Alberta Chambers of Commerce

2021-2023 POLICY BOOK

The policies in this book were approved by the Board of Directors
of the Alberta Chambers of Commerce at the 2023 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 (2023)

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 are damaging the Canadian Economy. According to the *Survey of Employers on Workers' Skills*, 56% of Canadian businesses reported having employees who were not fully proficient to be able to perform their job at the required level.[1]

While Alberta's unemployment rate has recovered from 2020 numbers,[2] meeting the demand for skilled workers in the province is essential for ensuring long-term prosperity. Despite Alberta's decreasing unemployment rate, as of December 2022 labour force participation was still below pre-Covid levels[3] and there were 97,595 (5.1 %) vacant jobs in Alberta, almost double the same number in 2019.[4]

These numbers should cause alarm for policymakers, as they reflect a range of emerging concerns from changing patterns of education and training, labour shortages, and indicates that Albertans are not returning to the workforce post-pandemic.

The pandemic drove a surge in demand for digitally skilled talent.[5] With technology evolving, there is a need to introduce supports and training to fill the kinds of jobs that are 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.

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. 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

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[1] Determinants of skill gaps in the workplace and recruitment difficulties in Canada https://www150.statcan.gc.ca/n1/pub/18-001-x/18-001-x2022002-eng.htm

[2] Unemployment Rate https://economicdashboard.alberta.ca/unemployment

[3] Labour Market Notes, January 2023 https://open.alberta.ca/dataset/7124f6a2-9de2-44ec-a30b-3430aca3a4cd/resource/b56b8a61-6642-4f2d-9899-b4bd4b7b3947/download/tbf-labour-market-notes-2023-01.pdf

[4] Alberta Job Vacancy Report, Q3 2022https://open.alberta.ca/dataset/20f6ac7c-0a56-4b77-a3cc-3b9adae24425/resource/6f81702e-e3ae-42c8-80a0-874b59f53530/download/jend-alberta-job-vacancy-report-q3-2022.pdf

[5] Information and Communications Technology Council 2021-2022 Annual Report https://www.ictc-ctic.ca/wp-content/uploads/2022/10/ICTC-Annual-Report-2021-2022.pdf

pedagogical methods, and engaging instruction and curricular materials)" is essential to preventing future labour supply bottlenecks.

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. The effects of artificial intelligence will be felt across all sectors. Canadian employers have altered the way they operate in the digital economy. In 2021, Canadian businesses with five or more employees grossed $398 billion in e-commerce sales, roughly 30% higher than in 2019. In addition to e-commerce, in 2021, more Canadian businesses used information and communication technologies compared with 2019.[6]

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. With this in mind, many will have to undergo training, ranging from minimal to significant. 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.

The current Canada - Alberta Workforce Development Agreement states the objective to "Align skills with labour market needs: Help workers and employers access the skills they need to adapt to the changing requirements of jobs and the labour market; and encourage employer involvement in training and continuous learning opportunities for workers".[7]

While the Province continues 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.

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

[6] Digital technology and Internet use, 2021 https://www150.statcan.gc.ca/n1/daily-quotidien/220913/dq220913b-eng.htm

[7] Canada - Alberta Workforce Development Agreement https://www.canada.ca/en/employment-social-development/programs/training-agreements/workforce-development-agreements/ab.html

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. Continue to 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%

[8] 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

[8] 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

encourages high school students to extend their education into Alberta universities, colleges, and 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.[9] 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”.[10] 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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[9] (https://www.universityaffairs.ca/news/news-article/provincial-budget-round-up-2021-university-sector-highlights/ April 28, 2021)

[10] 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".[11] 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."[12] 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.[13] 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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[11] 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)

[12] 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)

[13] 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.[14] 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.[15]

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

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

[15] 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 (2023)

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[16] 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).[17] 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.[18]

The What We Heard Report (2021) released as a result of the consultation held on the Next Agricultural Policy Framework stated Public Trust as a current and emerging challenge facing the sector (p.9). "Respondents conveyed that educating the public and promoting the great work that occurs across the value chain is very important for the success of the industry, now and for years to come."[19] A unified campaign focused on marketing the agri-food industry both domestically and internationally is required to educate the public and promote Alberta and Canada's agri-food industry.

The agri-food industry includes value-added agriculture and agri-food processing which are often forgotten as a vital part of the industry. The same What We Heard Report noted "Value-Added Growth and Attracting Business to Alberta" (p.8) as a significant growth opportunity for the industry.

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

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

[18] Barham E. (2003) "Translating Terroir: The Global Challenge of French AOC Labelling," Journal of Rural Studies Josling T. (2006) "The War on Terroir: Geographical Indications as a Transatlantic Trade Conflict" Journal of Agricultural Economics

[19] Government of Alberta. 2021. What We Heard Report. https://www.alberta.ca/assets/documents/afred-what- we-heard-report-next-policy-framework.pdf

With the agri-food industry target set to increase by over 27% to $225 billion dollars in 2025,[20] all sectors must be given the opportunity to reach their full potential through a unified COO brand.

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 Next Agricultural Policy Framework (NAPF) also includes the Agri- Marketing program, a federal-only program, which provides funding for market development and promotion activities.[21] In 2019, the Federal government unveiled the 'Canada Brand' which is currently undergoing a brand refresh. This branding toolbox has included a suite of graphics, images and messaging that can help brand 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.[22] 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.[23] This serves to reinforce the importance of a distinct, recognizable, and unified 'Grown in Canada Brand'. Therefore, because of the prominence of the agri-food industry in Alberta, Alberta is uniquely positioned to take the lead on creating a 'Grown in Canada brand' that reflects the safe, sustainable, and high-quality agri-food products.

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

The Alberta Chamber 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. 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.

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[20] 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

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

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

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

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.[24] 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.[25]

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

[24] 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

[25]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

[26] 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.[27]"

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[28]. Since the introduction of GMO Canola in 1995 (comprising 90%+ of cdn canola), yields have climbed from 21 bushels per acre to over 41.[29] Soil erosion has decreased 66%, greenhouse gas emissions have decreased by 26%, and fuel usage has been reduced by 31%.[30] 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.[31] 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.[32] 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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[27] "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

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

[29] 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.

[30] Ibid.

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

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

forward in technology.[33] 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.

[33] 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

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.[34] 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."[35]

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.[36]

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

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[34] 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/

[35] "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.

[36] 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.[37]
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.[38]

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.[39]

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.[40] 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."[41]

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:

The Alberta Chambers of Commerce recommends the Government of Alberta:

[37] Dr. Darrell Dalton, Interview
[38] Dr. Darrell Dalton, Interview
[39] Dr. Darrell Dalton, Interview
[40] Dr. Darrell Dalton, Interview
[41] Alberta Veterinary Technologist Association, Karen Melnyk, President, ABVTA

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.

Improving Risk Management for Agriculture Producers (2023)

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 ratio of revenue to risk is substantially larger 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. Both government and producer groups have identified that improvements to agricultural risk management solutions and tools are 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 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. This meeting followed what had 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 had changed, particularly with respect to climate and international trade, and that current programs may need to evolve to meet their needs. To address these changing risks, targeted improvements were made to the AgriStability program and Ministers asked officials to change the treatment of private insurance for the 2020 program year.

Understanding that administrative burden is an issue for many, particularly for smaller producers, Ministers additionally agreed to launch a pilot in select jurisdictions to make applying for support easier. This pilot would allow the use of tax return information to simplify the application process.

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

Out of recognition to support this vitally important sector in our economy, the provincial Government, through its business plans, prioritized the growth and sustainability of Alberta's Agriculture and Forest sectors, along with focusing on managing our resources responsibly . 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-food , 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 solutions .

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

Producer Concerns

Less than 1% of Canadians are farm operators, with the number of farms in Canada declining and the land base of each farm increasing. Add to this the increases to average inputs per acre, increased labour and 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 producers 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 result . 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 protection , there are also limits to this. Under the Canadian Agriculture Program, there have been improvements to the Margin Limit with it being adjusted now to ensure a more equitable level of support for participants impacted by the limit. However, participants are subject to limiting of at least 70 per cent of their calculated Olympic Average Reference Margin, known as the Adjusted Reference Margin Limit. The reference margin limit impacts about one third of participants to varying degrees. The reference margin used to calculate benefits (the applied reference margin) is the lower of the Olympic and the average adjusted expenses for the same three picked years as the Olympic. Therefore, if a producer's average adjusted expense for those three years was $200,000, the applied reference margin (used for calculating benefits) would be $200,000, which may only actually end up being 40% of their Olympic average. This type of example may seem extreme, but we have seen situations where limiting has impacted producers by a substantial amount.

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

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 by soliciting feedback from users to find out what isn't working and ensure equitable coverage across all producer types;

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

4.Provide more easily accessible, publicly available and tailored education tools for the creation of risk management strategies through options such as toolkits, workshops, webinars and online sessions;

5.Increase the reference margin trigger point up to 85% and include the ability for farmers to adjust inventory within Agri-Stability;

6.Evaluate all insurance tools in Canada and similar jurisdictions that have been successful, such as the United States, and a solution that creates a unified, consistent and streamlined process that is beneficial for all producers moving forward;

7.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;

8.Allow farms to file their year-end on the farm's financial year-end as opposed to imposing a universal Agri-Stability year-end filing date.

9.Provide education on the cost of production per acre by providing a cost of production toolkit similar to the Province of Manitoba;

10. Conduct a full review of the crop insurance programs to ensure equity and flexibility and options for new cropping and diversification opportunities;

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

12. Develop a better program for livestock producers, for example including the opportunity for producers to lock in a ceiling price when purchasing livestock.

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.[42]

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.[43] 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

[42] 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

[43] 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.[44] 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.[45] 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.

[44] 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

[45] Ibid.

Community and Social Services

Provincial Accountability on Homelessness: The Burden on Business (2023)

Issue

Municipalities are ill-equipped to address the community level impacts of homelessness, and direct funding is only provided to a few municipalities that qualify for supports. This is turn impacts municipal taxation leading to increased tax burden on those businesses that remain.

Background

The Government of Alberta announced significant new funding to reduce homelessness and expand Alberta's response to addictions on October 1, 2022. $63 million over two years was promised to support the provincial Action Plan on Homelessness[46] to select communities. This plan concentrates its focus on priority communities like Edmonton, Wetaskiwin, and Lethbridge. Work will also focus on equalizing funding between community-based organizations in Edmonton and Calgary. As homelessness is not exclusive to the aforementioned municipalities, supports are a necessity for all communities regardless of size, and are best administrated by those individual municipalities.

Alberta faces a growing challenge of homelessness. The reasons behind the increase in homelessness are many and complex, rooted in fiscal, social and policy decisions over many years. Supporting those who are experiencing homelessness is a provincial accountability and there are fundamental system level changes in how healthcare, mental health and addictions, and social services supports are provided that need to be reviewed.

While funding and program delivery is a provincial accountability, the impacts of homelessness are most felt by municipalities, business owners, and residents. The detrimental effect of inaction results in economic distress for businesses, economic dead zones, and economic deterrents leading to reduced tax revenues for the municipalities, and increased tax burden on our recovering businesses. There is also the burden of increased crime that adds pressure to law enforcement, emergency responders, and community social services.

Homelessness does not recognize borders and exists in varying degrees in all communities across Alberta. It is imperative that provincial investment in direct support delivery at the community level is consistent and equitable.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Develop and execute a comprehensive Provincial action plan and respond to homelessness across Alberta ensuring that municipalities of all sizes are considered.
2. Create realistic and sustainable funding models for homeless assistance services.
3. Increase the overall funding for municipalities, allowing them to create and manage a sustainable solution-based response based on the distinct and individual needs of each municipality.

[46] https://open.alberta.ca/publications/action-plan-on-homelessness

4. For communities that have no community support organizations within a municipality, provide a funding structure whereby a municipality could access additional funds for programs that proactively address homelessness.

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[47] (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.[48]

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.[49]

Further, many Canadians now face personal financial uncertainty.[50] 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)"[51] 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[52] shows features of Canada's public retirement income system have significant work and income earning disincentives for

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[47] 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.
[48] Improving Canada's Retirement Income System- Setting Priorities (squarespace.com)
[49] Squeeze Play: Higher wages alone won't solve Canada's labour shortage problem (rbc.com)
[50] Labour shortages to become the new norm in future (cpacanada.ca)
[51] Improving Canada's Retirement Income System- Setting Priorities (squarespace.com)
[52] 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.[53] 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.[54]

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."[55]

When Canadians work longer there are numerous benefits to the economy and workplaces:[56]

- 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

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

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

55 Improving Canada's Retirement Income System- Setting Priorities (squarespace.com)

56 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."[57] 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.[58]

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;

[57] Fostering a Workforce of Equal Opportunity in Alberta: An analysis of adolescent transitional supports for students with Autism Spectrum Disorder (ucalgary.ca)
[58] 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.

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.[59]

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

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

After initiating the program in 2009, Aspen Heights Grade Three Provincial Achievement tests went from 64% acceptable and 5% excellent in 2009-2010 to 92% acceptable and 16% excellent in 2011-2012. Discipline referrals to administration dropped from 55 in 2009-2010 to 14 in 2011-2012. The school also sees higher than average student and parent satisfaction and higher attendance. The percentage of parents, teachers and students who are satisfied that students model the characteristics of active citizenship was 96% at Aspen Heights compared to 80% average in the Red Deer School District and 82.5% provincially.[60]

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

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

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

[60] "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.[61]

In an analysis comparing 13 *MicroSociety* and 13 regular schools in Florida with similar demographics, the *MicroSociety* schools consistently and significantly outperformed in reading and math with the gap expanding over time.[62] Beyond exceeding standards at basic subjects, students also gain invaluable experience solving real world problems. "During Micro-Time, students often counter unanticipated and messy problems - settling a contractual dispute among students, figuring out how to turn around an unprofitable business, writing and then effectively enforcing legislation to reduce bullying - are dynamic dilemmas which provide opportunities for students to apply their school learning in authentic contexts.[63]

While *MicroSociety* models 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.

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

Highlighting the Importance of Ag Education (2023)

Issue

With greater attention around food sustainability and the environmental foot print 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 foot print 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 2021 Census of Agriculture found that 524,915[64] people are involved directly in farm work which constitutes just over 1.37% of Canadians. While the number of people who are directly involved in farm operations is relatively low, all Canadians participate in the agri-food sector when they go grocery shopping and make food choices. Yet, farmers and ranchers feel increasingly under attack because of the public scrutiny and misinformation around the industry.

The disconnect between the producers who grow the food we eat and consumers is widening due to urbanization,[65] growing misperceptions, and a lack of factual information around this vitally important industry.

To emphasize the importance of our agribusiness industry, based on the 2021 Census, there are 57,195 farm operators in Alberta with 29,601 individuals employed as paid labour,[66] representing 4.27 percent of the total provincial workforce.[67] Alberta has one of the world's most productive agricultural economies and a total farm area of 49.2 million acres[68] (St.Pierre, McComb, 2022). Despite the decline in farms since 2011 in our province, Alberta continues to rank second, behind

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64 Characteristics of farm operators: farm work and other paid work, Census of Agriculture. 2021. https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210038201

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

66 Census of Agriculture: Farm and farm operator data visualization tool. 2021. https://www150.statcan.gc.ca/n1/pub/71-607-x/71- 607-x2022006-eng.htm

67 Census 2021 Alberta Labour Highlights Report 1. https://open.alberta.ca/dataset/8e12b021-be62-4025-9578-6154e5da09d3/resource/5894d89a-4bea-4d8c-872f-8df20bd187be/download/jend-census-2021-alberta-labour-highlights-report-1- 2022.pdf

68 St. Pierre, M., McComb, M. 2022. Alberta has the highest farm operating revenues in Canada. https://www150.statcan.gc.ca/n1/pub/96-325-x/2021001/article/00009-eng.htm

Ontario, in total farm area with the highest number of cattle ranching farm types in the country. In addition, Alberta has seen increases in wheat farms, oilseed and grain farms in addition to other grains.

In 2020, Alberta's real gross domestic product for agri-food industries totaled $9.68 billion,[69] increasing $8.5 billion in 2018 and $5.5 billion in 2011.[70] In 2021, Alberta agri-food exports remained strong at $14.1 billion,[71] exceeding the 2018 record by 17.7 percent.[72]

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, various educational resources and programs as well as funding for agriculture education and literacy.[74] There have also been not-for-profit and private organizations that have taken a leadership role in Agriculture Education, including Agriculture for Life,[75] as well as Nutrients for Life,[76] 4-H[77] and programs such as Journey 2050[78] and Farmers 2050.[79]

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

Consultations have identified that not only do teachers need to be equipped with the outcome connections and resources; they also need to be trained and knowledgeable in the subject matter. If they feel unequipped, these optional courses are not a priority.

Educators must also see the value in the resources that will accelerate or deepen their learning, helping their students to learn faster or accelerate their understanding of the curriculum. If this correlation is not made, the information won't be integrated.

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[69] Invest Alberta. 2020. https://investalberta.ca/agriculture/#:~:text=Alberta's%20agricultural%20sector%20is%20foundational,agri%2Dfood%20products%2 0in%20Canada.

