-residential properties. In order to promote fairness and transparency, optimal (not minimal) information should be given for taxpayers' acceptance and understanding of their assessments, while still protecting privacy. Having thorough data in an assessment methodology report saves time of property owners and the assessment department when this information is readily available and easy to understand.

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

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

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

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

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

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

9. Provide assessment departments with guidelines for best practice.

Transparent Utility Costs and Fees for Rate Payers (2020)

Issue

Market research conducted by the Alberta Chambers of Commerce (ACC) network indicates municipal franchise fees are a major barrier to business growth. According to a recent survey, 54 per cent of more than 1000 respondents cited these fees as a barrier to the growth of their business – more than any other direct municipal cost surveyed. Only five per cent indicated the fees provided a benefit to their growth, signaling the lowest value proposition as a cost for doing business in local communities.[294]

Background

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

Franchise fees limits for the sale of utilities services are set by the Alberta Utilities Commission, with fee caps currently set at 35 and 20 per cent for natural gas and electricity. However, under the current *Municipal Government Act*, municipalities can set fees rates at their discretion under the cap limits with minimal standards for transparently reporting fee revenues[295] or disclosing their fee rates – 41 per cent of ACC survey respondents indicated they were unsure or did not know if these fees impacted their business.

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

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

Seniors and Housing

A Pathway to Fixing the Affordable Housing Crisis in Alberta (2021)

Issue

Housing is an integral part of economic growth. Indeed, the connections between affordable housing investment and economic growth have been well recognized in literature.[296,297,298] For example, in a recent report, the Canada Mortgage and Housing Corporation (CMHC) identified that roughly 17 percent of the Canadian economy is generated through the construction, purchase, resale and renovation of housing and related spending,[299] and yet investment in affordable housing is often absent from economic plans and job proposals. To ensure long-term community sustainability, local and regional economic development and growth plans must consider the role of affordable housing in the growing economy.

Background

Housing affordability has been top of mind for people in Alberta. Affordable housing can encompass many things but for the purpose of this document it is defined as government supported housing available for Albertans, who because of financial, social or other circumstances, cannot afford private market rentals. Housing is considered 'affordable' when a household spends no more than 30% of its gross income on shelter.[300]

The housing and homelessness crisis in Alberta are serious and widespread, cutting across all corners of the province, hitting everyone from the middle class to our most vulnerable residents. The provincial government has recently taken steps to action this through the Alberta Affordable Housing Panel's Final Report that was tabled on October 5, 2020. As well, the Federal Government has responded to the crisis with the National Housing Strategy, which creates a platform for the federal, provincial, and municipal governments to come together to discuss how to best improve housing outcomes for the people of Alberta.

Areas with job growth often experience population growth: adults stay in the area, migrants come to the area, and workers form families and have children. Workers need places to live, so demand

[296] Skaburskis, A. "Decomposing Canada's Growing Housing Affordability Problem: Do City Differences Matter?" Journal of Urban Studies. Vol 41. Issue 1. 2004.
[297] Mao, F. "The Innovation Economy and the Housing Crisis." Master of Arts in Planning. 2017.
[298] Pinki, D. "Housing Affordability in Toronto: Low-Income Earners and Recent Immigrants." Master of Arts in Political Science. University of Windsor. 2017.
[299] Canadian Mortgage and Housing Corporation. "Overview of the Summer 2020 Housing Market Outlook Report." https://www.cmhc-schl.gc.ca/en/blog/2020-housing-observer/overview-summer-2020-housing-market-outlook-report. Accessed 20 January 2021.
[300] Government of Alberta. "Final Report of the Alberta Affordable Housing Review Panel." 2020. https://open.alberta.ca/dataset/26b06d34-4b03-488d-bed8-da5316b8b95c/resource/0fd7ae4e-568b-43d5-8480-c8d765b1e514/download/sh-final-report-of-alberta-affordable-housing-review-panel-2020-10-05.pdf. Accessed 20 January 2021.

for housing increases, thereby stimulating housing production.[301] From this chain of events, we can deduce that employment growth often translates into more housing – but does the relationship apply in reverse? Specifically, how can investments in housing, particularly affordable housing, affect job creation?

The most direct connection between affordable housing and job creation is the development and construction of projects on behalf of non-profit organizations. Developing one residential unit is estimated to generate between two and two-and-a-half new jobs.[302] In other words, each $1 million invested in residential housing development generates between 10 and 12 jobs. These jobs are overwhelmingly local, with most in the area where the unit is built.[303] As well, according to the Canadian Home Builders' Association (CHBA) study,[304] the residential construction industry created:

- 46, 935 on-site and off-site jobs in new home construction, renovation, and repair
- $3.2 billion in wages
- $7.2 billion in investment value

When job creation is used in tandem with other strategies for neighbourhood renewal, it can have larger economic and job multiplier effects. Multipliers are the continuing effects of investment as it cycles through the economy. A recent report by the Mowat Centre estimated that multiplier effects turn each dollar of investment in residential construction into $1.52 of provincial gross domestic product (GDP).[305]

In addition to the direct effects of housing investment on job creation, access to an affordable home means that Albertans will be healthier, more productive, and able to spend money in their local economies. Certainly, there is strong evidence that quality affordable housing also generates improved social and outcomes for low-and-moderate income households.[306] It stands to reason that good quality affordable housing yields positive health and education outcomes by lowering household stress, enabling the purchase of nutritious food and supporting family stability.[307]

A healthy and educated workforce can attract employers and job-related investment in communities. For children living in inadequate or unaffordable housing, a secure home improves their likelihood of academic achievement and the completion of post-secondary education.[308] Moreover, post-secondary graduates earn nearly $5000 more annually than those with a high

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[301] Saks, R. "Job Creation and housing construction: Constraints on metropolitan area employment growth." Journal of Urban Economics. Vol. 64. Issue 1. 2008.
[302] Canadian Mortgage and Housing Corporation. "Overview of the Summer 2020 Housing Market Outlook Report." https://www.cmhc-schl.gc.ca/en/blog/2020-housing-observer/overview-summer-2020-housing-market-outlook-report. Accessed 20 January 2021.
[303] Ibid.
[304] Canadian Home Builders Association. "Economic Impacts of the Housing Industry." https://www.chba.ca/CHBA/HousingCanada/InformationStatistics/CHBA/Housing_in_Canada/Information_and_Statistics/InformationStatistics.aspx?hkey=0cec0938-c402-44bd-b316-96bd03998782. Accessed 20 January 2021.
[305] Zon, N, Molson, M and Oschinski, M. Building Blocks: The Case for Federal Investment in Social and Affordable Housing in Ontario. Mowat Centre. Ontario's Voice on Public Policy. 2014.
[306] Mueller, E and Tighe, R. "Making the Case for Affordable Housing: Connecting Housing with Health and Education Outcomes. Journal of Planning and Literature. Vol: 24. Issue 4. 2007.
[307] Ibid.
[308] Ibid.

school education – a number likely to increase as workers advance their careers.[309] The result of this increased earning potential is greater contributions to economic growth.