[70] Agriculture Statistics Factsheets, Government of Alberta: https://open.alberta.ca/publications/1929-4263

[71] Agricultural trade services – for exporters. Government of Alberta. https://www.alberta.ca/agricultural-trade-services-for- exporters.aspx#:~:text=In%202021%2C%20the%20top%205,for%2078.9%25%20of%20the%20total.

[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.aspx

[74] Canadian Agricultural Partnership for Agriculture Education and Literacy: https://cap.alberta.ca/CAP/Programs/category/Agricultural%20Education%20and%20Literacy

[75] Agriculture for Life: http://agricultureforlife.ca/

[76] Nutrients for Life: https://www.nutrientsforlife.ca/

[77] 4-H Canada: https://4-h-canada.ca/programs

[78] Journey 2050: http://www.journey2050.com/

[79] Farmers 2050: https://www.farmers2050.com/

A barrier to experiential learning opportunities can be correlated to time tables, 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.

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 plays 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 Province of Alberta:

1. Require agriculture education to be incorporated into existing course curriculum of all grades K through 12, with outcomes connected to the Alberta Education identified core competencies, ensuring outcomes are appropriate for each grade level;
2. Integrate experiential learning opportunity options, including work-integrated learning, such as on-farm learning, community gardens and community classrooms, particularly in grades 7-9 through the Career and Technology Foundations (CTF) curriculum;
3. Conduct a review on the resources currently available to teachers and the gaps that exist to ensure that the instructors have access to a comprehensive resource library;
4. Integrate fact-based agriculture education tools and resources through learnalberta.ca, ensuring these resources are readily available to teachers, are easy to navigate and

understand, and seamlessly support the curriculum to ensure that additional burden isn't being placed on instructors.

Energy

Addressing Rising Electricity Costs for Alberta SMEs and Citizens (2023)

Issue

An increasing number of Alberta SMEs and citizens have been struggling to pay rising electricity costs. Utility bills have increased significantly in 2022 and 2023 and saw unprecedented prices peaks, the highest ever charged, in December of 2022. Higher prices are having dramatic impacts on SME and residential customers throughout the province.

Background

The rising electricity costs in Alberta have become a significant challenge for small and medium-sized enterprises (SMEs) and residential customers throughout the province. The transition to cleaner energy sources has led to an increase in generation capital investments, resulting in volatile Power Pool prices and higher retail prices for electricity.[80] Additionally, the closure of coal plants, gas supply constraints, and low wind generation have all contributed to the increasing cost of generation, leading to unprecedented price peaks in December 2022.

Currently, 37% of consumers in Alberta are enrolled in the Regulated Rate Option (RRO), with many remaining on it due to barriers to accessing other options. The RRO rates have seen steady increases since May 2022, doubling from 10.07¢ / kWh in May to 22.043¢ / kWh in December 2022. Although the Government of Alberta introduced a three-month price cap in January 2023,[81] rates have already increased to between 17¢ and 20¢ / kWh in April, with further spikes projected in the summer months.

Temporary price "caps" have proven ineffective in addressing the root causes of rising electricity costs, and the RRO price deferral has come at a cost of $200 million to be repaid by SME and residential customers on the RRO.

This increase will be spread across all RRO users, to the tune of an estimated 2.5¢ / kWh increase to their bills.[82] This increase does not take into account base level increases that the initial deferral attempted to address. However, the number of RRO customers in the province is declining, leaving a smaller pool of customers to shoulder repayment and increasing the load on each remaining customer.

Adding to the burden faced by SMEs and residential customers are municipal Local Access, or “Franchise”, Fees.[83] Franchise artificially and needlessly increase monthly invoices and are not consistent throughout the province. A customer in Calgary may pay as much as four times the amount

[80] AESO Net-Zero Emissions Pathways Report (https://www.aeso.ca/assets/AESO-Net-Zero-Emissions-Pathways-Report-July7.pdf)

[81] Historic Rates (https://ucahelps.alberta.ca/historic-rates.aspx)

[82] Cash-strapped Albertans stuck repaying $200M cap on regulated rates, says report (https://www.cbc.ca/news/canada/calgary/uofc-report-electricity-consequences-alberta-1.6795650#:~:text=According%20to%20the%20report%2C%20the,their%20bills%2C%20the%20report%20says.)

[83] Frequently Asked Questions (What is a franchise fee/local access fee? https://www.auc.ab.ca/frequently-asked-questions/)

of Municipal Franchise Fees on their bill as their counterpart in Edmonton. Cochrane,[84] St. Albert,[85] and Athabasca[86] were among Alberta communities to see Franchise Fee increases in 2023. These fees allow municipalities to generate revenue from utility customers through a charge that is often ignored.

The Alberta Chambers of Commerce recommends that the Government of Alberta take the following actions to address rising electricity costs for SMEs and citizens:

1. Cover some or all of the $200 million cost of the January-March deferral to prevent customers from having to pay rates even higher than before the deferral program. The government could consider using some of the forecast $2.4 billion surplus to prevent the unintended consequence of runaway cost increases to SME and residential customers.

[84] Council to move forward in Fortis Alberta franchise fee increase (https://www.cochraneeagle.ca/local-news/council-to-move-forward-in-fortis-alberta-franchise-fee-increase-1776473#:~:text=At%20last%20Monday's%20meeting%20council,cent%20to%2017%20per%20cent.)

[85] City Approves Five Per Cent Increase in Electrical Franchise Fee (https://stalbert.ca/cosa/news/releases/electrical-franchise-fee-increase/)

[86] Franchise fees to rise again in 2023 (https://www.townandcountrytoday.com/athabasca-news/franchise-fees-to-rise-again-in-2023-5943117)

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.[87] According to its mandate, the AUC considers and protects the social, economic and environmental interests of Alberta where competitive forces do not.[88]

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.[89]

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.)[90]

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 facilities

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

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

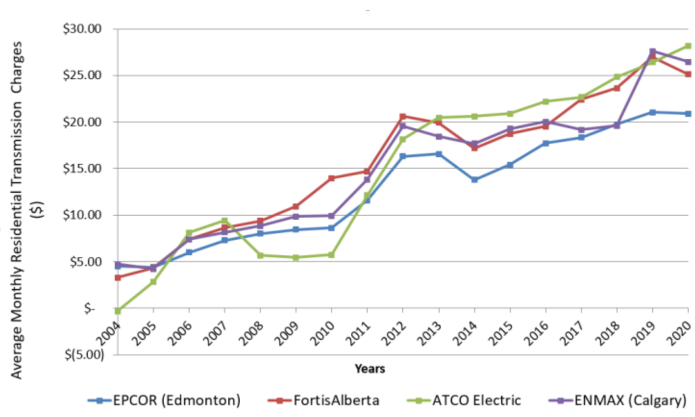
[89] Alberta Utilities Commission http://www.auc.ab.ca/pages/distribution-rates.aspx

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

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).[91]

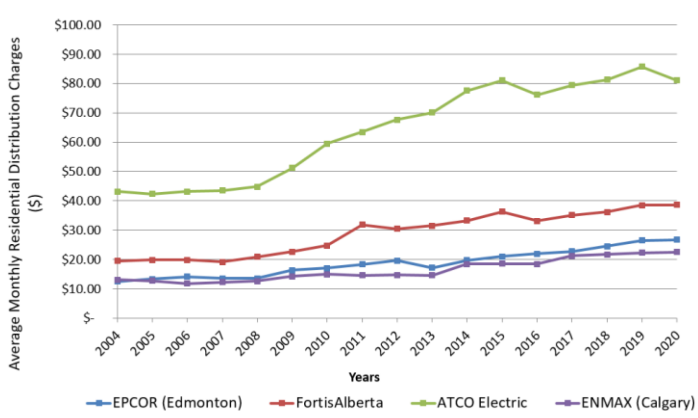
Distribution charges cover the cost of moving electric energy from substation transformers through local, lower-voltage lines that carry electricity to a customer's meter. These charges make up between 22% and 47% of a customer's total bill. In 2020, monthly distribution charges paid by the average residential consumer with 600kWh consumption ranged from $22.55 (ENMAX's service area) to $81.11 (ATCO's service area).[92] 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.

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

[92] 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.[93] 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.[94] 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,[95] 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.

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

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

[95] 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,[96] 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,[97] 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.[98] 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.[99] The Federal government is supportive of hydrogen by recently releasing

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

its federal hydrogen strategy.[100] Canada joins a list of countries that are investing in hydrogen, including: Australia, Germany, South Korea, Saudi Arabia, and more.[101]

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".[102] 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."[103] Further to this, Alberta's recently released Natural Gas Strategy[104] 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[105] 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".[106]

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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[100] https://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/environment/hydrogen/NRCan_Hydrogen-Strategy-Canada-na-en-v3.pdf

[101] https://sponsored.bloomberg.com/immersive/hyundai/the-h2-economy

[102] https://edmontonjournal.com/news/politics/alberta-natural-gas-strategy

[103] https://actl.ca/

[104] https://www.alberta.ca/natural-gas-vision-and-strategy.aspx

[105] 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

[106] 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[107] 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.*[108] 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."[109] 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.[110] 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

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[107] 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.

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

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

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

systems are largely isolated from one another and there has been little progress made to break down 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.[111]

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,[112] 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.[113] 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.[114]

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.[115] 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

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

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

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

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

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

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 monthly operating costs, and 35% reported their power costs had increased by 20% compared to just 7% in 2020.[116]

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.

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

Enhancing Alberta's Natural Gas System (2023)

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.

Given the essential role hydrogen has in achieving net-zero goals it will be essential to improve the natural gas system reliability to ensure enhanced reliability of the production of this vital clean fuel of the future and enable the hydrogen economy to develop in a safe, reliable, and sustainable manner.

Background

Natural gas is an important economic driver in Alberta, with over 60% of Canadian marketable natural gas being produced within Alberta.[117] 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."[118] 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.

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[117] Canada Energy Regulator https://www.cer-rec.gc.ca/nrg/sttstc/ntrlgs/stt/mrktblntrlgsprdctn-eng.html

[118] Alberta Government https://www.alberta.ca/natural-gas-overview.aspx

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.

Lastly, the advancement of hydrogen blending into the existing natural gas system, if not done carefully, risks exacerbating these chronic system reliability issues. Introduction of hydrogen into legacy natural gas systems of varying age and specification can result in leaks or equipment performance issues due to its different properties and its interaction with piping and component materials. If sections of piping require replacement to ensure safe operation, this could worsen the maintenance coordination issues discussed above. Gas consumers may also need to retrofit equipment to use blends of hydrogen and natural gas due to the lower heating value of hydrogen and the propensity for higher NOx emissions when combusted.

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;
3. Streamline regulation and approval process for critical infrastructure builds, such as pipelines, and;
4. Advance recommendations for hydrogen blending in existing natural gas systems only after multi-year pilot studies have been completed to ensure that the blending levels proposed can be managed safely, without adverse reliability impacts, and at a reasonable cost to consumers.

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.[119,120] 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".[121] "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".[122] The Canada Nuclear Safety Commission (CNSC) regulates SMR projects with the purpose of protecting the "health and safety of Canadians and the environment.[123]

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.[124,125]

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.*
- *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.*

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

- *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.[126] By contrast, Ontario's electricity grid is currently around 60% nuclear, which demonstrates nuclear's effectiveness and potential for expansion in Canada and Alberta.[127]

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.[128]

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...".*[129]

[126] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-alberta.html
[127] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-ontario.html
[128] https://www.cbc.ca/news/canada/calgary/nuclear-energy-alberta-ucp-small-scale-modular-reactors-government-of-canada-1.5677983
[129] 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 (2023)

Issue

In order for Alberta to compete on the global stage, we need to address issues such as regulatory uncertainty and cost competitiveness so that industry has the tools it needs to maintain a competitive advantage and so that the province and regions can attract new investment opportunities.

Background

The concept of cluster development was introduced in Michael E. Porter's paper, *The Competitive Advantage of Nations* published in the Harvard Business Review in the March-April 1990 edition.[130] This paper references a study that aimed to determine the differentiating factors in what makes a country successfully competitive on the global scale. It consisted of a detailed, four-year analysis of 10 different countries with different cultures, strategies, and success in various industries. The paper discusses four Determinants of National Competitive Advantage: Firm Strategy, Structure, and Rivalry; Demand Conditions; Factor conditions; and Related and Supporting Industries (p.77). The last determinant references, in essence, cluster development.

Since the time of Porter's paper, there have been numerous other studies and papers written on the subject. Ultimately, there has been a general consensus on the definition of cluster development as:

"...clusters are widely acknowledged as a type of activity-specific system, situated within broader regional innovation systems, where interaction between actors supports quicker diffusion and absorption of knowledge, more effective innovation and efficient solutions to a range of other localized drivers of competitiveness". (Wilson et al., 2022).[131]

This discussion has spurred many local and regionalized innovation hubs and is the underlying basis of the Designated Industrial Zone (DIZ) concept. If there are related businesses located in close proximity to one another with the benefits of regulatory streamlining, there is an increased likelihood of those businesses experiencing a successful outcome.

In 2022, the Alberta Government announced that it would move forward with a Designated Industrial Zone pilot in Alberta's Industrial Heartland. This project was contingent on six critical factors: formal agreement, coordinated zoning, target size and scale, cluster infrastructure, harmonized permitting, and environmental management. The Industrial Heartland is located in Central Alberta, spread across five municipalities covering a total area of 592km2, and is primarily focused on the petrochemical industry.

Given that Alberta's Industrial Heartland is the first government partnership of its kind, it can be referred to as a model for future zones. The petrochemical industry was an obvious starting place for the province's first DIZ as the region had already been identified as a priority for the province[132] and industrial development in the region was already taking place. The petrochemical sector accounts for approximately one-third of Alberta's total manufacturing exports, producing 27% of Canada's

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[130] Porter, M. E. (1990). The competitive advantage of nations. Harvard Business Review. https://hbr.org/1990/03/the-competitive-advantage-of-nations

[131] Wilson, J., Wise, E. & Smith, M. (2022). Evidencing the benefits of cluster policies: towards a generalised framework of effects. Policy Sciences, 55, 369-391. https://doi.org/10.1007/s11077-022-09460-8

[132] https://investalberta.ca/industry-profiles/petrochemicals/

chemical output. Contributing $6.8 Billion to the provincial GDP and $6 Billion in exports, Alberta has modern, world-scale plants with access to abundant resource feedstock and efficient transportation systems. 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.

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.[133]

There are environmental considerations that must be noted with such a large area focused on the development of these two important industries. The provincial government has committed to responsible energy development and a sensible approach to environmental protection. In an effort to achieve balance, the Alberta government is actively updating its environmental strategy to address topsoil management guidelines, air emissions requirements, water quality management, environmental assessments, and financial or human resources for implementing environmental management programs[134] within the DIZ.

In terms of economic development for the region and the province, EY completed an Economic Impact Study on Alberta's Industrial Heartland, released in July of 2019[135]. In terms of the provincial direct, indirect, and induced economic impacts, the combined operational expenditures in the region resulted in $4.476 billion in output, meaning the "total economic activity of new goods and services because of activities occurring within a particular area". Furthermore, there was more than $1.756 billion in GDP, $1.594 billion in wages, and the equivalent of 23,213 FTEs (p.35) in one year. The capital expenditures over the period of 2017-2020 resulted in $17.243 in output, $10.500 in GDP, and 7,935 FTEs resulting in

$1.581 in wages. With a provincial and regional collaboration, there is an expectation that the additional resources put toward streamlining regulation and shared infrastructure while mitigating environmental impacts will contribute to an increase in the measurable economic impact for the region and the province.

While Alberta's Industrial Heartland is primarily comprised of petrochemical operations, there should be a focus on developing DIZs supporting the development of other industries across the province. The streamlining of provincial regulations is a critical piece to the success of a DIZ and the organizations located within it, and therefore any provincial policy should reflect the niche organizations within the specific DIZ. As referenced by Porter (1998) "The aim of cluster policy is to reinforce the development of all clusters." "Governments should not choose among clusters, because each one offers opportunities to improve productivity and support rising wages."[136]

Given both the studied success of cluster developments in addition to the demonstrated benefit within the Province of Alberta, it is apparent that there is an advantage to cluster development with

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[133] https://investalberta.ca/industry-profiles/industrial-manufacturing/

[134] https://www.alberta.ca/industrial-heartland-designated-industrial-zone.aspx

[135] https://industrialheartland.com/wp-content/uploads/2019/07/EYLLP_AIH_EconomicImpactStudy.pdf

[136] Porter, M. E. (1998). Clusters and the new economics of competition. Harvard Business Review. https://hbr.org/1998/11/clusters- and-the-new-economics-of-competition

streamlined regulations within a designated region. Therefore, it should be a goal of the government to facilitate the development of additional designated industrial zones in the province.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with municipalities to clarify the process of obtaining an industrial zone designation in support of expanding the number of industrial zones across our province;
2. Assist and facilitate qualifying municipalities to better understand the requirements associated with streamlining regulatory approvals;
3. 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;
4. Provide investment attraction support programs with fair and equitable opportunity to any company that meets the eligibility criteria in alignment with existing economic development partners.