A final connection between affordable housing and investment and job creation is the economic effect that results from increased renter income. When renter households move from unaffordable to affordable housing, the percentage of their income that they spend on housing decreases. This results in more spending on goods and services and because low-income households and because low-income households tend to spend their discretionary income primarily within their community, they can help stimulate the local economy and spur job creation.[310]

Despite the benefits of affordable housing and job creation, according to the Community Housing Affordability Collective (2020), many projects in Alberta remain currently uncatalyzed because of access to low-cost financing.[311] Indeed, access to low-interest financing can mean the different between a project idea and shovels in the ground. Reducing borrowing costs to buyers and assisting in developer financing could help as a way to reduce the housing affordability gap. This could be accomplished by improving access to finance for low-income households by reducing the cost of mortgage funding and the risk of lending, as well as leveraging collective saving. Governments could help by cutting costs for developers by making affordable housing projects less risky and guaranteeing buyers or tenants for finished units.

In addition to new construction for affordable housing, existing community (i.e. social) housing also faces significant sustainability challenges.[312] Conditions in the private housing market make challenges in community housing and homelessness prevention even worse. Unable to find housing on their own, many people turn to community housing to find shelter and are met with long waitlists. Currently, more than 110,000 Albertans live in government-subsidized housing, with an additional 19,000 households on a waiting list for subsidized housing.[313] From 2019 to 2020, as a consequence of Government of Alberta capital funding, a total of 537 units were created. However, these gains in stock were negated by a decrease in the number of rent supplement units because COVID-19 delayed the transition to a new rent supplement program. The Government of Alberta owns almost half of the subsidized housing stock in Alberta. Almost 60% operate under a strict regulatory structure governed by the Alberta Housing Act. This limits the incentives and nature of market participate (both private and not-for-profit) in developing and operating affordable housing. With the exception of rent supplements, regulated programs are not structured to allow partnerships with the private sectors.

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[309] Ibid.
[310] Anacker, A. "Housing Affordability and Affordable Housing." International Journal of Housing Policy. Vol. 19. Issue 1. 2019.
[311] Community Housing Affordability Collective. "Let's Make Housing Affordable in Calgary." http://www.chacollective.com/. Accessed 20 January 2021.
[312] Calgary Housing Company. "Home is what we do." https://calgaryhousingcompany.org/about/. Accessed 20 January 2021.
[313] Government of Alberta. "Final Report of the Alberta Affordable Housing Review Panel." 2020. https://open.alberta.ca/dataset/26b06d34-4b03-488d-bed8-da5316b8b95c/resource/0fd7ae4e-568b-43d5-8480-c8d765b1e514/download/sh-final-report-of-alberta-affordable-housing-review-panel-2020-10-05.pdf. Accessed 20 January 2021.

Moreover, there are nearly 500,000 Albertans currently spending more than 30% of their household income on housing costs and 164,275 households in core housing need.[314] Meanwhile, some community housing units sit empty as they are in a state of disrepair. In Calgary alone, most housing is pushing 30 years old or older, according to the most recent statistics available.[315] As well, nearly 90% if the housing stock was built before 1990, and out of those units, half predates 1980.[316] This is echoed by jurisdictions across Alberta due to reductions in affordable housing maintenance funding from the province in 2019 and 2020.[317] Regular and adequate investment in existing assets is the best way to maximize the cost of housing operations over a building's lifecycle.

The Lethbridge Chamber is a proponent of innovate solutions to address the housing supply and affordability crisis. Promising practices from other jurisdictions in Canada and abroad should be balanced, identified, and considered. Any innovative housing policy options identified through this exercise must balance the needs of communities, while ensuring public safety. The sentiment "not in my backyard" often contributes to local opposition to new development which can lead to delays in approval timelines and slow down the construction of new builds. There is a role for the province to play to support municipal governments in gaining public appearance for new housing developments. Public culture can change this culture and support new developments.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Invest in existing housing assets to optimize the cost of housing operations;
2. Research, disseminate and support promising practices from other jurisdictions about how to facilitate innovative housing supply;
3. Work with municipal governments and local housing authorities to research and share promising practices to make better use of existing homes, buildings, and neighbourhoods to increase supply of housing;
4. Collaborate with municipal governments to invest in a "yes in my backyard" strategy to change public attitudes on new housing developments; and
5. Assess publicly owned lands that could be deemed beneficial for affordable housing projects.

[314] Ibid.
[315] Calgary Housing Company. "Home is what we do." https://calgaryhousingcompany.org/about/. Accessed 20 January 2021.
[316] Ibid.
[317] Ibid.

A Tailored and Local P3 Approach to Affordable Housing (2021)

Issue

Pressure on affordable housing across Alberta and Canada is growing. It is neither feasible nor sustainable for governments to address the issue on their own. P3 (Public-Private Partnership) models show the greatest potential to address the magnitude of the issue while creating a sustainable program. By activating the private development sector, more affordable housing units can be rapidly brought on stream to meet demand. This can be accomplished by incentivizing developers to participate in projects that combine affordable and market-value housing.

Background

Current Situation in Alberta

Nearly 500,000 Albertans spend more than 30% of their before-tax household income on housing costs and 164,275 households are in core housing need,[318] which is unaffordable according to the standard for affordability. In 2020, more than 110,000 Albertans lived in affordable housing, with 19,000 on waitlists.[319] Waitlists are growing due to population increase and demographic changes. Economic uncertainty caused by COVID-19 and an economic downturn is challenging the financial sustainability of Alberta's affordable housing system.[320]

Lack of sufficient affordable housing contributes to homelessness and has socio-economic costs for communities. These include, but are not limited to, health issues and educational disadvantages for vulnerable individuals and families, increasing household debt, poorly maintained properties, crime, addictions, challenges attracting labour, and more.

A Sustainable and Innovative P3 Model

Municipal housing authorities currently use a number of housing acquisition models to address affordable housing needs. These include new construction, purchase of existing building, long-term leases, direct-to-consumer subsidies and landlord subsidies linked to specific units. More recently, P3 models are being undertaken for construction projects of new and refurbished housing units.[321] Regardless of the strategies employed, municipalities need the flexibility to decide which model works best for them and, more importantly, need access to funding from the

[318] Does not meet one or more standards for housing adequacy (repair), suitability (crowding), or affordability, and has to spend 30% or more of its before-tax income to pay the median rent (including utilities) of appropriately sized alternative local market housing.
[319] Government of Alberta Final Report of the Affordable Housing Panel Review 2020
[320] Government of Alberta Final Report of the Affordable Housing Panel Review 2020
[321]The Canadian Council for Public-Private Partnerships defines P3 as public-private partnerships that include arrangements where development is undertaken with a combination of not-for-profit, private and public participations of programs.

provincial and federal governments who have the responsibility of addressing affordable housing needs.

P3 models show the greatest potential to address affordable housing needs in a sustainable way. Private sector developers can move more rapidly to construct affordable housing units to meet the rate at which the core needs housing problem is growing. This is accomplished by incentivizing the developer to participate in projects that combine affordable and market-value housing. Benefits of a blended-model also include improved geographic distribution of housing and better mixed-income models that provide dignity for those in need of affordable housing.

The proposed P3 model offers an easy-to-implement solution that can help address affordable housing demand. It includes an incentive for developers to construct additional market-value housing units to temper future inflation and contribute to the municipality's tax base for municipal services. In addition, this P3 model is scalable, transferable to other regions, and sustainable in the long-term while leveraging partnerships and reducing risks for the municipalities and all government partners.

A key element of the proposed P3 model is that housing projects that receive grants under these programs remain fully taxable to the municipality and the Province because the property is not government or not-for-profit owned and operated.[322] Development incentive grants created by municipalities can be in the form of cash, land, waiver of fees or other incentives that directly reduce the cost of development. In situations where cash incentives are required, municipalities should have the ability to borrow from the Province at a zero interest rate with the understanding that the Province will receive its return through taxes on the full assessed value of property. A return on investment for the Province is therefore realized through a combination of repayment of principal by the municipality and property taxes by the developer.

Sample Analysis

1. Developer receives a municipal affordable housing incentive totaling 10% of a $10 million construction project. The actual program may vary from municipality to municipality.
2. Municipality borrows the $1 million from the Province to incentivize the development.
3. Rental rates for the affordable housing units are set under the same guidelines as Canada Mortgage and Housing Corporation (10% below revenue potential).
4. Typical provincial mill rate is $2.44 and based on a $10 million assessment, this generates $24,400 in annual taxes to the Province. This is equivalent to a 2.44% annual rate of return to the Province.
5. The rate of return for the municipality is dependent on the incentive program it creates, and based on its portion of property tax collected.

[322] Section 362(1)(n) Municipal Government Act Parts 1 and 3 of AR 281/98

[6] Government of Alberta Final Report of the Affordable Housing Panel Review 2020

Conclusion

This proposed model of P3 demonstrates an alternative approach that is innovative, can be easily implemented, and is sustainable in the long-term while leveraging partnerships and reducing risks for the municipalities and all levels of government involved. It allows government to focus resources on higher level strategies, directing provincial and federal grants to the more immediate/acute need of supportive housing. These outcomes align with findings from the recent (2020) Government of Alberta Affordable Housing Panel Review, which recommends transforming Alberta's affordable housing system through a range of models and capital contributions; partnerships; community-driven action; and tailored approaches. [323]

The Review supports government investment in affordable housing as "[the investment] is multiplied in economic returns because it creates jobs and supports tenants to stay in their community and obtain and maintain meaningful employment."[324] To engage private developers in affordable housing P3 projects, municipalities may require cash commitments. The Alberta government plays an integral role in this partnership and strategy by providing municipalities with access to a zero interest rate loan. These loans give municipalities the flexibility to tailor solutions that work best within their respective communities and offer another tool to address the affordable housing crisis. Such an investment by the Province is low risk, has a negligible budgetary impact, will see value for P3 partners and better outcomes for all Albertans, and will help drive recovery of the Alberta economy.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Support a sustainable and locally tailored P3 approach to address affordable housing demand that actively engages private sector developers by giving municipalities the ability to borrow from the Province at a zero interest rate, with the understanding that the Province will receive its return through taxes on the full assessed value of property.

[324] Government of Alberta Final Report of the Affordable Housing Panel Review 2020

Service Alberta

Amend the Definition of “Liability” in the Alberta Business Corporations Act (2022)

Issue

Recent accounting changes implemented by the Chartered Professional Accountants of Canada, effective for fiscal years beginning on or after January 1, 2021, require retractable or mandatorily redeemable shares **("ROMRS")** issued in a tax planning arrangement be classified in the issuer corporation's financial statements as liabilities, rather than outstanding equity shares. These changes are wholly inconsistent with long-standing tax policy under the *Alberta Corporate Tax Act* as well as the *Income Tax Act* (Canada) and will seriously impede a wide range of tax planning transactions commonly undertaken by Alberta entrepreneurs.

Background

Recent changes implemented by CPA Canada will affect holders of preferred shares of a private corporation that carry a right to require the redemption on demand of those shares if they were issued as part of a “tax planning arrangement”[i]. The amendments (which presently are in effect) "provide new conditions that must be met in order for ROMRS issued in a tax planning arrangement to be classified as equity…”. In reality, in our view, these "new conditions" will rarely be able to be met - with the result that retractable preferred shares that are issued by many private corporations in Alberta to achieve legitimate tax planning objectives (including estate freezes and non-arm's length tax-deferred transfers of property in which taxable gain has accrued) that have long existed in Canada and are broadly accepted by both provincial and federal taxing authorities as constituting legitimate tax planning could be seriously jeopardized. Equally damaging, and the focus of the issue for business owners, is the fact that the balance sheets of a wide range of private corporations that historically have been highly solvent will suddenly appear to be far less solvent, which will seriously and adversely impede their ability to borrow much needed additional capital or attract new equity investors.