Low Carbon Intensity Hydrogen (2023)

Issue

Hydrogen is a gas that is recognized as a solution for the world's low carbon heat, transportation, and industrial needs. Alberta has an excellent opportunity to produce inexpensive, clean hydrogen. While there are various production technologies to consider, the bottom line is that <u>all</u> forms of clean, low carbon intensity hydrogen should be considered as part of Alberta's future hydrogen plan as we continue in our role as a global energy leader.

Background

Hydrogen is a burgeoning clean fuel that governments around the world have been rallying around that has no carbon release into the atmosphere when utilized as an energy source. While there are several methods of hydrogen production, each one may be advantageous in specific geographical locations as we move to a low-carbon future. The hydrogen technologies that are currently available, plus those that are being developed, must consider total carbon intensity from the production method to the form of transportation utilized to the end user.

"Colours" have been adopted to make hydrogen production technologies easier to communicate. These refer to the means by which hydrogen is produced, but not necessarily their carbon intensity. Grey hydrogen is made from natural gas, with CO_2 released into the atmosphere. Green hydrogen is made through electrolysis (water-splitting), which releases no CO_2 during production, but does use significant freshwater feedstock and requires a renewable electricity source powering the process to avoid upstream emissions. Blue hydrogen, like grey, is also produced from natural gas, however the CO_2 is captured and stored underground, so that it emits nearly zero emissions during production. Turquoise hydrogen uses methane pyrolysis to produce a marketable product called "carbon black" which safely embeds the CO_2 in products such as tires, asphalt and more, with hydrogen being a by-product. Finally, pink hydrogen is produced via electrolysis powered by nuclear energy.

There are four factors for a desirable fuel source: reliability, cost, safety, and carbon intensity, with the two most crucial factors being carbon intensity and safety. While there are many different methods and "colours" of hydrogen production, this alone does not necessarily describe the carbon intensity of the hydrogen produced. Therefore, we must remain colour/technology agnostic and focus on carbon intensity as the key conversation. It is vital that carbon intensity be measured from the start of the production process all the way to the end user, so that a true picture can be analyzed when comparing the specific methods of production. For example, green hydrogen via electrolysis is among the cleanest ways to produce hydrogen, however, the electrolyzer used must be powered by clean electricity, or else it may have a higher carbon intensity than other forms of production. There are also other environmental impacts to consider, such as use of freshwater and upstream carbon intensity of the components. Blue hydrogen uses natural gas as feedstock but up to 95% of emissions may be captured during production, which can bring it very close to zero emissions. According to a recent Edmonton Region Hydrogen HUB presentation the respective ranges for blue and turquoise CO_2 emissions per kg of H_2 (including both production and upstream) is 3-5kg, whereas the range for green hydrogen can be as low as 1kg and as high as 18kg depending on what source powers the electrolyzer. Therefore, multiple productions methods have low carbon intensity potential; each of these, and as well as any other colour that can prove the same or better, should be considered to achieve our net zero goal.

Safety is also a concern, and while hydrogen comes with its own unique challenges, hydrogen can be a safe, widely used clean source of energy.

The Canadian Government has already signaled strong support for hydrogen with its own Hydrogen Strategy[137], supported within Budget 2022[138], and with recent agreements to collaborate on Hydrogen with the Netherlands[139] and Germany.[140] There is also significant support for hydrogen in Alberta, with the

Alberta government's Hydrogen roadmap,[141] Alberta Innovates' Hydrogen Centre of Excellence,[142] and the new "Edmonton Region Hydrogen HUB[143]", as well as over $60M in funding support provided to hydrogen projects across the value chain by Emissions Reduction Alberta, allocated by the Government of Alberta under the Technology Innovation Emissions Reduction (TIER) fund. In Alberta's Industrial Heartland, the Transition Accelerator has been playing an important 'thought leadership' role in Alberta's hydrogen[144] production industry. The Alberta Chambers of Commerce has already adopted a position supporting blue hydrogen ("Alberta's Opportunity in the Hydrogen Economy), as well as a position supporting Nuclear SMRs (Small Modular Reactor) ("Including Nuclear in Alberta's Energy Mix"), a technology which may become useful in the creation of "pink" hydrogen in the future.

Hydrogen is a valuable fuel for heat, transportation, and to power industry; it will be vital to determine hydrogen markets in order to build a business case for building a hydrogen supply. The time is now for the Governments of Alberta and Canada to work with industry partners to determine demand markets so that the needed hydrogen supply and infrastructure can be built to support a low carbon future. For example, if hydrogen vehicles are used increased fueling station access and methods to efficiently distribute hydrogen, such as pipelines, will be essential.

It is important to note that hydrogen is not a "silver bullet," but one important piece in solving the net-zero puzzle that will also include electrification, nuclear, wind, solar, fossil fuels with carbon-capture, and more.

The Alberta Chambers of Commerce recommends the Government of Alberta work with the Government of Canada and industry partners:

1. To support colour agnostic research and development of all forms of clean hydrogen that are

[137] https://www.nrcan.gc.ca/sites/nrcan/files/environment/hydrogen/NRCan_Hydrogen-Strategy-Canada-na-en-v3.pdf

[138] https://budget.gc.ca/2022/report-rapport/chap3-en.html

[139] https://www.nrcan.gc.ca/climate-change/canadas-green-future/the-hydrogen-strategy/memorandum-understanding-between-the- government-canada-and-the-government-the-netherl/23907

[140] https://www.nrcan.gc.ca/climate-change-adapting-impacts-and-reducing-emissions/canadas-green-future/the-hydrogen-strategy/joint-declaration-intent-between-the-government-canada-and-the-government-the-federal/24607

[141] https://www.alberta.ca/hydrogen-roadmap.aspx

[142] https://albertainnovates.ca/programs/hydrogen-centre-of-excellence/

[143] https://erh2.ca/

[144] https://transitionaccelerator.ca/

low carbon intensity measured from “start to finish;”

2. To determine demand markets, and to ensure that Canada can meet domestic and international supply needs through low-carbon hydrogen production;
3. To ensure that infrastructure to transport hydrogen domestically is in place to meet demand now and into the future;
4. To recognize that government’s immediate support is of the essence to compete as other jurisdictions are moving quickly with both financial and policy support;
5. To effectively communicate with the public about the importance and safety of hydrogen as an energy source and to promote the importance of producing low-carbon intensity hydrogen rather than specific colours.

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.[145]

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.[146] 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.[147] 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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[145] Alberta Economic Dashboard

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

[147] 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 (2023)

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 businesses.

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: upgrades to infrastructure and construction of generation will be necessary, resulting in costs being passed on to consumers.

In Canada, communities account for 60 percent of total energy consumption and half of Canada's emissions – making them key players in our country's goal to reduce emissions. And while carbon-based fuels will likely remain an important part of our energy system for decades, Alberta has an opportunity to better utilize our fossil fuels by improving the way we use our existing energy sources while transitioning to low and zero emission solutions that are available right now, such as district energy systems.

What is district energy (DE)

District energy systems (DES) use a central energy plant to provide efficient heating, cooling, hot water and power to a group of buildings. Modern systems (climate-resilient and low-carbon) are one of the least-cost and most efficient solutions in reducing emissions and primary energy demand.[148] These systems use alternative energy sources, such as wood waste, sewer heat or waste heat, captured from other processes. Typically, DE is almost fully consumed by consumers within that compound, building or subdivision; excess electricity is sold to the grid.

Benefits

DES have a number of benefits that support communities and business:

More cost effective. Serving many customers from one location, DES have lower operations and maintenance costs than buildings with in-building heating systems. Buildings connected to DES have lower capital costs and smaller footprints and, as such, fewer associated costs (insurance, maintenance, upgrade, etc.).

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

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

Viable, reliable and readily available technology. DES are proven technologies, and are already in place in other parts of Canada and around the world.[149]

Reliable access to energy. Increasingly faced with electricity brownouts or blackouts from ice, snow and wind storms, floods and fires, low carbon technologies like DES can add to Albertans' energy security.[150]

Fundamental to more resilient communities. Quest Canada, a national non-profit actively working to accelerate the adoption of efficient and integrated community-scale energy systems in Canada, promotes the value of DE technology in building more resilient communities, citing its environmental, economic and reliability benefits. [151]

Barriers in Alberta

Current Alberta regulations 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. Further, 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 retail units and 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.

As early as 2017, the Alberta Electric Distribution System-Connected Generation Inquiry identified the need for regulatory change to accommodate growth in the district energy sector in Alberta.[152] However, current regulations in the province continue to hamper DES, despite their proven benefits and viability. Furthermore, incentive programs available through Emissions Reduction Alberta, the Municipal Climate Change Action Centre, and other sources do not support funding programs that could benefit DES' implementations.

As part of its climate change plan, the Government of Alberta has set a target of 30 percent of electrical energy produced in Alberta to be generated from renewable sources by

2030. Progressive policies and strategies in Alberta that promote self-generation with clean technology, such as DES, support an affordable, flexible, reliable and environmentally responsible alternative to energy delivery for Alberta consumers. Such an approach creates an environment of resiliency and competitiveness for Alberta businesses and communities.

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

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

[151] https://questcanada.org/

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Implement an industrial, commercial and residential regulatory framework that allows customers to install district energy systems for the sharing of electricity and heat between tenants and neighboring buildings. Such a framework would include checks and balances to ensure cost controls are in place to protect end use customers.
2. Include, support and promote district energy systems in programs and policies aimed at helping drive Alberta and Canada's climate change aspirations, more resilient communities and a more competitive economy.

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.[153] 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.[154] 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.[155]Alberta's oil also leads governance strength and contributions to society. Alberta oil producers contributed over $50 million to community investments in 2015 and

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

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

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

2016 alone.[156] Major infrastructure in the oil sands is also owned by local Indigenous groups limited Partnerships, such as Thebatcha[157] and Astisiy[158].

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.

[156] 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

[157] 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

[158] 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

Resilient Community Microgrid Energy (2023)

Issue

Microgeneration through various clean energy sources is an excellent solution to self-supply electricity for business and consumers. This would result in lower local carbon emissions and costs, while contributing back to a safe and reliable electricity grid. There are several barriers that prevent wide-scale adoption and implementation in Alberta, and we recommend that the Government of Alberta take immediate steps to remedy these barriers.

Background

Energy is considered the life blood of buildings and local economic growth. People and businesses require secure access to affordable energy as a foundation to their prosperity. As decarbonization and electrification work intensifies, the reliability of the grid system has suffered, with more frequent advisory warnings to reduce consumption or incur rolling brown outs. The current grid system incurs energy losses of over 65% from generation to consumption; these inefficiencies are not only staggering but expensive. A single monopolized energy source leaves consumers vulnerable with few options but to pay volatile and increased electricity utility bill costs.

Microgeneration is the ability for a single business or consumer, or a group, to produce localized energy from sources like geothermal, solar, hydrogen, and more to meet their needs.

The Micro-Generation Regulation, enacted in 2008, was highly publicized by government, to simplify the process by which Albertans can use renewable resources or alternative energy to generate their own electricity and receive credit for the electricity they generate but do not consume.

When the regulation was passed, the Alberta Utilities Commission (AUC) oversaw the implementation of the regulation and *Rule 024 (Rules Respecting Micro-Generation).*

"Micro-generation generating units are sized to offset all or a portion of the customer's total energy consumption. Albertans who want to generate electricity to earn revenue, and not for their own use, are considered commercial generators and do not meet the requirements to be a micro-generator."[159]

Overview of Electricity Grid

Because of the various stakeholders and regulations that are involved to protect the existing grid system, decentralized energy solutions have failed to be implemented successfully on a consistent basis.

- Distribution Facility Owners and Wire Service Providers are hesitant because they see a requirement to upgrade their network technology to manage two-way energy flows.
- The Alberta Electric System Operator (AESO) that oversees the high voltage grid electric system primary concern is ensuring that the large remote generation plants, with signed Power Purchase Agreements (PPA), and over built transmission lines are utilized to Meet the pre-established commitments by both sides. A reduction in grid consumption would reduce revenues for these three parties involved.
- Alberta Utilities Commission (AUC) regulates the utilities sector, natural gas, and electricity markets to protect social, economic, and environmental interests of Alberta where

[159] https://media.www.auc.ab.ca/prd-wp-uploads/2022/01/MicrogenerationNoticeSubmissionGuideline.pdf

competitive market forces do not.

The Alberta Electric System Operator's (AESO) Delivered Cost of Electricity Report May 2020[160] states that, "Increasingly, grid-connected customers have options to generate some or all of their electricity needs from on-site generation, thereby avoiding a portion of the costs associated with electricity distribution and transmission tariffs and the majority of the costs associated with the commodity of electricity." The report identified key drivers that could negatively influence the incentive and ability to self-supply and for microgrids to develop:

- "Grid cost increases: future increases in distribution and transmission costs
- Tariff treatments: rates which incorporate a larger amount of fixed costs may render some on-site generation options uneconomic...
- Regulatory treatment of self-supply: moves to restrict benefits or ability to self-supply could reduce economic incentive
- Carbon costs: could impact on-site generation options; may increase relative costs for gas generation, while adding potential revenue for renewable or cogeneration options
- Natural gas pricing: may make self-supply options for larger commercial and industrial customers less attractive
- Investment considerations: attractiveness of investment alternatives, cost of capital, operational considerations"

Challenging the Exclusive Control of Energy

There are some key barriers that microgeneration faces. First, the current Micro-Generation Regulation restricts individual site owners to inadequate capacity limits which creates barriers for businesses and communities to becoming resilient local energy sharing microgrids that are powered by local sustainable renewable and low carbon energy generation.

Second, the Alberta Utilities Commission (AUC) regulates the non-competitive utilities natural gas and electricity markets, as well as transmission and distribution delivery charges and services remain fully regulated by the AUC. The lack of a designated regulator for a competitive distribution (below the sub-station) based network presents a barrier that prevents community energy sharing microgrids created by local self-generation under the Hydro and Electric Energy Act and the Electric Utilities Act.

There are additional barriers that inhibit further expansion of microgeneration. For example, while the province has stated support for microgeneration, it has been reported that micro-generation units that produce more energy annually than has been historically consumed at the customer site are not eligible and will be denied by the wires owner.

Often cited technical challenges affecting transmission grid stability have and are the primary argument to discourage large wind and solar farms displacing MW of electricity. However, microgrid system are different as they operate on the distribution network below the substation with multiple sources of generation that can support each other reinforcing the network with no disruption to the main grid. The distribution network only suffers from a lack of the necessary upgrades to their network technology to manage two-way energy flows to discourage microgeneration connections.

[160] https://www.aeso.ca/assets/Uploads/AESO-Delivered-Cost-of-Electricity-Report-FINAL-31May2020.pdf

Finally, for the homeowner or business, sizing a microgeneration system to be able to operate in case of a grid failure (islanded mode), the system must be designed for "peak load." Peak load is usually defined as 2-3 times the operating load. This is determined by a short interval where multiple high consumption equipment (washer, dryer, stoves, ovens, and air conditioners) operate at the same time along with the regular operating demand of lights, computers, TVs, etc. As described by the regulation, all connected microgeneration cannot be designed to manage peak loads and must be sustained on only partial loads. The enforcement of this rule not only handcuffs any potential for the development of more resilient home, business, and neighborhood microgrids but has the ability to penalize a homeowner whose only motivation is to create energy security while supporting the environment and the local neighborhood.

Removing Barriers

To resolve the barriers created by the centralized energy grid, a more methodical approach must be taken to connect and protect the highly efficient community renewable and alternative energy networks and assets. Today, the prosumers who export this renewable energy onto the grid are feeling under-rewarded for their contribution.

We need to create local community energy markets so that people can get serious about trading their electricity. These markets will start to reflect the true value of the energy that is being created every day, by solar and microgeneration owners. We need dynamic pricing, based on time and place, that responds to the precise value at that moment and location on the grid. When the markets are there, a closer true value will emerge, in both spot terms and as an annual average.

Local community energy market solutions can be readily adopted and integrated into currently regulated electric and thermal distribution networks under the Utilities Consumer Advocate (UCA) mandate to resolve disputes between Consumers, Prosumers, Active System Operators and Retailers.

Consumers and prosumers can then become nodes with the opportunity to buy and sell excess renewable and alternative energy through the Retailer. An ideal scenario is where a prosumer realizes a return for their green energy by selling to their neighbour, and the neighbour receives green energy, locally generated. The financial benefit must come from the Retailers having the ability to source the energy from not only the grid, but any local green prosumer in the microgrid energy pool to sell to local consumers.

Combining technologies can create more resilient energy networks that are less susceptible to catastrophic natural or man-made disaster events. Community microgrids and decentralized energy networks can provide the security of uninterrupted energy and safe shelters for local communities. It is not just about controlling the cost of energy consumption, it reflects peoples' desires that their energy supplies are sustainable, socially responsible, local, and resilient.