Prior to these changes, preferred shares issued in the course of a tax planning arrangement were reported on the balance sheet of the issuing corporation at their stated capital (as equity), irrespective of the redemption amount of the preferred shares. This had a very nominal impact upon the solvency of the balance sheet and served to appropriately reflect the true business-based net equity of the corporation subsequent to the implementation of the tax planning arrangement. With the adoption of the accounting changes, these preferred shares can only be reported as equity if:

- The shareholder receiving the ROMRS retains control of the enterprise after the issuance of the shares;
- The shareholder does not receive any other form of consideration other than the shares; and,
- There is no pre-determined or pre-set redemption schedule or arrangement for the shares.

Quite frankly, these conditions for “equity treatment” will be extremely difficult to meet in the course of any tax planning arrangement.

Where these conditions cannot be met, the preferred shares must be reported as a current liability on the issuing corporation's balance sheet at the redemption amount of the corporation with the off-setting entries to share capital (for the nominal stated capital of the shares) and to equity as a balancing amount.

The implications for private corporations who rely on financing from financial institutions in Alberta could be devastating. Where a corporation is required to report ROMRS as a lability, the immediate impact will be the erosion of the corporation's debt-to-equity ratio as well as the corporation's current ratio – two key ratio indicators for the purposes of debt covenants and financing in Alberta. Both of these ratios consider the impact of the corporation's liabilities in the determination of the ratio and, on a broader scale, the corporation's compliance with their debt covenants.

This anomalous result could be easily avoided if the financial institutions were precluded from including the redemption amount associated with ROMRS in the definition of a "liability" in lending agreements. As these agreements are governed by the terms and provisions of the Alberta Business Corporations Act (**ABCA**), we believe that a simple and elegant fix to this problem can be found in an amendment to the definition of the term "liability" as it is found in paragraph 1(u) of the ABCA and, specifically, in subsection 35(4) of the ABCA to specifically exclude ROMRS.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Amends the definition of "liabilities" currently set forth in subsection 35(4) of the ABCA to add the following wording at the end of the current definition:

   "…and for the purposes of this Act, a validly issued and outstanding share in the capital of a corporation shall constitute equity, and not a liability, of that corporation notwithstanding the enactment or establishment by any non-governmental body, including one that governs or regulates any profession, of any rule or provision to the effect that any such share shall constitute a liability of the corporation".

Modernization of Alberta Registry Agents (2020)

Issue

The Government of Alberta regulates the Alberta Registry Agents' (ARAs) Regulation by capping the fee amounts for most of the services they provide. In addition, Registry Agents are eager to develop a modernization plan to enhance services, including online registry services to Albertans in conjunction with Service Alberta and other stakeholders. The Government of Alberta should support these modernization efforts and review regulations to ensure Alberta Registry Agents can continue their vital work effectively.

Background

Virtually every municipality in Alberta has an Authorized Registry Agent, forming a network that collectively employs over 1500 Albertans. There are 206 Agents located in 150 Alberta Communities (32 or 21% are in large urban centers and 118 or 79% are in rural and small urban jurisdictions). Registries have become a vital part of Albertan communities in providing stable jobs, an important community link, and fundamental services.

In addition, Albertans value registry services and continue to take advantage of the ease of access offered by local registry agents. In survey findings, 74% of respondents have visited a registry agent in the last year. Furthermore, over 90% of respondents expressed the importance of having access to government services located in their communities and felt that it would have a negative impact on their communities if their local Registry Agent were to close.[325]

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

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

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

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

Other organizations also see the value in a new fee model and the modernization of the industry to ensure the continuance of the high level of service which Albertans have come to expect from their Registry Agents. In 2016, the Alberta Urban Municipalities Association (AUMA) passed a resolution recognizing the "vital role and positive impact that ARAs have in Alberta communities" and recommended the Government of Alberta negotiate a new fee structure and protect ARAs revenue streams.[326]

The Government of Alberta has responded on January 1, 2020[327] by increasing capped fees on certain services for the first time in 14 years. However, these changes alone do not ensure both a sustainable business model and expansion of services for Registry agents, nor do they provide the support necessary to aid in the modernization of the Registry Agent Industry.

The Government of Alberta should recognize the vital role of Registry Agents in the delivery of essential government services to all Albertans, particularly their positive impact in rural Alberta communities, and work to strengthen their partnership with the Association of Alberta Registry Agents and local municipalities.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

Transportation

A Systems Approach for Provincial Transportation Systems (2021)

Issue

That transportation systems are intrinsically linked to economic development is a self-evident truth. However, there is a growing trend in the transportation planning literature, and in the developed plans of both national and provincial organizations, to consider best-practice for this discipline in terms of multimodal transportation planning. A cost-effective and efficient transportation network in Alberta requires a systematic planning approach collaboratively directed by a provincial body. Specifically, it requires all key public and private sector organizations in the province to work together in coordinating a holistic transportation system where long-term development objectives that provide an equitable, cost-effective, and reliable means of moving people and goods are examined.

Background

Transportation has long been recognized as playing a critical role in the overall prosperity of a society. It is one of the systems that virtually all Albertans utilize and depend on daily. In a very competitive and integrated world economy, most businesses require access to efficient and cost-effective transportation services to export their merchandise to the market or to access imported goods. More than 2,000 Alberta businesses export goods and services around the world, which means most of Alberta's Gross Domestic Product (GDP) is dependent on international trade in one fashion or another. Thus, remaining competitive in international markets is essential for maintaining and enhancing the standard of living in Alberta, particularly as our province attempts to diversify our economic base and move away from our long dependence on crude oil exports.[328]

The opportunities are there. Almost every expert predicts that there are significant opportunities for Canada to increase agri-food exports in response to a growing global demand for high-quality food products, and Alberta is well-positioned agriculturally and industrially for rapid expansion to meet this demand. However, unless significant changes are made, the transportation system in Alberta could be ineffective in meeting the needs of citizens, communities, and businesses to take advantage of this growth. Inefficient transportation means a reduction in competitiveness, and there is a real possibility of our region being sidelined while economic development progresses in more accessible locations with lower transportation costs. The cost of not proactively improving our transportation system could be very high.

The Government of Alberta recognizes that a good transportation system is vital to the prosperity of Alberta, as is evidenced by the long-term multi-modal transportation strategy that has been in place since 2016. However, the province also recognizes that a cost-effective means of improving transportation cannot be efficaciously accomplished through project-based planning approaches, since singular projects tend to be an inefficient means of addressing the larger goal of fostering economic growth. Both the province and the federal government have enshrined this thinking into their strategic plans, and consequently all stakeholders can expect the Provincial and Federal governments to favor proposals that take a systems-view of transportation projects and which respond to productivity objectives, consider cross-impacts on land use, urban and community

[328] The Van Horne Institute. (2004) The Transportation Sector in Alberta: Present Position and Future Outlook. Retrieved from http://www.transportation.alberta.ca/Content/docType56/Production/AEDA2004.pdf

development, and the environment, and demonstrate the capacity to coordinate the disparate goals of individual communities.