The new paradigm for energy will see ever increasing levels of automation and resilience led not by a small number of large-scale centralized investments, but by millions of micro-investments located across local distribution networks creating community microgrids. This not only addresses the challenges of reliability and security within the community, but it also eliminates the significant Transmission line losses and reduces GHG emissions.

The Alberta Chambers of Commerce recommends the Government of Alberta work with relevant stakeholders and departments to:

1. Amend or remove the micro-generation Rule 024 to allow qualified technologies to generate electricity to meet the site peak load rather than the annual operating load so that the Site capable of full capacity islanded operation;

2. Designate the Utilities Consumer Advocate (UCA) to enforce competitive energy market regulations for the local distribution (below the substations) microgrid network which include Consumers, Prosumers, Retailers, Wire Service Provider (grid connection), and Active System Operator (microgrid connections), and;
3. Amend the Electric Utilities Act to recognize the Active System Operator (non-profit corporation or co-operative) that can monitor and coordinate growth of the microgrid virtual infrastructure with the Active System Operator (ASO) and Distribution Facility Owner (DFO).

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.[161] That being said, Alberta's renewable energy generation is low compared to the other provinces.[162,163] 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,[164] which is significantly less than the national rate of 66% renewable generation.[165] 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.[166] 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.[167] 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.[168]

As the third largest producer of energy in Canada, Alberta trades electricity with British Columbia, Saskatchewan and Montana.[169] In 2017, Alberta was an electricity importer.[170] 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.[171] 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.[172] 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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[161] 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
[162] http://publications.gc.ca/collections/collection_2017/eccc/En4-294-2016-eng.pdf
[163] https://open.alberta.ca/dataset/2bf1b608-8e3b-4bc9-854e-23d19bbecbdc/resource/a238daa7-1513-4ac0-841e-d512d73a9c16/download/energy.pdf
[164] National Energy Board (2019). Provincial and Territorial Energy Profiles – Alberta.
[165] https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/2020/canada-energy-futures-2020.pdf
[166] https://www.pembina.org/reports/plugging-in-2018.pdf
[167] Ibid.
[168] https://www.alberta.ca/micro-generation.aspx
[169] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-alberta.html
[170] https://www.alberta.ca/micro-generation.aspx
[171] National Energy Board (2019). Provincial and Territorial Energy Profiles – Alberta.
[172] https://www.qp.alberta.ca/documents/Acts/r16p5.pdf

sale and a bid price that represents the lowest acceptable cost for the renewable project.[173] 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[174]. 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.[175]

In anticipation of introducing more renewable energy, the AESO recommended a transition from an energy-only market structure to a capacity market structure.[176] Under a capacity market, generators would be compensated for both producing energy and for providing capacity to produce energy.[177] This transition was recommended to ensure the system was reliable, provided stable revenue, drove innovation and cost discipline, and was adaptable to policy decisions.[178] 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.[179] 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.[180] These policy changes are one reason the AESO has forecast that Alberta will not reach 30% renewable capacity by 2030.[181] 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.

173 https://www.aeso.ca/market/renewable-electricity-program/about-the-program/
174 https://www.aeso.ca/assets/Uploads/AESO-RenewableElectricityProgramRecommendations-Report.pdf
175 https://www.aeso.ca/assets/Uploads/2019-Transmission-Capability-Assessment-Final-18Apr2019.pdf
176 AESO (2016). Alberta's Wholesale Electricity Market Transition Recommendation.
177 Ibid.
178 Ibid.
179 Ibid.
180 https://globalnews.ca/news/5334599/alberta-carbon-tax-ucp-bill-kenney/
181 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.[182]

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.

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

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

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.[183] 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.

[183] *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.[184] Due to challenging market conditions, oil sands investment declined every year from the peak in 2014 through 2020.[185] 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.[186]

[184] https://www.alberta.ca/oil-sands-facts-and-statistics.aspx
[185] https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3410003601
[186] 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.[187]

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.

[187] 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[188], 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.

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[188] 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)[189], 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.[190]

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.

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

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

Including Humalite in Canada's Agricultural Emission Reduction Solution (2023)

Issue

According to a recent MNP Report; "Under Canada's Strengthened Climate Plan, the government of Canada is envisioning a 30% reduction in absolute emissions by the year 2030. That would include chemical fertilizer reductions used in crop production by Canadian farmers to achieve their part" in reduced emissions. To understand the reduction needed in fertilizer *use* to achieve the 30% *emission* reduction goal MNP uses "the model proposed under the EU Green Deal which cites an actual reduction of 20% in fertilizer use compared to 2020 levels".[191] Urgent, creative, and balanced solutions are required to ensure agricultural economic sustainability and that crop yields are maximized to feed Canadians and the growing world population. Humalite should be supported as a soil and foliage enhancer, and it may be a perfect solution to reduce GHG (greenhouse gas) emissions while working to maximize crop yield.

Background

Climate change is among the most pressing issues on the world's agenda today. Climate change combines with geopolitical strife, global food security issues, and economic challenges to make a particularly challenging time in the world's history. Major action is being taken on many fronts to address climate change, including food production; however, creative solutions are required to balance any net negative impacts on other areas, such as agriculture productivity which can contribute further to food security and economic success.

In Canada, the Federal Government has "committed to set a national fertilizer emission reduction target of 30% below 2020 levels by 2030."[192] This ambitious target has been criticized as high nitrogen-based fertilizer is common in today's farming methods to maximize crop yields.

The Canadian Federation of Independent Business (CFIB) August 2022 Business Barometer data revealed that the agricultural industry had the most negative short and long-term outlook among all sectors in Canada. 60% of respondents stated that a mandatory emissions reduction "would decrease the profitability of their agri-business", while 42% reported "it would be challenging as they have already reduced their nitrogen fertilizer use". Research from CFIB shows that Canadian farmers "have already adopted or plan to adopt best practices to manage or reduce nitrogen emissions."[193]

Referring back to the recent study from MNP, a 20% reduction in fertilizer can be used as a number to model a 30% reduction in carbon emissions. To determine the effects of this reduction on farmers, MNP analyzed the financial impact of lost production in corn, canola, and spring wheat. In their model, MNP estimated by 2030 that "given constant prices, the total value of lost production grows to $10.4 billion per year by 2030 and across the years 2023 to 2030 is shown for each crop as follows:

[191] https://mma.prnewswire.com/media/1635963/Fertilizer_Canada_New_Report_Warns_of%20_Potential_for48_Billion.pdf?p=original

[192] https://www.canada.ca/en/services/environment/weather/climatechange/climate- plan/climate-plan-overview/emissions-reduction-2030/sector-overview.html#sector7

[193] https://www.cfib-fcei.ca/en/media/federal-governments-plan-to-cut-fertilizer-emissions

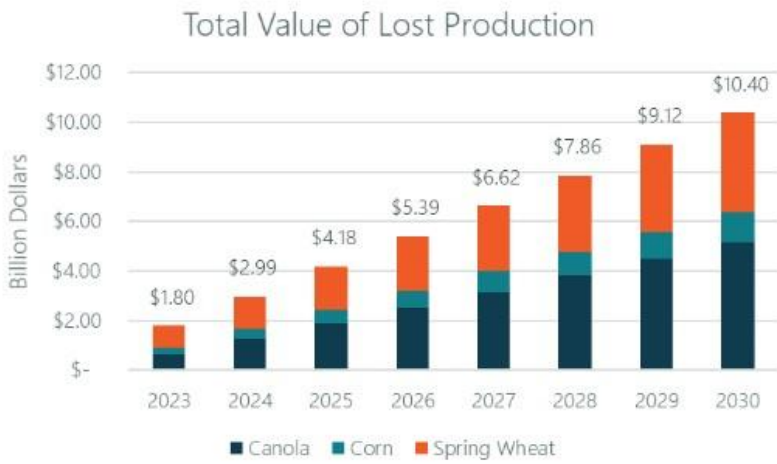

Table 1; MNP, 2021.

This loss is concerning not only because of lost revenues to crop farmers, but because of the resulting decline in food production. The World Bank's Food Security Update from December 5th notes that "domestic food price inflation remains high around the world... The share of high- income countries with high food price inflation has risen to 85.5%."[194] With food inflationary pressures, and general food security issues, maintaining good crop yield is particularly important, just the same as it is essential that GHG emissions are reduced. We need a solution that accounts for both the environmental and agribusiness sides of the equation.

Solution

There are four classes of coal: "anthracite, bituminous, subbituminous and lignite."[195] Lignite coal is a "low rank" coal that has "lower calorific values" than the other three kinds of coal, "however, it is rich in organic matter (OM) and humic substances (HS, or "humic") (Liem, 2021)."[196] One form of low-rank coal is called "humalite," that can be used in agriculture in forms like humic acid and liquid fulvic acid. Humalite can be useful in agriculture for soil enhancement and fulvic applications, while paired with a reduced amount of fertilizer, and has produced the best results in poor soil conditions. Humic substances have been recognized by the Canadian Food Inspection Agency (CFIA)[197] as well as the US Department of Agriculture (USDA) National Organic Program (NOP).[198] Humalite can be sourced right here in Canada, from places such as Hanna, Alberta.[199]

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194 https://www.worldbank.org/en/topic/agriculture/brief/food-security-update

195 Coal in Canada | The Canadian Encyclopedia https://www.thecanadianencyclopedia.ca/en/article/coal

196 Liem, L. Edwin. 2021. Low-Rank Coal Applications in Agriculture. John Wiley & Sons Ltd.

197 https://inspection.canada.ca/plant-health/fertilizers/regulatory-modernization/list-of- primary-fertilizer-and-supplement-material/eng/1533213691120/1533213691867

198 https://www.federalregister.gov/documents/2019/10/08/2019-21171/national-organic- program-usda-organic-regulations

199 https://www.westmetag.com/

A recently published textbook "Low-Rank Coal Applications in Agriculture" explains important work that has been done with humalite in agriculture. In one study that was completed in Alberta in 2018, liquid fulvic acid (FA) was tested at a single or doubled rate in conjunction with fertilizer nutrients at either 33% or 100% rates[6]. A control group of 0%, 33%, and 100% nutrients, not paired with any humic substances was also used as a test control. Five applications of each treatment were performed, and the results when analyzed concluded that "only when liquid FA was applied to 33% nutrients were significant yield improvements recorded. This indicated that 100% nutrients were already more than adequate for this application and so liquid FA did not help to increase crop yields." This experiment demonstrated that "liquid FA applied foliar to seedlings at small application rates enhanced yields of barley," and that lower rates of nutrients combined with humic substances produced better yields. This favourable result would meet the government emission reduction requirements while allowing the producer to maintain or increase crop productivity.

The results also showed better economic performance, with a net revenue increase of $18.38/ha moving from Control 1 to Treatment 1-2, and a net revenue increase of $34.04/ha moving from Control 1 to Treatment 1-1. Table 1 below lays out the experiment, and Table 2 shows the results:

Table 6.22 Experimental protocol.

Treatment	Plot size m^2	Nutrients (4-16-5)		Liquid FA		#
		Rate	l/ha	Rate	ml/ha	
Control 0	1.8 m × 6.7 m (= 12.1 m^2)	0%	0.0			5
Control 1		33%	2.3	FA0	0	
Control 2		100%	7.0			
Treated 1-1		33%	2.3	FA1	70	
Treated 2-1		100%	7.0			
Treated 1-2		33%	2.3	FA2	140	
Treated 2-2		100%	7.0			

Note: # = number of replications.

Table 2; Liem, 2021.

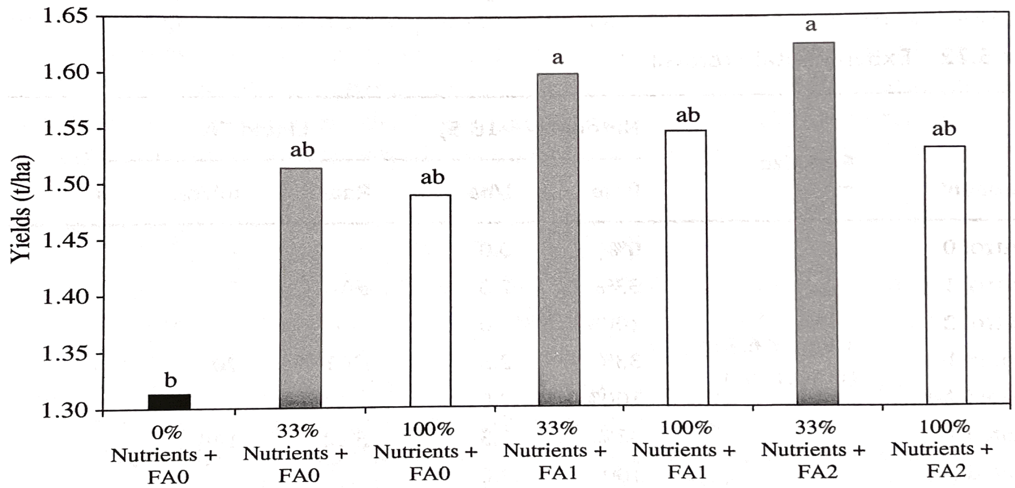

Figure 6.18 Treatment vs. yields.

Table 3; Liem, 2021.

The results of this experiment shows promising results for humalite use in agriculture. While coal has fallen out of public favour in recent times due to its high-carbon emissions as a fuel source, governments and industry must recognize that there can be alternative clean uses for coal, such as low-rank coal in agriculture.

The Alberta Chambers of Commerce recommends that the Government of Alberta work with the Government of Canada, farmers, and other relevant industry stakeholders including Indigenous partners to:

1. Support and promote the research, production, domestic use, and export of environmentally friendly humalite products, including raw materials/products that are mined/manufactured in Alberta, for agricultural use;
2. Ensure that any fertilizer emission reduction plan includes a strategy to maintain and maximize crop yield, including the use of humalite.

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 (2023)

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

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,[200] and emissions are found to positively correlate with economic growth.[201] 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.[202] 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).[203] Finally, the 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 was updated following consultations in December of 2022.[204]

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 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 vibrant and competitive is imperative as small businesses make up 87% of all businesses in the province.[205] Government needs to strike a balance between achieving its emissions goals and preserving the competitiveness of a critical part of the economy.

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[200] Frew, N. (2022). Growth rate slows, but Alberta population still up nearly 200,000 over 2016: census. CBC News. https://www.cbc.ca/news/canada/edmonton/alberta-population-dwelling-2021-census-1.6344858

[201] Onofrei M., Vatamanu A.F., and Cigu E. (2022). The Relationship Between Economic Growth and CO2 Emissions in EU Countries: A Cointegration Analysis. Frontiers in Environmental Science. doi: 10.3389/fenvs.2022.934885

[202] Climate Leadership Report to the Minister: https://open.alberta.ca/dataset/212a6266-b8d3-4822-b208-9221da2a0966/resource/9f52cd8e-5477-45a6-a337-f2d64d091cf9/download/2015-climate-leadership-report-to-minister.pdf

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

[204] APPENDIX: Emissions Management and Climate Resilience Act. Technology Innovation and Emissions Reduction Amendment Regulation. https://kings-printer.alberta.ca/documents/Orders/Orders_in_Council/2022/2022_403.html

[205] Holden, M. (2022). Jobs and job growth in Alberta by business size. Business Council of Alberta. https://businesscouncilab.com/work/jobs-and-job-growth-in-alberta-by-business-size/#:~:text=It%20is%20well%2Destablished%20that,are%20almost%20identical%20nation%2Dwide.

There are many businesses, industries and municipalities that are looking to reduce their carbon footprint by converting to natural gas as an alternate energy source. While still a source of GHG emissions, in comparison with other fuel sources natural gas is less carbon intensive, relatively clean-burning, abundant, safe, reliable and efficient. Burning natural gas gives off much fewer toxic emissions than coal or oil and for the same amount of energy produced; gas emits 30% less carbon dioxide when burned than oil, and as much as 45% less than coal.[206] 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.

Furthermore, consideration of organizations that aim to have a positive environmental impact by taking specific action to clean the environment. An example of which could be a reclamation company or a hydrovac company. Both examples would have to pay the carbon tax, however neither would get additional credits for the clean-up work they do.

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.

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Ensure carbon policies maintain competitiveness with 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.

Finance and Treasury Board

Budget: Fostering Growth and Unlocking Potential (2023)

Issue

The most recent quarterly fiscal update from Alberta's Minister of Finance projects a large surplus and a dramatic fiscal recovery following years of budget deficits. While these deficits were caused by the prolonged drop in non-renewable resource revenue which was compounded by the pandemic, it is a reminder of the need to insulate Alberta's finances from the volatility of resource revenue. This raises the question of Alberta's long-term fiscal planning given volatile oil and gas revenue. It is imperative that Alberta finally gets off the resource roller coaster.

Background

The recommendations are guided by principles including certainty and stability for businesses and those they serve and employ, facilitating inclusive growth and diversifying our economy by bringing more equity-seeking groups to the table.

Recent budget projections have included large surpluses and Alberta is now seeing a dramatic fiscal recovery following years of pressure due to low oil prices and the pandemic. This raises the question of Alberta's long-term fiscal planning given volatile oil and gas revenues.

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: demographic changes, ageing of the population, chronic disease, climate change, infrastructure maintenance, the economic shift away from fossil fuels, rising interest rates and environmental clean-up. How will all these areas have changed decades from now? If a 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.

According to the Auditor General, Alberta has a serious fiscal gap – meaning the deficit that would exist if oil and gas revenues were excluded from the yearly budget. He noted "For the past 35 years, excluding oil and gas revenues, Alberta has spent more than it takes in."

In November 2018, Economist Trevor Tombe published a paper "Alberta's Long-Term Fiscal Future" which looks closely at projections for an ageing population and program spending trends. The picture is sobering: If our current trends for taxation and spending by population continue, we could have a deficit of $40 billion by 2040.

The Business Council of Alberta has proposed a model in the report "Three Big Rocks" that would see money invested in the Heritage Fund, and the remaining surplus divided by directing with a majority to debt repayment and the remaining to be "reserved for future strategic investment in areas of emerging opportunity." We urge the government to adopt a concrete fiscal plan that ensures Alberta does not continue to rely on volatile non-renewable resource revenue and that future surpluses are invested in Alberta's future.

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

1. Invest in Innovation and Diversification, building on areas of growth in Alberta's economy in energy, tourism, transportation, health and life sciences, agriculture, technology, and services.

2. Foster skills development and labour attraction by reducing trade and mobility barriers, investing in training, promoting the province to national and international audiences, and supporting the vibrancy of our communities.
3. Improve community safety and well-being to provide supports appropriate for Albertan's needs, including supporting adequate shelter spaces, investing in solutions across the housing spectrum, continuing to address the drug poisoning crisis, and investing in health care and policing.
4. Plan for responsible fiscal management by:
    a. Adopting a concrete fiscal plan to ensure surpluses are invested in Alberta's future.
    b. Appointing an independent panel of experts to review Alberta's revenue sources, including a review of current and potential sources of revenue.
    c. Publishing a report annually on the long-term fiscal health of the province forecasting at least twenty years into the future, including enduring performance measures and tracking. This should include:
        i. Expected demographic changes that will impact on the economy and/or the provision of government services.
        ii. Projected changes related to Alberta's major industries and the Canadian economy.

Canada Emergency Business Account and Regional Relief and Recovery Fund Business Supports (2023)

Issue

The economic rebound for many industries impacted by business restrictions from 2020-2022 has been slower than anticipated, and full repayment of the Canada Emergency Business Account (CEBA) and Regional Relief and Recovery Fund (RRRF) loan by December 31, 2023 is not feasible for many Alberta businesses.

Background

Over 125,000 businesses in Alberta were approved for Canada Emergency Business Account (CEBA)[207] and over 4,500 businesses under Western Economic Diversification Canada were approved for Regional Relief and Recovery Fund (RRRF)[208] loans to assist with operational expenses at a time when business restrictions impacted revenues.

The repayment deadline for the loans was extended to December 31, 2023 in order for a business to qualify for the "forgivable" portion of their loan. In October of 2022, 30% of businesses surveyed said it would be a challenge to repay the funding received.[209] Further, small businesses were more likely to expect a challenge repaying government support than larger businesses.[210] It is estimated that between 25%-42% RRRF loans would not be repaid.[211]

Additionally, two years after the implementation of the program, it is estimated that 50,000 Canadian businesses that received CEBA loans were deemed ineligible in October, 2022, and had to repay the full amount with no forgivable portion by the end of 2023.[212]

A challenge when offering further business supports is mitigating default risk to the guarantor, while offering assistance to those most in need. If the Alberta government was to develop a business support program for businesses requiring an extension, the following criteria could act as a framework to provide support and offset risk.

- An active operating Alberta business that received CEBA or RRRF funding

[207] Funds Approved by Province or Territory (%) for CEBA Loans and Expansions: https://ceba-cuec.ca/statistics/

[208] Report 14—Regional Relief and Recovery Fund: https://www.oag-bvg.gc.ca/internet/English/parl_oag_202112_03_e_43967.html

[209] The state of business financing and debt in Canada, fourth quarter of 2022: https://www150.statcan.gc.ca/n1/pub/11-621-m/11-621-m2022020-eng.htm

[210] The state of business financing and debt in Canada, fourth quarter of 2022: https://www150.statcan.gc.ca/n1/pub/11-621-m/11-621-m2022020-eng.htm

[211] The state of business financing and debt in Canada, fourth quarter of 2022: https://www150.statcan.gc.ca/n1/pub/11-621-m/11-621-m2022020-eng.htm 5 Report 14—Regional Relief and Recovery Fund: https://www.oag- bvg.gc.ca/internet/English/parl_oag_202112_03_e_43967.html

[212] CEBA loans: repayment extension for some, notices of ineligibility for others: https://www.cfib-fcei.ca/en/tools-resources/canada-emergency-business-account-ceba

- Audited financial statement for 2019 showing that the business was profitable
- Proof of at least 50% of the repayable portion either already paid or immediately available (verified by financial institution)
  - Main business activity falls under one or more of the following sectors:
    - Hotels and lodging
    - Restaurants and bars
    - Tourism industry operators
    - Retail with less than 10 employees
    - Hair salons/stylists
    - Aesthetics salons/Aestheticians
    - Non-profit organizations
    - Fitness and recreation facilities/fitness trainers
    - Childcare facilities
    - Entertainment venues
    - Meeting and conference venues
    - Catering and food service
    - Special event rentals and sales

Upon confirmation that a business meets the above criteria, the CEBA or RRRF non-forgivable portion will be paid in full, with minimum 50% of the payment from the eligible business and 50% (or the remaining outstanding balance, whichever is less) via "bridge financing" from the Alberta Treasury Branch or a credit union prior to December 31, 2023 which would qualify the business for the forgivable portion of the CEBA or RRRF loan.

The Government of Alberta would act as the guarantor for the "bridge financing." The business would then be responsible for repaying the full amount of the "bridge financing" prior to December 31, 2025. Individual financial institution terms and conditions would apply.

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

1. Advocate on behalf of businesses that the Government of Canada:
   a. Extend the non-forgivable CEBA and RRRF repayment deadline to December 31, 2025, and announce this extension officially before September 30, 2023.
   b. Require principal-only payments, on a monthly basis, for the outstanding balance of the loan commencing on January 1, 2024, with the balance of the loan repaid no later than December 31, 2025.
2. If the Government of Canada does not extend the repayment deadline for the non-forgivable portion of the CEBA or RRRF loan (by September 30, 2023), the Government of Alberta (via the Alberta Treasury Branch and credit unions) will provide "bridge financing" to businesses that meet the required criteria.

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.[213] 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.

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

Efficient and Inclusive Provincial Grant Applications (2023)

Issue

Provincial grant programs are not consistently accepting organizations registered under federal acts, and the amount of information required during the initial application phase is cumbersome for both the applicant and ministry.

Background

Many grants administer by the provincial government have been developed such that all agencies that may be involved in the approval and payment of a grant have all of the information that they need *at the point of application*. This is a large, and unnecessary amount of data to collate, and a cumbersome process for both the applicant and government.

As such, all applicants- from multinational businesses to non-profits without paid staff- are spending significant time creating funding applications. This reduces the pool of applicants as it directs time and resources away from operations, which is not feasible for many organizations.

In addition, some organizations that are registered under a federal act, such as a Board of Trade Act, are being refused grant opportunities as they are not recognized by. This has resulted in the exclusion of the application, which took significant time to submit.

It would create more efficiency for both the applicant and government to require a preliminary application (1-3 pages) that outlines the objectives of the organization and proposed project, including the scope, activities, draft budget and evaluation process.

Once the Government has read the preliminary submission, it can be determined if the proposal aligns with the requisites of the grant program, and the strategy of the grant funder. Organizations can then be invited to submit a full application. This allows for more coordinated efforts regarding attracting matching funds, a detailed budget and more confirmed partnerships for the proposed project.

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

1. Improve the grant funding application process for non-profits by implementing a two-stage process made up by a preliminary (1-3 page) application, that once approved is followed by a detailed project proposal.
2. Include federally registered Boards of Trade as recognized organizations for grant applications in all ministries.

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.[214] 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.[215]

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.[216] 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.[217]

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.[218]

Of note, however, these businesses are also most likely to rehire all staff back.[219]

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[220].

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.

[214] 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
[215] Ibid.
[216] Ibid.
[217] Ibid.
[218] Ibid.
[219] Ibid.
[220] 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[221].

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[222] and Manitoba offers employees a partially refundable 45 percent tax credit.[223]

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.

[221] ESOP Association of Canada: https://www.esopcanada.ca/content.aspx?page_id=22&club_id=925161&module_id=409825
[222] Government of British Columbia: https://www2.gov.bc.ca/gov/content/employment-business/investment-capital/employee-share-ownership-program
[223] Government of Manitoba: https://www.gov.mb.ca/finance/tao/esop.html

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.

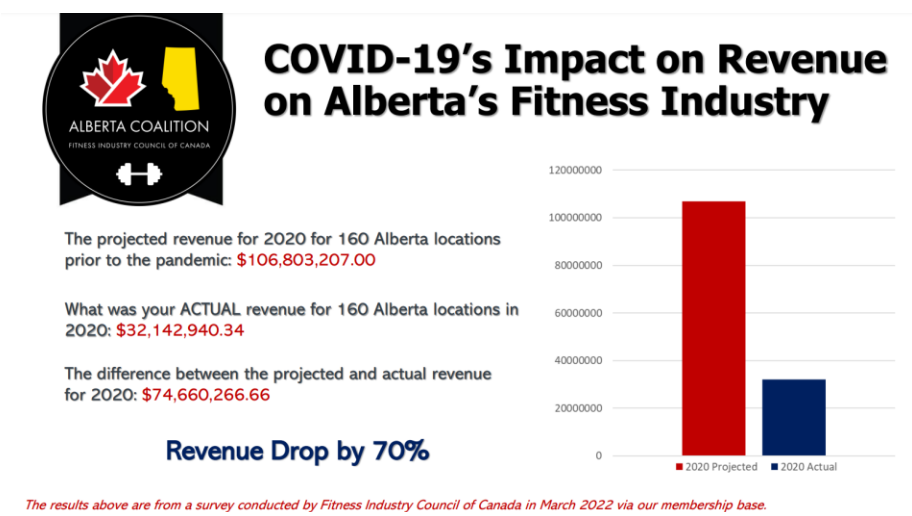
Background

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:



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.

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 (2023)

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 and competitiveness. According to a recent survey from November 2022, 38 per cent of more than 540 respondents cited this tax as a barrier to business growth and competitiveness – 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.[224]

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

Insurance coverage	IPT rates average	Alberta IPT rates
Life, Accident, and Sickness	3.0 %	3 %
Property and Casualty	3.6 %	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.[225]

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

[224] Municipal Red Tape and Business Supports (10/2022) https://www.abchamber.ca/wp-content/uploads/2022/12/ACC-2022-Municipal-Red-Tape-Report-Dec-18-FINAL.pdf

[225] Piling On – How Provincial Taxation of Insurance Premiums Costs Consumers, 2018, https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary 522.pdf

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.

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 (2023)

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[226] 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.[227] 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"[228] (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 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.[229] This sudden reversal of an established policy presented significant challenges for companies in the process of qualifying for the credit or as a start-up entity had budgeted for investment capital that was contingent on the investor(s) accessing the preferential tax credit.

In response to the objections voiced by industry at the loss of the AITC, the government pointed to the overall incentivization of business growth in Alberta represented by the "Job Creation Tax Cut" which implements saw the general corporate income tax rate reduced from the pre-July 1, 2019 rate of 12% to 8% by July 1, 2020. While this proposed reduction in the general corporate income

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

[227] 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.

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

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

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 sadly lacking in Alberta and has been largely the domain of venture/vulture 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[230] 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,[231] 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 government has also offered that the *Innovation Employment Grant* introduced in December of 2020 would also provide technology and innovation-based Alberta corporations with financial assistance to conduct qualifying research and development activities. The Alberta Chambers of Commerce believes that, although this is a valuable program, it does little to stimulate valuable investment from outside of the government fisc.

The Alberta Chambers of Commerce recommends that 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 an annual basis.

[230] Alberta Treasury Board & Finance, Budget 2019-2020 – Income Tax Annex, p.157

[231] "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."[232]

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."[233] 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.[234] ER 4840 was identified as small by population,[235] 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."[236]

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

[232] 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.

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

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

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

[236] Statistics Canada email to Grande Prairie & District Chamber of Commerce January 9, 2019

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."[237] LFS data estimates are produced for Canada, the provinces, the territories and a large number of sub-provincial regions.[238]

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,[239] 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[240], as unemployment data is an important indicator of the economic potential of an area. In turn, this presents barriers and additional challenges for northwestern Alberta and its ability to compete on a provincial, national and global scale. This also has implications beyond regional borders, as the Grande Prairie region is noted for its economic contributions to the provincial and national economies due to its proximity to the prolific world-class Montney-Duvernay shale gas play, its global reputation for agricultural and forest products, and its trade area of over 280,000 people.

To the south of the combined ER, the Towns of Jasper and Banff, located in the Canadian Rockies and in national parks, as well as Canmore, have an economic landscape, and unique labour force and labour force challenges distinctly different from the Grande Prairie region *and* the rest of Alberta.

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

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

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

[240] Economic Development Department, City of Grande Prairie

Recent research[241] 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.

[241] 2016 Banff, Jasper, Canmore Tourism Economic Impact Study http://banff.ca/DocumentCenter/View/5550 and economic development data

Return to a Single Rate Personal Income Tax Regime (2023)

Issue

The improvement of our province's overall tax competitiveness is a key factor in supporting strong economic growth for Alberta in the near, mid, and long term. Alberta finds itself in the enviable position of having potential significant budgetary surpluses for the foreseeable future as demand for Alberta oil & gas remains strong and prices are projected to be firm over the coming years. Rather than committing these surplus amounts to reactive spending, we believe that it is prudent to break the cycle of spending leading to deficits and debt when resource royalties wane and invest in Albertans by returning to a more efficient and simplified Alberta personal income tax structure.

Background

In 1999, the Alberta provincial government proposed a net tax reduction of approximately $500 million, which represented about 10.9% of the forecast 1998-99 personal income tax revenue to be generated. The outcome of this proposal was the introduction of an 11% single rate tax to be levied on the taxable income of Albertans.[242] In addition, the government also proposed to increase the basic personal and spousal exemptions from $7,131 and $6,055 respectively, to $11,620, indexed for inflation. These measures were intended by Alberta Tax and Revenue Administration (ATRA) to become effective in 2001 with an announcement of the changes in the 2000 February budget and were targeted to provide Albertans with a significant reduction in their overall combined federal-provincial personal income tax burden with almost all Albertans realizing some tax savings as a result.

This proposal became problematic when the federal government delivered its own budget subsequent to the Alberta budget on February 28, 2000. In this budget, the federal government reduced the federal middle bracket rate from 26% to 24% which immediately resulted in the 11% Alberta single rate tax placing middle income earners at a distinct disadvantage in comparison to the pre-budget Alberta personal income tax regime. In response to academic analysis and lobby efforts by leading tax practitioners, the rate was decreased to 10.5% and the basic exemption increased to $12,900 to address the inequity imposed on middle income earners. This rate was further reduced to 10% and remained in place until 2015.

During this period, Alberta was largely viewed as a competitive, low-tax jurisdiction which operated to attract skilled professionals and entrepreneurial investment into the province. With the election of the NDP in 2015, the single rate tax was abandoned in favor of 5 marginal income tax brackets (See Table 1) with the top marginal rate increased to 15% for taxable income of an Alberta taxpayer over $341,502. In 2016, the federal Liberal government added "insult to injury" by increasing the top federal marginal rate from 29% to 33% which resulted in a combined top marginal rate in Alberta of 48%. This represented a 23% increase in the top marginal rate from the pre-2015 levels of 39% to 48% and also resulted in Alberta falling from the lowest combined (federal/provincial/state) tax jurisdiction in North America to the 16th highest top personal rate in

[242] The introduction of the 11% single rate tax accompanied a phased-in reduction of the 8% surtax in excess of Alberta income tax in excess of $3,500 and the elimination of he 0.5% surtax on taxable income.

North America in 2017[243] and the 10th highest in 2019. In the course of a few short years, the Alberta Advantage had been completely eroded.

Detractors of the single rate tax suggest that the regime is completely "non-progressive" and would only benefit high and ultra-high net-worth individuals who would realize a generously reduced top marginal rate of taxation. The argument is largely flawed as the generous basic exemption operates to completely remove many low-income taxpayers from the tax rolls completely or dramatically reduces the effective rate of taxation from the first dollar of taxable income when calculated across the basic exemption threshold. Accordingly, low and middle income earners realize genuine reductions in personal income taxes exigible as the basic exemption actually operates to effect a "dual-rate" regime with taxpayers who have taxable income below the basic exemption threshold paying a rate of 0%.