While Provincial and Federal governments have made significant investments towards transportation, including developing an increasingly integrated system of traditional rail, subway, light-rain transit, and buses. However, the small and medium sized municipalities continue to lack adequate transportation infrastructure and often wait years for strategic projections to be approved or funded. This reality puts these communities at a disadvantage when it comes to attracting and retaining industry, talent, and investments, as well as limits the everyday mobility of residents.

In summation, an efficient provincial transportation system, based on multimodal transportation planning, could improve competitive access to global markets, link communities and enable economic growth. A partnership between representatives of public and private sector organizations in the province would pave the way for addressing shared challenges and opportunities while working collaboratively to transform the existing transportation system to foster tangible economic and social benefits.[329]

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with the federal government to ensure the specific needs of transportation are economically significant and merit a proportional share of investment;
2. Work together with other levels of government to improve transportation and mobility throughout the province. Opportunities for collaboration beyond funding partnerships should be explored;
3. Plan and select transportation projects to promote an awareness of the importance of transportation and transportation choices to the economy, the environment and social lives of Albertans and Canadians;
4. Commit to an integrated and multi-modal approach to transportation infrastructure policy and planning; and
5. Create a policy and regulatory environment that incentivizes technological advances in the transportation sector.

[329] Dixson, E. (2017). Access to Markets: Commercial Transportation Issues in Southern Alberta. Retrieved from file:///C:/Users/user/Downloads/Transportation%20Issues%20Final%20Report%20Sept%2014%20(1).pdf

Benefits of Twinning Highway 3 (2020)

Issue

Twinning construction of the remaining (approximately) 220 kilometers of Alberta Highway 3 known as Crowsnest Pass Highway, has been a concern for nearly two decades due to not only safety and efficiency concerns, but also concerns related to stagnating the economic benefits and market access along this corridor. The main benefits that accrue from twinning Highway 3 include safety improvements, time savings for commercial and recreational travel, increased social and economic activities, tourism and agricultural needs.

Background

Alberta Provincial Highway 3 was designated as a core of the National Highway System in 1988, an interprovincial route connecting large population centers. Its entire length of 324 kilometers (201 miles) is a highway that transverses southern Alberta, connecting the Crowsnest Pass to the Trans-Canada Highway in Medicine Hat, and it serves as an alternative route to the Trans-Canada from Lower Mainland to the Canadian Prairies. It is also the last highway in Alberta recognized as a part of the national highway system that is not twinned.

Highway 3 in Alberta begins in the Canadian Rockies at Crowsnest Pass, parallel to the Canadian Pacific Railway and is part of Alberta's "Export Highway" - a name given to the southern portion of Alberta's north-south trade corridor, which is a segment of the CANMEX Corridor that stretches from Alaska to Mexico.

From Fort Macleod to Taber, it is a divided highway (approximately 104 kilometers) with a speed limit of 100-110 km/h through the rural area with the remaining route as an undivided two-lane highway (approximately 220 kilometers) with a speed limit of 100 km/h.

The idea of twinning Highway 3 has been previously discussed and the costs and benefits study have been conducted by the Van Horne Institute, at the University of Calgary under the direction of Dr. Frank J. Atkins in 2002 and 2004 (revised report). In an updated 2017 report, results of the cost-benefit analysis demonstrate that the net present value of Highway 3 twinning project over twenty years, using Alberta Transportation recommended real discount rate of 4%, exceed $2.3 billion dollars. However, equivalently in terms of benefit-cost ratio, the analysis shows that for each dollar spent on this project, there is $2.97 in benefits, which translates into the internal rate of return of 12.3%. Consequently, for a public infrastructure investment, these results, with a return of 3 to 1 are highly significant and demonstrate the worthiness of the twinning investment project.

It should be noted that the areas for construction are not all equal as there are approximately 25 kilometers from the B.C. border to the Crowsnest Pass area that are considered to be 'difficult' due to the mountainous terrain. Consequently, the costs of twinning (direct and maintenance) this part of the highway will be higher.

Summary of Analysis (In Millions of 2016 Dollars) Discount Rate: 4% over 20 years[330]

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[330] Source: based on author's calculations. The data was obtained from Alberta Transportation, Alberta Culture and Tourism, AMA, Alberta Treasury Board and Finance (Southern Alberta Region) and Environics Research/Economic Development Lethbridge
Tran, Kien C., Ph.D. Professor, Department of Economics University of Lethbridge (2017, April 22) *'Highway 3 Twinning Feasibility: A Cost Benefit Analysis'*

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

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

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

Twinning Highway 3 is becoming increasingly important as Southern Alberta is expanding their economic contribution. Highway 3 is a critical pipeline for moving commodities from processors to markets of which traffic is only set to increase over the next few years. There are new businesses expected to open in the 2019/2020 year including: Lethbridge Cavendish Expansion, Purple Springs Fertilizer Plant, Lundbreck Mining, and Foremost Wind Turbine, among others, which will not only greatly increase the amount of trucking on Highway 3 but also depend on reliable transportation for the success of their business.[331]

The increase in traffic will also impact import and export through Southern Alberta and South-Eastern BC US border crossings which are already the 2nd and 3rd busiest in Canada. In 2018, export in the Lethbridge Region totaled over $1 billion dollars, $700 million of which were from the manufacturing sector that grew 15% in the last year [332] Also, the area between Lethbridge and Bow Island has 7 ready to move home and 4 Large Storage Container businesses that travel Highway

[331] Economic Insights into Select Canadian Cities - Lethbridge
[332] Lethbridge Export Highlights 2018.

3. These businesses require special permits to transport within a specific time frame and speed restrictions which impact the already slower travel speed of 90 km/hour for traditional commercial trucks. Deliveries can be dangerous to both vehicles and transport truck teams and delays are costly to business owners

Additionally, Highway 1 will be undergoing renovations in late 2020-2021 with detours to Highway 3 expected to reach 20-25% of Highway 1 travel. Because of these factors, the Alberta Motor Transport Association has placed the twinning of Highway 3 as a top 5 priority.[333] Accordingly, the twinning of Highway 3 underscores the need for improvement of Southern Alberta Infrastructure to support a growing economy.