Arguments related to the taxation inequity of high and ultra-high net-worth taxpayers can easily be addressed under a single rate regime by imposing a surtax that would be applied at a level of taxable income that would be consistent with the federal top marginal bracket. This would still result in some savings to taxpayers at this end of the continuum but would mollify detractors who suggest that a single rate regime only benefits those who are subjected to the top marginal rates.

It is widely recognized that high rates of personal taxation are a deterrent to productive economic activity – the effects of "bracket creep" and the movement between "progressive brackets" remain a deterrent for workers to work more and earn more. There is also the thought that excessive rates of taxation (especially for high and ultra-high net-worth taxpayers) promotes tax planning "mischief" and aggressive tax avoidance planning. In jurisdictions where single rate regimes exist, it has been noted that not only has compliance and revenues increased dramatically, but also the incidence of aggressive tax avoidance planning.[244]

The time is right for Alberta to restore income tax competitiveness and to foster an environment of strong economic growth. A return to a single rate tax with a sufficiently substantive basic personal exemption and a surtax for high and ultra-high net-worth taxpayers that would be exigible at the top federal marginal bracket would provide a strong step toward restoring the Alberta Advantage. At a projected rate of 8% with a 50% surtax applicable at the top marginal bracket for taxable income in excess of $235,675, the cost to the provincial *fisc* approximates $4.5 billion, well within the projected surplus for the current year and for years to come with the anticipated strength of energy prices. Even at the top marginal rate, this will reflect an overall tax saving of 3% and yield a more competitive top marginal rate for Alberta of 45%.

There is also a strong argument that a return to a single rate system would also restore the perceived inequity between single taxpayers and family units of taxpayers as a single rate tax with equal personal and spousal exemptions means that single and dual-earner families with the same family income pay the same aggregate income tax.[245]

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

1. Restore the single rate personal income tax regime at a rate equal to 8% of taxable income

[243] "Yes, Alberta's Tax Advantage is Gone"; The Calgary Sun, January 7, 2017, Steve Lafleur & Ben Eisen, The Fraser Institute

[244] "The Winners and Losers if Alberta Returns to a Flat Tax System", McLeans, May 9, 2018, Lindsay Tedds

[245] "Alberta's Single Rate Tax: Some Implications and Alternatives"; Canadian Tax Journal (2000); Vol. 48, No.4; pg. 1047.

in excess of a basic personal exemption equal to $21,000; and,

2. Apply a 50% surtax for high and ultra-high net-worth taxpayers effective for taxable income in excess of the prevailing top marginal bracket amount, which for 2023 is reflected at $235,675.

Table 1:

TaxTips.ca - Alberta Tax Rates			
2023 Taxable Income	2023 Tax Rates	2022 Taxable Income	2022 Tax Rates
first $142,292	10%	first $134,238	10%
over $142,292 up to $170,751	12%	over $134,238 up to $161,086	12%
over $170,751 up to $227,668	13%	over $161,086 up to $214,781	13%
over $227,668 up to $341,502	14%	over $214,781 up to $322,171	14%
over $341,502	15%	over $322,171	15%

Supporting Alberta's Craft Liquor Industry With Fair AGLC Markups for Small Producers (2023)

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.[246] 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.

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

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

wineries.[247] 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.[248] 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 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

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

[248] 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

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.[249]

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.[250]

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

[250] 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.[251]

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.

[251] "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.[252]

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.[253]

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.[254]

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.[255,256]

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

[252] www.stars.ca History, STARS Emergency Link Centre and How We Are Funded.
[253] Ibid.
[254] www.localherofoundation.com History and How We Are Funded.
[255] www.haloairambulance.com About
[256] 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.[257,258,259]

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.[260]

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.[261,262]

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.[263]

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.

[257] www.stars.ca History, STARS Emergency Link Centre and How We Are Funded.
[258] www.localherofoundation.com History and How We Are Funded.
[259] www.haloairambulance.com About
[260] https://globalnews.ca/news/6943972/halo-air-ambulance-funding-alberta/
[261] www.stars.ca History, STARS Emergency Link Centre and How We Are Funded.
[262] https://globalnews.ca/news/6943972/halo-air-ambulance-funding-alberta/
[263] https://together4health.albertahealthservices.ca/HEMSEngagement

Access to Physicians and Licensed Health Care Professionals Supports Rural Economic Development (2023)

Issue

Business growth in rural communities is directly impacted by access to physicians and licensed health care professionals.

Background

The ability of rural residents to access health care provided by rural physicians and licensed health care professionals (HCP) 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 and HCP care also impacts businesses' ability to attract skilled workers and grow which, in turn, impacts the vitality and sustainability of rural communities.[264]

Economic Development

Physician and HCP 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 medical care.[265] 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 HCPs' economic contributions to a community can be as important as their medical contributions. Physicians and HCP's 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.[266]

Sustainable healthcare

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

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

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

The business case for maintaining physicians in rural communities extends to the broader healthcare system. Rural physicians typically carry a greater practice burden than their urban colleagues.[267] 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 and HCP 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.[268]

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Recognize the economic and social impact physicians and other licensed health care professionals have on SMEs and communities when negotiating with physicians and other licensed health care professionals; and
2. Create healthcare infrastructure that adequately supports the attraction and retention of physicians and other licensed health care professionals in rural Alberta communities to ensure an adequate level in rural communities.
3. Work with the College of Physicians and Surgeons and Canadian Resident Matching Service (CaRMS) to:
    a. Prioritize admissions of Albertans into medical programs; and,
    b. Restructure the residency placement process to allocate graduates of Alberta universities into Alberta's residency positions.

[267] 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_Background Paper_Eng_WEB_FINAL.pdf

[268] 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.pdf

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[269],". 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 available for their patient. Specifically, in the last full year of data we have (2019/2020 fiscal year),

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

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[270]. 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[271]. In fact, province wide man hours have remained relatively stagnant since 2015, ranging from a 2.0% decrease to a 3.9% increase[272] 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[273]. 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.

[270] FOIP 2020-G-172

[271] Ibid.

[272] Ibid.

[273] 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.[274] 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.[275] 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

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

[275] 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.[276] 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

[276] 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

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.[277]

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

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

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

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

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[278], Southern Alberta has an opportunity to change this.

In 2020, Alberta saw exports in excess of $91 billion[279]. 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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[278] Pain relief medication containing opioids, 2018
https://www150.statcan.gc.ca/n1/pub/82-625-x/2019001/article/00008-eng.htm
[279] 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.

Film and Television: Location "Bump Up" (2023)

Issue

Alberta has become a major player in film and television productions. While the communities that host these productions enjoy their presence and the novelty of being highlighted on screen, local business has a shared concern: not enough business coming their way from the workforce associated with the productions.

Background

When speaking to the local business community in areas such as High River (Heartland, The Last of Us, Joe Pickett, Wynonna Earp, etc.), Okotoks (The Last of Us), Edmonton (The Last of Us) and other recent film locations it was openly expressed that there is not enough business generated to the local business community (caterers, product supply, coffee runs, etc.) because most production companies bring in their own suppliers.

Currently, while some elements such as catering, lodging, etc. is organized via the actors' guilds and unions, it is believed more can be done to establish service and supply relationships within the location community.

It's a bone of contention given that there could be days, sometimes weeks, where the access to the businesses is closed due to the filming production, or nearby production is a deterrent to patrons.

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

1. Explore ways to increase production companies' use of local business services;
2. Work with local Chambers of Commerce, municipalities, business, and the film industry to improve communication before filming begins; and,
3. Develop and publish educational resources for businesses outlining opportunities and ways to maximize operations during a film production

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.[280] 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

[280] 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.[281] 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.

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

Improving Access to the Canada- Alberta Job Grant (2023)

Issue

The Canada-Alberta Job Grant provides financial assistance to employers wishing to cover education and training costs for their employees' job-related upskilling. Presently, the Grant allows business owners of microbusinesses with four employees or less access to funding for their learning. Raising this threshold to owners of small businesses with 100 employees or less would help more small business owners gain the necessary skills for increasing the economic activity their business generates. Many small business owners with more than four employees would benefit highly from accessing the Grant but need access to this funding as their business is considered too large to be eligible.

Background

The Canada-Alberta Job Grant allows employers to apply for Grant funding for present or future employees' training costs. The amount that is covered depends on whether the training is offered to existing employees or for hiring and training a presently unemployed Albertan.

Employers contribute one-third of the total costs for existing employees, and the Government donates the remaining two-thirds, up to $10,000 per year for each trainee. When hiring and training an unemployed Albertan, the Government contributes up to 100% of the costs for each trainee up to $15,000.

Business owners may also access the Grant to receive training for themselves. However, only owners of microbusinesses with four or fewer employees may do so.[282]

Limiting business owners' access to training through the Grant to only those who employ four or fewer employees is preventing access to some business owners who would benefit immensely from the program. Many industries only produce revenue streams that allow for the reinvestment of that revenue into educational opportunities for their owners once they are much larger than four employees. This restriction leads to many businesses whose owners would most benefit from learning not being able to enroll in learning opportunities without help from the Grant.

Expanding access to the Canada-Alberta Job Grant to owners of small businesses that employ up to 100 people will help them get essential training and knowledge to manage and grow their businesses more effectively. As well, it would only represent approximately a 12% increase in total eligible businesses in Alberta and 87% of Alberta businesses are considered microbusinesses already eligible to receive grant funding.[283] Updating these requirements will generate more jobs and economic activity from business owners better equipped to run their businesses well.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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[282] Government of Alberta. "Canada-Alberta Job Grant Applicant Guide", accessed February 24, 2023, https://www.alberta.ca/assets/documents/lbr-cajg-applicant-guide.pdf

[283] Business Council of Alberta. "Jobs and job growth in Alberta by business size", accessed February 17, 2023, https://businesscouncilab.com/work/jobs-and-job-growth-in-alberta-by-business-size/

1. Increase the eligibility for the grant to include company owners of businesses with up to 100 employees;
2. Review comparable programs in other jurisdictions and ensure program access to the Canada-Alberta Job Grant is comparable to other provinces.

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.[284]

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,[285,286] beekeepers,[287] oil and gas,[288] tech firms,[289] 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),[290] designed to support businesses that are expanding their R&D

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

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.[291] Businesses were lured away during 2020 to B.C. because of the friendlier tax climate.[292] For many investors, the sudden and drastic change left many companies re-evaluating the risk of doing business in Alberta.[293] 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.[294] 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.[295]

Alberta Budget documents show that SR&ED income tax expenditures and transfers delivered in 2018 were approximately $80 million.[296] 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.[297] 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,[298] with the IE Grant causing such ambiguity as to its longevity and role.

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

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

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

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

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

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

[297] 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

[298] 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 (2023)

Issue

There are a variety of development regions in Alberta that if transformed into Special Economic Zones (SEZ) would create environments conducive to greater business and industry success where there are otherwise great difficulties doing so.

Background

SEZs (Special Economic Zones) are 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.

The Alberta Government recently designated Alberta’s Industrial Heartland (AIH) as the province’s first and only Designated Industrial Zone (DIZ).[299] We applaud the government for championing this important project, and we look forward to supporting all future efforts to expand additional SEZ’s across the province.

There continues to be opportunities for Special Economic Zones in Alberta. SEZs should be in regions that are assessed as strategic economic growth opportunities for the province, which may include industrial areas such as Joffre, Medicine Hat, Grande Prairie, and Fort McMurray, as well as sectors beyond heavy industry, such as the Artificial Intelligence industry in Edmonton, the Aerospace industry in Calgary, the Film and Television Industry in southern Alberta, Agricultural Greenhousing in Medicine Hat, and the Agri-Food Processing industry in areas such as Brooks. Alberta is well-positioned for success, now, and into the future, and with the support of the Alberta Government we can realize our full economic potential.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with various sectors, all levels of government, and stakeholders including Indigenous partners to:

[299] https://www.alberta.ca/industrial-heartland-designated-industrial-zone.aspx

a. Identify where additional Special Economic Zones should be considered and implemented;
b. Develop studies that evaluate and articulate the assets of each proposed specialized economic zone; and
c. 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.

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.[300] 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.[301]

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.[302] 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.[303] 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.[304]

Cybercrime and Business

It has been suggested that cybercrime has become more visible in boardrooms.[305] 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

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[300] RCMP. The National Cybercrime Coordination Unit (NC3). https://www.rcmp-grc.gc.ca/en/nc3. Accessed January 15, 2021.
[301] Ibid.
[302] Ibid.
[303] Canada Anti-Fraud Centre. Recent Scams and Fraud. https://www.antifraudcentre-centreantifraude.ca/index-eng.htm. Accessed January 16, 2021.
[304] 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.
[305] Dessanti, C. 2020. In Data We Trust. Unlocking the Value of Data in Ontario. Ontario Chamber of Commerce.

cyber security incidents, which affected their operations in 2017. About 19 percent of small businesses reported being impacted compared to 28 percent of medium-sized businesses and 41 percent of large businesses.[306]

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.[307] 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.[308] 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."[309] 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."[310] 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;

[306] Statistics Canada. Cybercrime in Canada. https://www150.statcan.gc.ca/n1/pub/89-28-0001/2018001/article/00015-eng.htm. Accessed January 21 2021.
[307] Ibid.
[308] Dessanti, C. 2020. In Data We Trust. Unlocking the Value of Data in Ontario. Ontario Chamber of Commerce.
[309] Ibid.
[310] Ibid.

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;
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.

Increase in Urban & Rural Crime: Allocation of Additional Resources (2023)

Issue

The increase in both urban and rural crime highlights the necessity for reallocation of resources, in addition to financial support for those organizations that provide policing and policing alternatives.

Background

Increased crime affects both businesses and residents across the province, in both urban and rural communities, with 61% of Albertans believing crime is increasing in the part of Alberta where they live[311].Individuals as well as organized criminal group activities exploit communities, putting those who live and work in those communities at higher risk, while decreasing the economic viability of the affected neighborhoods.

Large rural areas with small urban centers are subject to increased crime due to lack of deterrents. Deterrents could include improving enforcement visibility such as satellite community offices, crime reduction awareness campaigns by local detachments or in crime watch organizations, such as Rural Crime Watch and Citizens on Patrol. Causes of crime are varied including the economy (38%), homelessness (26%), and lack of policing resources[312].

An increase of policing presence in and around rural communities creates the potential of both decreased crime as well as vigilantism by frustrated community residents and business owners. Smaller, satellite community offices, not only increases the feeling of safety in the communities, but also decreases the amount of time required to attend call outs.

Registered organizations such as Citizens on Patrol and Rural Crime Watch work with residents and businesses to decrease the incidents of crime by acting as deterrents and reporting incidents in both urban and rural environments. These organizations require funding to succeed. Their costs include fuel, insurance, and equipment, in order to keep their volunteers safe and decrease crime in their areas. They currently have to apply for limited funding through the submission of receipts with uncertain results on if and when that funding will be received. This severely inhibits these organizations with planning and recruiting.

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311 https://www.abmunis.ca/system/files/2023-02/Public%20Safety%20%26%20Policing%20Survey%20Report%20-%20Feb%202023.pdf – page 5

312 https://www.abmunis.ca/system/files/2023-02/Public%20Safety%20%26%20Policing%20Survey%20Report%20-%20Feb%202023.pdf – page 6

By providing stable and consistent funding to organizations like the Citizens on Patrol, Rural Crime watch and any other likeminded Provincial or Federally registered organization, this will allow them to actively provide crime reduction sessions in their local communities to help educate residents & business owners on ways to help reduce crime.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. That the Minister of Justice support & encourage the RCMP to explore & establish community offices within their service areas to reduce response times and have more presence in rural communities

2. That the Minister of Municipal Affairs support & encourage municipalities to support the RCMP in exploring & establishing community offices within their local RCMP service areas to reduce response times and have more presence in rural communities

3. Provide additional funding to the RCMP to create & promote crime reduction awareness campaigns to help community residents and businesses help reduce crime. (E.g.: Rental space to host public engagement sessions on crime reduction, pamphlets, window decals, etc.)

4. Provide easier access and consistent funding to registered Provincial or Federally registered organizations, that provide services and supports in urban and rural communities looking to reduce rural crime

Labour and Immigration

Meeting our Labour Needs by Attracting and Retaining International Students (2023)

Issue

Current legislation restricts the ability to attract international students and creates barriers for those who have been trained in Alberta to obtain permanent residency. Adjustments to provincial and federal immigration programs can improve the retention of domestically trained international students which will help to overcome the gaps in labour and skills availability to meet Alberta's labour needs.

Background

Businesses across Canada are struggling to find skilled employees to meet their labour needs, and it is costing the economy billions.[313] In Q3 of 2022, Alberta alone had a job vacancy rate of 5%, or 103,380 positions.[314] International students represent a significant and currently underutilized opportunity for meeting the needs of the Albertan economy as they are proficient in at least one Canadian official language, have Canadian credentials, and have in-demand labour skills. They also contribute an estimated $21 billion to the Canadian economy each year.[315] There are currently 24,636 international students studying in Alberta that could join the labour force after graduation.[316]

Attracting and retaining international graduates can be a successful strategy to help face the consequences of aging baby boomers and severe labour force shortages that Alberta is currently facing. The problem is current legislation restricts the ability to attract international students and creates barriers for those who have been trained domestically to obtain permanent residency at each stage of the process.

Study Permits

Applications for study permits from outside of Canada require proof of acceptance at a Designated Learning Institution (DLI) and take over 13 weeks to process. According to the 2021 CBIE International Student Survey, 49.2% of international students experience issues with obtaining a student permit pre- arrival.[317] Many post-secondary institutions continue to advocate to IRCC regarding the struggles of international students to receive their study permits in time to begin classes.[318]

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313 https://globalnews.ca/news/9224124/canada-labour-shortage-economy-loss/

314 https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410032501

315 https://www.theglobeandmail.com/opinion/article-international-students-deserve-to-be-treated-as-more-than-just-a/

316 https://erudera.com/statistics/canada/canada-international-student-statistics/

317 https://cbie.ca/wp-content/uploads/2022/06/CBIE-2021-International-Student-Survey-National-Report- FINAL.pdf

318 https://www.ualberta.ca/international/international-student-services/immigration/immigration-travel-employment-information.html

While in Canada on a study permit, students often struggle with feelings of isolation as they are experiencing an entirely new culture.[319] On a study permit, they are required to study full-time, meaning that they are taking three to five courses. If a student breaks the term of their study permit, they are at risk of being deported. Study permits are valid until 90 days after graduation.

Employment During Schooling

While attending a post-secondary institution in Canada, students often work either because their program requires it or to earn money to pay living expenses. In fact, 32.7% rely on off-campus work income, 10.6% on on-campus work income, and 3.4% on work-integrated learning income for financial support during their studies.[320] 48.5% of international students indicated that they were working and of those, 43% indicated difficulty finding work, lack of experience being the largest barrier.[321]

While in full-time studies, an international student can work an unlimited number of hours on-campus. Until December 2023, this applies off-campus as well. After this period, international students will be limited to 20 hours of work per week as many jurisdictions in Europe do.

To work a coop or work-integrated learning term, international students require a coop or intern work permit. This is temporarily on hold until December 2023. If this permit is not obtained prior to arriving in Canada, the student may not be able to continue in their program and would be at risk of breaking the terms of their study permit.

Employment Following Graduation

After graduating from a Designated Learning Institution (DLI), international students must obtain a work permit if they wish to stay in Canada. The most common option is a Post-Graduation Work Permit (PGWP) which 72.6% of international students plan to apply for.[322] A PGWP is valid for 8 months to 3 years depending on the length of program. Other work permits exist as well, and they require a job offer to obtain.

Permanent Residency

60% of international students plan to apply for permanent residence in Canada and 77.3% of students in Alberta intend to stay here after receiving PR.[323] There are a few streams through which can become a permanent resident in Alberta. Each of these require job experience and most require a valid job offer:

- Canadian Experience Class requires:
    - A certain language level.
    - At least 1 year of skilled work experience in Canada in the last 3 years before application.
    - There is no education requirement, although accreditation from a Canadian institution gives the applicant more points.
- Federal Skilled Workers Program requires:

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[319] https://cbie.ca/wp-content/uploads/2022/06/CBIE-2021-International-Student-Survey-National-Report- FINAL.pdf

[320] https://cbie.ca/wp-content/uploads/2022/06/CBIE-2021-International-Student-Survey-National-Report- FINAL.pdf

[321] Ibid.

[322] https://cbie.ca/infographic/

[323] Ibid.

- 1,560 hours of skilled work experience in certain National Occupational Classification (NOC) job groups within the last 10 years. Work must be paid, volunteer work and unpaid internships do not apply.
- Work experience gained while studying may count towards minimum requirements if the work:
  - Was paid by wages or commissions
  - Was continuous (no gaps in employment), and
  - Meets all the other requirements of the Program
- Proof that the applicant performed the duties set out in the lead statement of the occupational description in the NOC.
- Proof of Funds.

- Alberta Advantage Immigration Program requires:
  - A valid work permit.
  - Full-time work in an eligible occupation in Alberta for either:
    - A minimum of 12 months full-time work experience in your current occupation in Alberta within the last 18 months, or
    - A minimum of 24 months of full-time work experience in your current occupation in Canada or abroad within the last 30 months or both – this work experience can be a combination of experience gained in Alberta, in Canada (outside Alberta) or abroad.
  - Post-Graduation Work Permit holders require a minimum of 6 months full-time work experience in your current occupation in Alberta within the last 18 months.
    - Note: Work gained while studying does not qualify unless it was paid, full-time, completed in Alberta, and directly related to the applicant's current occupation.
  - The appropriate license to do said work.

Barriers exist for international students to join the labour force in Alberta at each stage of the path to permanent residency. Should these be addressed, international students have the potential to help meet the labour needs of Alberta's businesses.

The Alberta Chambers of Commerce recommends;

That the Government of Alberta:

1. Change the employment requirement under the Alberta Advantage Immigration Program from six months of full-time work to allow for a one-year offer of employment.
2. Reduce the barriers for graduates applying to the Alberta Advantage Immigration Program.

That the Government of Canada:

1. Expedite processing times for potential international students to receive study visas to mitigate the issue of not receiving them in time for fall semester.

2. Allowing work-integrated learning under a study permit without application for a work permit to allow access to the labour market without requiring that work-integrated learning opportunities be a mandatory program requirement.
3. Expand eligibility requirements of federal work-integrated learning programs to allow international student access so they have increased opportunities to work while studying.
4. Cease limits on the number of hours that an international student can work so they may support themselves through school and be eligible for immigration following their schooling. International students should be subject to the same employment standards as Canadians in each jurisdiction.
5. Change the length of time for which a post-graduation work permit can be valid, from the current status of valid for no longer than three years, to five years regardless of the program of study, so long as obtained from a recognized Canadian institution.

That the Government of Alberta and the Government of Canada:

1. Work together with post-secondary institutions to strengthen Canada's global brand as a study destination to attract international students to Alberta's post-secondary system, especially in the fields that particularly suffer from the insufficiency of qualified labour force.
2. Prioritize applications for permanent residency based on in-demand occupations to get much needed roles filled more quickly.
3. When considering applications for permanent residency, consider the experience that an international student gains through entrepreneurship, working off campus, working on campus, co-op and internship programs, and volunteer opportunities.
4. Work with post-secondary institutions and the business community to support programming that helps international students integrate into their new communities and set them up for long-term career success.

Refining Immigration Programs to Supercharge Economic Growth (2023)

Issue

Despite a population jump of 58,203[324] people in Q4 2022, labour shortages[325] continue to be a major obstacle to business' economic success. Accounting for nearly 100 per cent[326] of labour force growth nationally, immigration represents a solution to this challenge.

The Alberta Advantage Immigration Programs[327] (AAIP) are essential to attracting talent. However, restrictive eligibility requirements, foreign credential recognition issues, the costs of navigating the system, and program awareness all pose obstacles to newcomers and businesses. Recognizing this, refinements are needed to ensure Alberta's immigration programs support the growth of the economy today and tomorrow.

Background

According to the Q4 Canadian Survey on Business Conditions,[328] 36 per cent of Canadian businesses are concerned about labour force shortages over the near term. Moreover, research shows businesses impacted by labour shortages are 65 per cent more likely to be low-growth companies.

Recognizing that immigration can alleviate labour shortages, the Government of Canada is seeking to welcome over 700,000[329] economic immigrants by 2024. However, federal immigration systems are imperfect. For instance, fewer than one-quarter of businesses[330] believe federal systems serve their needs well, citing complex rules, application processing delays, and the costs associated with navigating the system. Furthermore, federal systems favour highly skilled workers, leaving newcomers seeking lower-wage occupations – such as temporary foreign workers – reliant on provincial immigration programs.

The AAIP have proven valuable in attracting talent, with the province seeing net migration gains between 2021-2022. However, key challenges prevent the full potential of these programs from being realized. These include restrictive eligibility requirements, awareness of immigration programs, and issues surrounding the recognition of foreign credentials and experience.

Program refinements are needed at both the federal and provincial levels to create immigration systems that complement one another, provide equal opportunities to all newcomers, and enable businesses to access the talent they require.

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324 https://calgaryherald.com/business/local-business/alberta-interprovincial-migration

325 https://bdl-lde.ca/wp-content/uploads/2022/12/2022-Q4-CSBC-Report_Dec_13_EN_Embargoed-until-Dec-14.pdf

326 https://www.canada.ca/en/immigration-refugees-citizenship/news/2022/02/new-immigration-plan-to-fill-labour-market-shortages-and-grow-canadas-economy.html

327 https://www.alberta.ca/alberta-advantage-immigration-program.aspx

328 https://bdl-lde.ca/wp-content/uploads/2022/12/2022-Q4-CSBC-Report_Dec_13_EN_Embargoed-until-Dec-14.pdf

329 https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2022-2024.html

330 https://thebusinesscouncil.ca/report/canadas-immigration-advantage/

Temporary Foreign Worker Program

The Temporary Foreign Worker (TFW) Program is a federal immigration program that allows Canadian employers to hire newcomers to fill temporary jobs when qualified Canadians are unavailable to work. Statistics Canada data[331] shows the Canadian labour market is increasingly reliant on TFWs, particularly in sectors such as agriculture, accommodation and food services, and administrative and support services.

Alberta businesses have faced difficulties in leveraging TWFs owing to the costs associated with conducting a Labour Market Impact Assessment (LMIA) and restrictions on how many workers can come to Alberta.

Businesses wanting to hire a TFW must first conduct an LMIA to confirm their need for a worker, and that no Canadian or permanent resident is available to fill the position. The cost to conduct an LMIA has risen nearly 28 per cent[332] since 2014, and currently sits at $1,000. The fee is per worker a business wants to hire, resulting in high costs, especially for smaller businesses.

Additionally, completing an LMIA can take three to four months. Considering the TFW program is primarily leveraged by businesses operating in seasonal sectors, expedited application timelines are necessary to increase the Program's effectiveness.

The TFW Program also limits on how many workers a business can hire and how many newcomers the province can nominate for entry. Employers in Canada who have over ten employees cannot hire more than 10 per cent of their workforce from abroad, regardless of their labour needs. Compounding this, Alberta can only nominate 9,750[333] newcomers for entry through the AAIP in 2023. While nomination limits are increasing[334] in 2024 and 2025, the province still predicts a shortage of over 33,000 workers by 2025.

Alberta Advantage Immigration Programs

The AAIP are economic immigration programs that nominate prospective newcomers for permanent residency in the province, provided they have the necessary skills to fill labour shortages or are planning to buy or start a business. The AAIP includes three principle streams for workers: the Alberta Express Entry System,[335] the Alberta Opportunity Stream (AOS),[336] and the Rural Renewal Stream (RRS).[337] Considering the existing focus on economic immigration through express entry systems, the AOS and RRS offer additional pathways for businesses to address their talent gaps.

Alberta Opportunity Stream

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[331] https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00028-eng.htm

[332] https://greenlightcanada.com/how-much-does-lmia-cost/

[333] https://immigrationnewscanada.ca/new-alberta-pnp-quota-for-2023-increases-by-50/

[334] https://immigrationnewscanada.ca/new-alberta-pnp-quota-for-2023-increases-by-50/

[335] https://www.alberta.ca/aaip-alberta-express-entry-stream.aspx

[336] https://www.alberta.ca/aaip-alberta-opportunity-stream.aspx

[337] https://www.alberta.ca/aaip-rural-renewal-stream.aspx

The AOS is designed for TFWs who possess a valid LMIA and do not qualify for entry through a federal Express Entry stream.[338] As a result, the AOS is often the stream of last resort for newcomers interested in lower wage employment in Alberta.

Despite a growing need for lower wage workers, restrictive eligibility requirements[339] mean the AOS' full potential is not being realized. Specific challenges include:

- The requirement for applicants to possess a minimum of 12 months full-time work experience in their current occupation in Alberta within the last 18 months, or a minimum of 24 months full-time work experience in their current occupation in Canada or abroad within the last 30 months at the time of their application.
- The requirement that post-graduation work permit holders' occupation be related to their field of study.
- Blanket English or French competency requirements based on the National Occupation Classification (NOC) Code assigned to the applicant's occupation.
- Restrictions on occupation eligibility for the AOS, regardless of labour market needs.

Refining AOS eligibility to expand the pool of eligible applicants will enhance its ability to provide Alberta businesses with the talent they require.

Alberta Rural Renewal Stream

The RRS is designed to support economic development and community growth by empowering rural communities to recruit and retain newcomers to work and settle in their communities. To participate in the RRS, communities must meet the following eligibility criteria:

- Rural community with less than 100,000 residents (based on 2016 census).
  - The community must fall outside of the Calgary or Edmonton census metropolitan area.
- One or more employers are interested in participating and have permanent, full-time, non-seasonal employment available.
- The community or town council provides an endorsement letter for participation.
- The application is signed and submitted by the community's economic development organization.

The RRS has facilitated economic development in rural communities across Alberta, bringing in new residents and helping businesses grow. However, as of February 2023, RRS applications[340] are critically low, with only 17 municipalities participating in the program. Considering the program functions based off applications, program awareness amongst rural municipalities is critical to its success.

Foreign Credential and Experience Recognition

Once settled in Alberta, newcomers may continue to face employment challenges owing to barriers with their foreign education, skills, and experience being recognized in Canada.

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338 https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/express-entry/works.html

339 https://www.alberta.ca/aaip-alberta-opportunity-stream-eligibility.aspx

340 https://immigrationnewscanada.ca/new-alberta-pnp-quota-for-2023-increases-by-50/

Research[341] shows that employers' non-recognition of foreign education, qualifications, and experience are some of the main obstacles newcomers face to finding employment.

A parliamentary report[342] analyzing issues of foreign credential and experience recognition identified two principal obstacles:

- Difficulty obtaining equivalent Canadian licenses for foreign-trained individuals pursuing careers in regulated or licensed professions (i.e., doctors, pharmacists, engineers, lawyers, etc.); and,
- Employers being unaware of how, or unwilling to, recognize and accept foreign education or experience when considering a candidate.

Difficulties obtaining Canadian license equivalencies are driven by the array of stakeholders involved in assessing newcomers' qualifications. These include regulatory bodies, credential assessment agencies, professional groups, educational institutions, and employers.

Compounding the complexity of qualification assessment, some professional groups are reluctant to accept newcomers without Canadian education or training.

Newcomers seeking employment outside of regulated professions are reliant on their prospective employer to evaluate their skills and experience. As a result, many newcomers must contend with employers' preferential bias for Canadian-born candidates, for reasons which can include:

- Employers considering the newcomer's skills irrelevant in Canada;
- Employer's believing foreign credentials are a lower caliber than equivalent domestic qualifications;
- An organization's requirement for Canadian work experience;
- Lack of English or French language competency deterring an employer, even if the newcomer has the appropriate language skill requirements for the occupation;
- Employers lacking information on foreign education and experience; and,
- Discrimination.

To combat these challenges, the Government of Alberta established the Fairness for Newcomers Office (FNO)[343] and International Qualifications Assessment Service (IQAS).[344] Both organizations focus on working with stakeholders and newcomers to simplify, accelerate, and streamline the assessment of foreign education, skills and experience. While a step in the right direction, more work remains. Despite 9 out of 10[345] newcomers arriving to Canada with a university degree, between 2001 to 2016 the percentage of university-educated recent immigrants working in jobs requiring a university degree decreased[346] from 46 per cent to 38 per cent. Comparatively, the percentage of

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341 https://knowledge.wes.org/canada-report-who-is-succeeding-in-the-canadian-labour-market.html

342 https://lop.parl.ca/staticfiles/PublicWebsite/Home/ResearchPublications/BackgroundPapers/PDF/2020-86-e.pdf

343 https://www.alberta.ca/fairness-for-newcomers-office.aspx

344 https://www.alberta.ca/international-qualifications-assessment.aspx

345 https://www150.statcan.gc.ca/n1/pub/75-001-x/2010109/article/11342-eng.htm#a1

346 https://www150.statcan.gc.ca/n1/daily-quotidien/220622/dq220622c-eng.htm

workers in jobs requiring a university degree stayed closer to 60 per cent among Canadian-born workers.

Ultimately, foreign credential and experience recognition processes can be lengthy, expensive, and sometimes dependent on the open-mindedness of professional groups and employers. This results in newcomers working outside their desired fields, compounding labour shortages and costing the economy billions[347] in unrealized returns.