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

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

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

Driving Our Economy Forward: The Need for More Class 1 A Professional Drivers (2022)

Issue

The Province of Alberta, already facing rising inflation and critical supply chain issues, is forecasted to be short 3,600 Class 1A drivers, a shortage of more than 12 percent for the commercial tricking industry, in 2023. The nation is expected to be short 17,000 drivers. While some grant opportunities exist for unemployed Canadians to take the mandatory training, industry representatives and business operators report that the real issues remain driver recruitment, insurance rates for new drivers, and competition for workers from other designated skilled trades.

Background

The commercial trucking industry is a crucial component of the provincial and national supply chain, with 90 percent of Canada's 72.9 million freight shipments being carried on trucks[334]. Albertans and consumers from all over Canada rely heavily on the movement of freight trucks to provide them with the necessities of daily life. And businesses too, could not succeed without a robust trucking network. The top five commodities trucked by weight are minerals, general freight, fuel oils and crude petroleum, forest products and base metals and articles of base metals[335]. Combined, these commodities accounted for over two-thirds (71%) of the total tonnage moved by trick in 20173[336]. In fact, more than half (52 percent of Alberta's Gross Domestic Product is delivered on the back of a truck[337].

But the trucking industry is facing a crisis, predicted to only worsen in the coming years.

Across the country, bus and truck companies are struggling to fill vacancies, and this is on top of the imminent wave of retirements the industry is facing.[338] To keep up with current demand alone, Canada needs 17,200 new truck drivers every year up until 2025[339]. Alberta by itself is facing a shortage of 3,600 drivers in the coming year[340].

Those drivers that remain in the industry are aging. The average driver age increased 3.7 years between 1996 and 2006, while the average increase was two years across all other occupations[341]. Three percent of all truck drivers were aged 65 or older in 2006 demonstrating that some of the

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[334] Statistics Canada. (2017) *Commodity flows by mode in Canada: Canadian Freight Analysis Framework, 2017.* Statistics Canada. https://www150.statcan.gc.ca/n1/daily-quotidien/200514c-eng.htm.

[335] Ibid.

[336] Ibid.

[337] Groves, Jude. "We need more commercial drivers to keep Canada moving." Edmonton Journal, October 28, 2021.

[338] Ibid.

[339] Ibid.

[340] Stronski, Kenyon. "Minister Sawhney driving unemployed Albertans back to work." Toronto Star November 17, 2021.

[341] Conference Board of Canada. (2013*) Understanding the Truck Driver Supply and Demand Gap.* Conference Board of Canada.

"new" supply of drivers has actually come from current drivers who have delayed their retirement[342].

Women, especially, are underrepresented in this important occupation and represent a crucial recruitment pool. Despite being 47 percent of Canada's workforce, barely 3.5 percent of Canada's 300,00 truck drivers are women. Hone into the 181,00 tractor-trailer drivers who work specifically for trucking operations, excluding driver like those who operate medium-duty trucks or consider themselves part of another sector like construction, and the National Household Survey puts the share closer to 3 percent[343].

Immigrants to Canada too, represent a strong pool of recruitment. On average, fewer immigrants – about 3 percent less – have been attracted to working as truck drivers, compared with the total labour force. This is likely because truck driving is not recognized as a skilled occupation[344].

Until the pool of potential candidates is greatly increased, recruitment costs will remain a major barrier to employers. The cost of recruiting drivers "disproportionately" affects small business, with job vacancies costing firms with revenues below $1 million an average of 24.5 percent of sales, compared to the 7.4 percent for businesses with sales exceeding $50 million[345].

And, while insurance costs are always a significant cost for trucking companies, they are present additional challenges in hiring new drivers. Many companies are in a position where their insurance provider will not insure inexperienced drivers without considerable extra cost; as a result, this means that companies that can find new commercial licence graduates may not be able to give them jobs[346].

Mentorship, the pairing of more experience drivers with new operators, and the supplementary mentoring while in the yard of classroom, would provide new drivers with the support they need in a real-world setting to become the safest drivers possible. Making these drivers safer should reduce the cost of insuring these new drivers over the long-term.

The recruitment, training, and lowering of insurance costs associated with new drivers will ensure the trucking industry that our nation relies on will remain robust and efficient, allowing our economy to recover and grow. Without help, supply chains will remain squeezed, resulting in increased product cost, delays in getting products to market, and ultimately, rising inflation.

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[342] Conference Board of Canada. (2013) *Understanding the Truck Driver Supply and Demand Gap.* Conference Board of Canada.

[343] Smith, John G. "Women of trucking are still a rarity in Canada." Trucknews.com. March 5, 2021.

[344] Conference Board of Canada. (2013) *Understanding the Truck Driver Supply and Demand Gap.* Conference Board of Canada.

[345] Smith, John G. "Canada short 25,00 truck drivers by 2023: report." Trucknews.com. March 11, 2020.

https://www.trucknews.com/transportation/canada-short-25000-truck-drivers-by-2023-report/1003137725/

[346] "Bitter Truth Behind Truck Driver Shortage in Canada." The Trucking Network. November 7, 2021. https://thetruckingnetwork.ca/bitter-truth-behind-truck-driver-shortage-in-canada-2021/

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Classify Class 1A truck driving as a skilled trade Occupation under the National Occupational Classification matrix;
2. Fast-track qualified foreign truck drivers' immigration applications amongst those who have Mandatory Entry-Level Training (MELT) or equivalent training;
3. Support a mentorship program to allow new drivers to acquire real-world experience and increase road safety;
4. Commit more funding to promoting truck driving as a career option to women;
5. Offer employers financial support to create and maintain women-to-women mentoring and require employers to provide mandatory safety and inclusion training;
6. Mandate insurance premium reductions for operators that take part in a recognized mentorship program; and
7. Include Class 1A driver training from recognized education facilities in student loans to allow students to take training and afford living expenses.

Ensure Road-Weight Restriction Reflect Technology and Economic Needs (2022)

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 into account. The table below illustrates the load index depending on tire inflation and the number of axles.

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

Source: www.goodyear.com[1]

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Extension of Hours at the Port of Wildhorse (2020)

Issue

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

Background

Canada and the U.S. enjoy one of the most prosperous relationships in the world, with a staggering volume of bilateral trade totaling $1.2 trillion in 2019[347] as well as close to 400,000 people crossing our shared borders each day.

In particular, Montana and Canada continue a profitable trading relationship with bilateral trade flows totaling $4.68 billion USD in 2018[348]. Moreover, Canada continues to be Montana's most important customer with total Montana exports to Canada at $680 million USD in 2018 while total Montana imports from Canada totaled $4 billion USD. From 2011-2015 Alberta's exports to Montana have averaged $2.52 billion annually with exports to Montana in 2015 totaling $2.02 billion. These exports consist of primarily oil and natural gas, fertilizers, food wastes and cereals[349].

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

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

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[347] https://www.international.gc.ca/economist-economiste/performance/monthly-mensuel.aspx?lang=eng

[348] https://www.tradecommissioner.gc.ca/tcs-sdc/united-states-of-america-etats-unis-amerique/business_fact_sheets-fiches_documentaires_affaires.aspx?lang=eng#montana

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

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

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

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

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

Despite these setbacks, in 2012, Wild Horse was the third busiest border crossing in the region in terms of average annual daily traffic – behind Coutts/Sweetgrass and Raymond/Regway. It accounted for two- way daily traffic of 160 vehicles compared to Coutts/Sweetgrass at 1,790 vehicles and Raymond/Regway at 290 vehicles[35027]. By 2019, personal vehicle traffic for the Port of Wild Horse has halved.[351] While all Albertan border crossings have decreased as a result of the economic downturn, the drastic downward trend may be a result of irregular hours and poor facilities.

A 2016 survey of commercial trucking companies showed that extending the operating hours at Wild Horse to 9:00PM year-round and increase infrastructure improvements would cause carriers to divert traffic to Wild Horse at widely differing rates, ranging from five to 50 percent of current trips.[352] Based on the results of the survey, the cost benefit ratio would be in excess of 2.0 with over $1 million annual mileage savings.

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

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

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

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

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

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

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

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

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

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

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

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

1. Extend the existing hours of the Wild Horse Border crossing to 13 hours, 365 days a year in an effort to work towards the creation of a second 24-hour commercial port in Alberta;
2. Make the Wild Horse Border Crossing an automated Port of Entry with full Electronic Data Interchange (EDI) equivalency;
3. Accelerate dialogue with U.S. counterparts to provide support for their initiatives and ensure that the hours and services at Wild Horse consistently match the U.S.; and
4. Improve the structures and facilities on the Canadian port side to better serve present needs and eventually serve as the foundation of a full-service commercial port.

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

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

Investing in Market Access for Southern Alberta Business (2020)

Issue

Global commerce is increasingly reliant upon the ability for goods to reach local, regional and international markets. As such, it is imperative to consider the crucial role that transportation networks play in economic development. Current infrastructure in and around Southern Alberta requires serious upgrades and advancements to maintain and leverage a competitive edge in advancing business success in Southern Alberta.

Background

Recent refocusing of economic priorities within the province of Alberta, combined with a growing international demand for high-quality foods and agri-food products, has positioned Southern Alberta to be a global leader in the distribution of products to local, regional, and international markets. Moreover, the relative economic stability of the region, combined with low infrastructure and land costs, and the proximity for major producers and distributors to raw agricultural products, has cast an attractive light on Southern Alberta as a place to invest. The opportunity currently exists to leverage these advantages to help diversify and grow the Canadian economy by improving local transportation infrastructure.

Southern Alberta's agricultural heartland is a growing network hub for the export and import of large quantities of goods. Goods flow east and west through the region via Highway 3 and connect to Highway 1. Additionally, several major north-south corridors (Highways 6,2,62,4,889, 41 and Interstate 15) move goods through the region, particularly into the United States through the twenty-four-hour Coutts/Sweetgrass border crossing and the Wild Horse border crossing south of Medicine Hat. Furthermore, an extensive rail network (Canadian Pacific) exists, with lines moving goods both east/west and north/south.

Yet despite this considerable network, there is the distinct impression amongst the business community of Southern Alberta that clear opportunities will be missed by not investing now, at this crucial time in redirecting the Province's economy, in improving or expanding local transportation networks to encourage the growth of key industries. The development of this region as an agricultural, manufacturing, and alternative energy hub would be encouraged by the accelerated twinning of major highways that pass through the region (e.g. Highway 3), the development of an inland, intermodal port, which would open new possibilities for producers and industry stakeholders, and significant development to local airports, which would enable new opportunities for international and inter-regional trade and commerce.

These possibilities are real and are highlighted by several recent large investments in the region, including an expansion by Richardson Oilseed ($120 Million), Cavendish Farms ($350 Million), a new ethanol and biomass plant in Taber ($200 Million), and the new Windy Point Wind Farm ($150 Million). Southern Alberta is a growing region, with a population of approximately 272,017 people, with a continued steady increase. Moreover, the recent crash in commodity prices left Southern Alberta largely unaffected, due to the diversified nature of the local economy. Stability, in uncertain economic times, encourage investment, and a commitment from public sources to expand local transportation networks could easily tip the scales for major stakeholders who may be considering this region as a viable option.

The Government of Alberta's 2020 Capital Plan has earmarked approximately $2.3 billion for roads and bridge networks[353] across the Province – with a clear lack of expenditure on these vital networks in Southern Alberta. Compounding this, five-year funding projections do not show distribution of funds to large-scale development in the region's road network. It is the Lethbridge Chamber of Commerce's view that this represents a critical oversight, which if corrected, would immensely aid the Government of Alberta's clearly stated mission to invest in the diversification of the provincial economy.

In short, Southern Alberta is well positioned to become a major agri-food, manufacturing, and alternative energy hub, and a global leader in the distribution of goods to local, regional and international markets. With access to major highway infrastructure, extensive rail infrastructure, and growth potential to localized airports, Southern Alberta is ready to become a leading economic force in a retooled and refocused economy.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Work with rail operators to ensure open and fair access to rail transportation, through the reduction in regulations affecting wider usages of rail as a preferred form of transportation for Canadian goods to:

    National and international markets;

    Shipping ports; and

    Transportation hubs.

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

1. Expedite the twinning of Highway 3, considering the economic impact and growth-potential of opening up access to Highway 1 and national markets across Canada; and

2. Aide in creating a plan for sustainable growth in local airports as a portion of local economic progression, with an eye to growing international and inter-regional opportunities.

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

Off-Highway Fuel Rebate (2021)

Issue

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

Background

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

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

Four other jurisdictions in Canada – British Columbia, New Brunswick, Nova Scotia and Yukon – currently offer rebate programs for licensed vehicles used in off-highway industry operations. With businesses located in other Canadian jurisdictions eligible to claim rebates on clear diesel and gasoline, Alberta businesses are at a significant disadvantage.

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Road Signage to Promote Communities (2020)

Issue

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

Background

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Safer Workplaces for All Vulnerable Highway Workers (2021)

Issue

Every day, thousands of roadside workers face risks while at work on Alberta highways and roads. Emergency vehicles[354] and tow trucks with flashing lights are protected by Alberta's *slow down move over* law; [355] yet the law excludes vulnerable very short duration roadside workers. Traffic legally passes directly beside these roadside workers without reducing speed or moving over. Further, in Alberta, this law applies only to the lane immediately beside the stopped vehicle, not all lanes travelling in the same direction, creating motorist confusion and increasing risks to all on the road. Amendments to provincial legislation are required to make roads safer for all Alberta roadside workers.

Background

Safe and well-maintained transportation networks across Alberta are vital to driving economic activity, and connecting people and communities. Ensuring the safety and well-being of those roadside workers who keep our highways/roads safe and well-maintained is critical. The road is their workplace and their jobs sometimes require that they park vehicles/equipment on or along the side of the road. Alberta roadside workers, supported by other stakeholders, have been lobbying for change to provincial traffic laws to better protect them in this high-risk environment.

Slow down move over: equal protection for all roadside workers
In 2005, Alberta established legislation to create safer conditions for roadside workers. This *slow down move over* law requires drivers in the adjacent lane to slow to 60 km/hr or slower when passing emergency vehicles with flashing lights, including tow trucks. (Current legislation also requires motorists to observe the posted speed limit in construction zones.) The *slow down move over law*, however, does not include all vulnerable roadside workers. It excludes those stationery workers conducting "very short duration work"[356] (projects up to 30 minutes, as defined by Alberta Transportation). This includes highway maintenance workers, sign installers, line locaters, surveyors, survey crews, etc..

What this means is that when these individuals are stationery and working on the shoulder of the road, vehicles can legally pass in the lane directly beside them without moving over or slowing down – in some cases travelling at speeds as high as 110 km/hr (or higher if exceeding the speed limit). Left completely unprotected by a buffer and slower speed, these workers are at heightened risk of being hit or killed. In addition, these roadside workers are also required to work in emergency situations, in low light, at night or in inclement weather when visibility is poor. Many cite examples of near misses and collisions while on the job. For example, in an eight-month period, one Grande Prairie area line locating company reported vehicle damage on three occasions from passing traffic.

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[354] Includes fire, police, ambulance, tow trucks, and public utility gas disconnection unit https://www.alberta.ca/release.cfm?xID=1898137BBC21F-9DA9-0B64-AC83FC1CDBA00788

[355] AB Gov 2020 https://www.alberta.ca/release.cfm?xID=7578869C9FD4D-C801-6B8D-DF6CA30A29B743E

[356] "Work that occupies a fixed location for up to 30 minutes . . . ." and" rarely uses traffic control devices due to the time involved to set them up." https://www.alberta.ca/traffic-accommodation-in-work-zones.aspx

In 2015, British Columbia modified its *slow down move over* rule in response to safety concerns voiced by roadside workers who had been excluded from the law. The law today now includes all roadside workers displaying a flashing light on their vehicle.[357]

Slow down and move over: align with other provinces for better protection

Lobby efforts are also underway for further change to this law to create a safer workplace for roadside workers protected under this law. The change proposes that vehicles in *all* lanes moving in the same direction, not just the adjacent one, slow down and move over when a designated roadside vehicle is present. On a single-lane, undivided highway, oncoming traffic would also slow down.

In every other province in Canada with *slow down move over* legislation, the rule applies to all traffic lanes in the same direction of travel. According to the Alberta Motor Association (AMA), the problem with Alberta's law is that many drivers are unclear whether or not they are to slow down, resulting in scattered behaviour and massive speed variations. As well, hazards arise when vehicles slowing down attempt to merge into a lane with fast-moving vehicles.[358]

Amending legislation and aligning it with the rest of Canada would reduce motorist confusion. It is important to note, however, that while such a change will create a safer environment for workers currently protected under *slow down move over*, very short duration roadside workers will only benefit from this change if included under the law.

Conclusion

All roadside workers in Alberta have the right to a safe workplace. In December 2020, the Government of Alberta expressed its commitment to the safety of all roadside workers by "actively looking at ways to improve safety on Alberta roads."[359] These amendments to Alberta's traffic legislation support that commitment by creating a safer working environment for this workforce and the motorists sharing the road with them.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Amend Alberta's Traffic Safety Act (section 115) so stationery very short duration workers conducting roadside work have the same protection as other highway workers already included under the Act; and
2. Amend Alberta's Traffic Safety Act requiring that vehicles in all traffic lanes in the same direction of travel slow down and move over, not just the adjacent lane. Consideration should also be given to include opposite direction traffic on two-lane, undivided highways.

[357] https://www2.gov.bc.ca/assets/gov/driving-and-transportation/driving/roadsafetybc/strategy/road-safety-strategy-update-vision-zero.pdf

[358] AMA https://globalnews.ca/news/3707058/albertas-slow-down-move-over-law-needs-revision-ama/

[359] https://www.discoverairdrie.com/local/new-government-actions-to-protect-roadside-workers-in-alberta

The Need to Invest in Truck Driver Training (2020)

Issue

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

Background

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

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

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

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

In an effort to set a higher training standard and improve the safety and competency of truck drivers, the Government of Alberta introduced Mandatory Entry Level Training (MELT) for all new commercial driving applicants in March 2019. This new program requires driver candidates to take a minimum of 121.5 hours of professional classroom and room instruction before becoming eligible to take the commercial driver's test (Government of Alberta, 2019). This program has been touted

for adding a level of commitment by truckers to the industry and possibly reducing occupational attrition (Northern Labour Market Clearinghouse, 2000). Moreover, this has program has been credited for moving the industry towards a degree of professionalization. Certainly, when an individual feels they are in a professional occupation, they are more likely to remain in that occupation. That said, while MELT has been recognized for the latter, it has also been cited as possibly creating an additional barrier to entry for some candidates because of additional training costs and time required to attend a formalized training program (Northern Labour Market Clearinghouse, 2000).

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

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

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

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

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

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

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

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