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

1. Collaborate with federal counterparts to ensure Canada's Temporary Foreign Worker program supports businesses labour needs. This includes:
    a. Working with Economic and Social Development Canada to ensure the cost of a Labour Market Impact Assessment (LMIA) does not pose an obstacle to businesses interested in leveraging temporary foreign workers. This could include developing a fee-cap based on a business' size or creating a flat-rate option for employers conducting more than one LMIA.
    b. Working with Immigration, Refugees and Citizenship Canada to increase provincial nomination limits to be representative of the scale of Alberta's labour shortage.
2. Expand eligibility to the Alberta Opportunity Stream by:
    a. Reducing the required work experience to a minimum of six months full-time work experience in their current occupation in Alberta within the last 12 months, or a minimum of 18 months full-time work experience in their current occupation in Canada or abroad within the last 30 months at the time of their application.
    b. Allowing post-graduation work permit holders to apply to occupations unrelated to their field of study.
    c. Ensuring language competency requirements are reflective of occupational needs, recognizing newcomers will continue improving language skills through employment.
    d. Updating the list of ineligible occupations frequently to ensure accuracy and timeliness relative to Alberta's evolving labour market needs.
3. Alleviate barriers to participation in the Rural Renewal Stream (RRS) by setting ambitious targets for the number of applications, complemented by a public awareness campaign that increases visibility of the RRS amongst eligible municipalities and their businesses communities.
4. Address systemic issues surrounding foreign credential recognition by:
    a. Convening Alberta's professional associations and colleges to identify and reduce barriers regarding the testing and administration of Canadian credential equivalencies, leveraging the Fairness for Newcomers Office.
    b. Expanding the remit of the International Qualifications Assessment Service to include the evaluation and certification of the skills and knowledge newcomers have acquired through work and life experiences, leveraging funding available through the federal Foreign Credential Recognition Program.

[347] https://www.ontario.ca/page/building-workforce-tomorrow-shared-responsibility#foot-15

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."[348]

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 program, and an effective administrative organization for workers' compensation program.[349] The

[348] https://www.alberta.ca/assets/documents/WCB-Review-Final-Report.pdf

[349] http://www.lni.wa.gov/IPUB/101-002-000.pdf

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.[350]

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.

[350] http://www.bridgingthegapsafely.ca/pdfs/Terry%20Bogyo.pdf

Alberta Chambers of Commerce

Municipal Affairs

End the Negative Impacts of Franchise Fees in Alberta (2023)

Issue

The current structure and use of Local Access or Municipal Franchise Fees negatively impacts the growth and competitiveness of Alberta businesses and the economy.

Background

The Municipal Franchise Fee (MFF), also known as a Local Access Fee (LAF), is a rate rider that is determined by municipalities in exchange for a utility service provider's exclusive right to sell services within a municipality's boundaries. Utility service providers apply the rate rider to rate payer's bills, collect the fees, and then pass the revenue to the municipality. Franchise fees are typically calculated as a percentage of the total distribution charges on a bill and are capped at twenty percent for electrical and thirty-five percent for natural gas. The provisions and requirements are found in section 45 and 360 of the Municipal Government Act.

Many municipalities elect to use the franchise fee revenue as a means of funding various programs and services and/or to keep their property taxation rates competitive and are considered a reliable and 'growing' revenue stream that allows the municipality to receive compensation for the loss of taxable 'property' such as churches, schools, and other non-profit facilities that are exempt from property taxation pursuant to provincial legislation.[351]

Besides the cap there is no standardized calculation or required justification for the percentages chosen by municipalities. Minimal requirements for reporting the franchise fee revenue often leave residents and businesses alike unable to see what value they receive from the collection of the fee, if any. While some municipalities have taken steps to improve transparency of LAF/MFF rates charged, the reporting is inconsistent.

Franchise fees are rising across the province, and many have already hit the maximum cap set by the Alberta Utilities Commission. Since the removal of the rate cap in 2019 electricity costs continue to rise and contribute to the cost layering burden businesses face.

An Alberta Perspectives Municipal Red Tape and Business Supports survey, conducted by the Alberta Chambers of Commerce in 2022 [2], shows that businesses believe the wide variety of fees/taxes negatively affect competitiveness and/or growth. Municipal Franchise Fees were the second highest barrier to growth and competitiveness, an increase of nine percent since 2021 which was more than any other noted tax or fee. Additionally, more than seventy percent of respondents were concerned about the cost of gas and electricity – up from the forty and fifty-four percent that were concerned when the survey was conducted in 2020.[352]

[351] https://stalbert.ca.legistar.com/View.ashx?M=F&ID=18166&GUID=D31C3945-B0CD-448D-AEC7-8506EFD7B359

[352] https://www.abchamber.ca/wp-content/uploads/2022/12/ACC-2022-Municipal-Red-Tape-Report-Dec-18-FINAL.pdf

As an example, when St. Albert introduced their FF in 2019, their report included tables that demonstrated the potential impact on residential and non-residential users based on an estimating tool provided by Fortis Alberta:[353]

Residential	Selected Franchise Fee Amounts					
Usage Estimate	3% Monthly	5% Monthly	8% Monthly	10% Monthly	15% Monthly	20% Monthly
Low Use 400 kWh	$1.45	$2.42	$3.87	$4.84	$7.26	$9.67
Mid Use 600 kWh	$1.82	$3.03	$4.85	$6.06	$9.09	$12.13
High Use 800 kWh	$2.19	$3.64	$5.83	$7.29	$10.93	$14.58

Non-Residential	Selected Franchise Fee Amounts					
Usage Estimate	3% Monthly	5% Monthly	8% Monthly	10% Monthly	15% Monthly	20% Monthly
Low Use 1000 kWh	$32.07	$53.46	$85.53	$106.91	$160.37	$213.83
Mid Use 2500 kWh	$79.32	$132.21	$211.53	$264.41	$396.62	$528.83
High Use 5000 kWh	$158.07	$263.46	$421.53	$526.91	$790.37	$1053.83

The difference in cost distribution is significant for non-residential customers for a fee passed onto the consumer at the municipality's request with no required value-added benefit and a ‘lower’ property tax.

Municipalities are required to provide basic services to their constituents and have a constitutionally transparent mechanism for collecting revenues to deliver on a level of service that taxpayers are willing to pay for: property tax. Eliminating franchise fees or local access fees may require an equal reduction in spending, but revenue collection would be more transparent and justifiable to constituents.

The Alberta Chambers of Commerce recommends the Government of Alberta, immediately:

1. Freeze all Local Access Fee (LAF)/ and Municipal Franchise Fee (MFF) rate increase applications;
2. Mandate municipalities to report LAF/MFF revenues as distinct revenue line items in annual consolidated financial statements;
3. Publish LAF/MFF on Municipal Measurement Index; and,

[353] https://www.abchamber.ca/wp-content/uploads/2022/05/ACC-Dec-2020-Report-FINAL.pdf

4. Pause renewal applications of tax agreements of Municipal LAF/MFF starting in 2024 and review for removal Section 360 of the Municipal Government Act.

Predictable, Fair and Transparent Market Value Assessments (2023)

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[354].

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.[355] 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.[356]

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

[354] Section 5 and 6 of the Matters Relations to Assessment Regulation (MRAT)

[355] MGA 284 (1): http://www.qp.alberta.ca/documents/acts/m26.pdf

[356] 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

appropriate data, assessors are to time-adjust older sales followed by examining other municipalities for supporting information.[357]

If the data used to develop metrics[358] 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.[359] 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.[360] Making previous assessments available for non-residential commercial comparable

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[357] Municipal Affairs Detailed Assessment Audit Manual – pg. 13

[358] These can include market rents, vacancy rates, expense ratios, capitalization rates, income quality, gross rent multipliers.

[359] An Independent Review Calgary's Non-Residential Property Assessment & Complaint Systems

[360] 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

listings indicates willingness for municipalities to work with the business community and increase transparency.

According to the Alberta Municipal Affair's Guide for the Exchange of Assessment Information, the purpose of Section 299 and 300 of the MGA is for a person to access the information used in calculating the prepared assessment value but municipalities are not required to "provide detailed information to defend the assessment."[361] The challenge remains that there is only a bare minimum requirement as to what municipalities are required to provide through section 299 or 300 requests for non-residential properties. In order to promote fairness and transparency, optimal (not minimal) information should be given for taxpayers' acceptance and understanding of their assessments, while still protecting privacy. Having thorough data in an assessment methodology report saves time of property owners and the assessment department when this information is readily available and easy to understand.

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Provide clarity and direction in the creation of methodology reports including recommended metrics used, data collected, and application of rates which are reflective of local market conditions;
2. Require municipalities to consult with local industry experts and stakeholders to gain market information and local expertise and knowledge;
3. Provide specific criteria and guidelines for subjective metrics such as rental income quality and stratifications;
4. Require physical inspections of a property to determine accuracy of such metrics including changes to income quality classifications;
5. Require municipalities to flag irregularities and follow up with individualized consultation, education and information and applying corrections to the roll consistently for identified or similar properties with a 5% or greater error due to an error in data, calculations or incorrect assumptions;

[361] 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

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.

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.[362,363,364] 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,[365] 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.[366]

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 for housing increases, thereby stimulating housing production.[367] From this chain of events, we can deduce that employment growth often translates into more housing – but does the relationship

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362 Skaburskis, A. "Decomposing Canada's Growing Housing Affordability Problem: Do City Differences Matter?" Journal of Urban Studies. Vol 41. Issue 1. 2004.
363 Mao, F. "The Innovation Economy and the Housing Crisis." Master of Arts in Planning. 2017.
364 Pinki, D. "Housing Affordability in Toronto: Low-Income Earners and Recent Immigrants." Master of Arts in Political Science. University of Windsor. 2017.
365 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.
366 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.
367 Saks, R. "Job Creation and housing construction: Constraints on metropolitan area employment growth." Journal of Urban Economics. Vol. 64. Issue 1. 2008.

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.[368] 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.[369] As well, according to the Canadian Home Builders' Association (CHBA) study,[370] 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).[371]

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.[372] 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.[373]

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.[374] Moreover, post-secondary graduates earn nearly $5000 more annually than those with a high school education – a number likely to increase as workers advance their careers.[375] 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

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[368] 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.
[369] Ibid.
[370] 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.
[371] 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.
[372] 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.
[373] Ibid.
[374] Ibid.
[375] Ibid.

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.[376]

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.[377] 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.[378] 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.[379] 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.

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.[380] 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.[381] As well, nearly 90% if the housing stock was built before 1990, and out of those units, half predates 1980.[382] This is echoed by jurisdictions across Alberta due to reductions in affordable housing maintenance

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376 Anacker, A. "Housing Affordability and Affordable Housing." International Journal of Housing Policy. Vol. 19. Issue 1. 2019.

377 Community Housing Affordability Collective. "Let's Make Housing Affordable in Calgary." http://www.chacollective.com/. Accessed 20 January 2021.

378 Calgary Housing Company. "Home is what we do." https://calgaryhousingcompany.org/about/. Accessed 20 January 2021.

379 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.

380 Ibid.

381 Calgary Housing Company. "Home is what we do." https://calgaryhousingcompany.org/about/. Accessed 20 January 2021.

382 Ibid.

funding from the province in 2019 and 2020.[383] 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.

[383] 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,[384] 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.[385] 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.[386]

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.[387] 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 provincial and federal governments who have the responsibility of addressing affordable housing needs.

[384] 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.
[385] Government of Alberta Final Report of the Affordable Housing Panel Review 2020
[386] Government of Alberta Final Report of the Affordable Housing Panel Review 2020
[387]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.

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.[388] 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.

Conclusion

[388] 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

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. [389]

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."[390] 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.

[390] Government of Alberta Final Report of the Affordable Housing Panel Review 2020

Alberta Chambers of Commerce

Service Alberta

Addressing the Truck Driver Shortage Through a Redesign of Class 1 Driver Training (2023)

Issue

The MELT program needs to be redesigned to increase the safety of new Class 1 drivers thereby giving insurers, and the broader public, confidence in the competence of drivers exiting the program.

Background

The trucking sector performs an extremely important role in the transportation of goods in Alberta. More than 60% of all freight within the province is transported by truck, with an additional $7 billion of Alberta's non-pipeline products transported out of the province by truck[391] (Trucking, 2019, p.5). Despite the importance of this industry, trucking has seen a shortage of drivers for more than 20 years (Van Horne, 2004).

As a result of the Humboldt bus crash tragedy, there was additional scrutiny placed on the trucking industry as a whole. From company structure to safety planning, and driver training, every aspect of trucking organizations was considered with the intent of keeping those on the road safe. Consequently, on March 1, 2019, the Mandatory Entry-Level Training (MELT) program was instituted[392] for Class 1 and Class 2 drivers. According to the *Commercial Truck Driver Training Course (Class 1 MELT) Course Delivery Guidelines and Curriculum* (2020) released by the Government of Alberta, "The purpose of [the MELT]

curriculum is to provide individuals seeking to obtain a Class 1 driver's license with basic driving skill procedures and to guide the instructor on how to effectively deliver the training" (p.3). In essence, the purpose of the program is to train drivers to the lowest minimum standard where they are able to pass the driver certification test.

The MELT program consists of 113 total training hours, with 40.5 hours in the classroom, 15.5 hours of in-yard instruction, and 57 hours of road training (including 39 hours of actual driving time and 18 hours of off-road maneuvers). Each of the modules have a prescribed format including an exact number of hours per subject. For example, Module 3 – Basic Driving Techniques is separated into three sections.

Section one includes:

- 1 hour, 25 minutes of classroom delivery
- 15 minutes of classroom assessment
- 1 hour 30 minutes of in-yard trainer observation
- 1 hour of in-yard application

[391] Transportation Guide: Bridging the gap in Alberta's trucking and logistics labour market. 2019. https://truckinghr.com/wp-content/uploads/2019/09/Transportaion-Guide.pdf

[392] https://open.alberta.ca/dataset/f93f4d2d-7925-4372-9eb1-47a8afbb55a0/resource/4d77101f-4fcb-4a37-a862-2649274e5744/download/jsg-peace-officer-bulletin-04-2019.pdf

This ultimately results in 4 hours and 10 minutes spent on proper start-up and warm-up procedures, entering and exiting the cab, starting the engine, engine warm-up, documentation, seat adjustment, proper seat belt use, mirror adjustment, and leaving the driver's seat (p.81-86). Regardless of whether or not the learner in the course has experience or knowledge in any or all of these areas, the specific amount of time is outlined and must not be deviated from.

Unlike teaching children, adults have different learning experiences that they are coming into a program with. Some may have experience in mechanics, or time spent driving on a farm or in a yard. Adult learners will pull from these experiences as a foundation from which to understand and thus, expand, their knowledge[393] (Purwati et al., 2022, p.88). Recognizing the learner's experience and adjusting the time spent on each subject to reflect that will have greater success at training more effective, safe drivers.

Since the MELT program was introduced in 2019, there have been no reviews of the effectiveness of the program – specifically as it relates to teaching for driver safety. As of the last reported measurement, there's been a 95% increase in insurance claims for commercial vehicles in Alberta from 2016-2019 as reported by the Canadian Underwriter[394]. Regular review of the program and its effectiveness, including subsequent adjustments of the program to address the gaps found through the analyses, could contribute to the decrease in incidents and corresponding insurance claims.

Following the successful completion of the MELT program and license test, the implementation of a probationary license period with an apprenticeship program could have a number of measurable benefits. In general, apprenticeships can support organizations in meeting the demand for skilled workers, raise productivity, strengthen worker morale, and improving worker safety[395] (Lerman, 2012, p.8). The combination of probationary period and apprenticeship-style program has been shown to be productive. Quebec currently utilizes such a program, whereby a student of the driver training program is in the training program for a period of 24 months with separate periods of probationary driving with oversight and restricted driving without oversight[396] (Quebec).

With such a training program, record keeping of which drivers are participating in the program becomes very important. There has been a practice with some organizations in the trucking industry whereby some drivers will simply be included in a fleet list of a company's drivers. This creates a situation where a driver would not have their own specific driving record, so if that driver wishes to move on from their current employment, they would have no history of their driving record. While the legislation around keeping driver records is clear in Section 41 of the Commercial

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[393] Purwati, D., Mardhiah, A., Nurhasanah, E., & Ramli, R. (2022). The six characteristics of andragogy and future research directions in EFL: A literature review. Elsya: Journal of English Language Studies. 4(1), 86-95. http://journal.unilak.ac.id/index.php/elsya/article/view/7473/3677

[394] Porado, P. 2022. Are driver shortages fueling a spike in Alberta trucking claims? Canadian Underwriter. https://www.canadianunderwriter.ca/insurance/are-driver-shortages-fueling-a-spike-in-alberta-trucking-claims-1004226686/

[395] Lerman, R. I., 2012. Can the United States Expand Apprenticeship? Lessons from Experience. https://www.econstor.eu/bitstream/10419/91788/1/pp46.pdf

[396] Quebec, Enriched Heavy Vehicle Driver Training Program https://saaq.gouv.qc.ca/en/transportation-goods/enriched-heavy-vehicle-driver-training-program

Vehicle Certificate and Insurance Regulation[397] (2022, p.35) the understanding of the requirements of this section of legislation may not be sufficient. Accurate driver record-keeping plays an important role in ensuring the safety of our roadways.

Ultimately, truck driving plays a critically important role in our economy. From the food we eat, to the gas we put in our vehicles and warm our homes with, we are impacted on a daily basis by the role that the trucking industry plays in the supply chain. Given the shortage in drivers with Class 1 licenses, there needs to be more done to expand the number of qualified drivers to support this critically important industry.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Allow some flexibility, based on the instructor's discretion, in practical driving hours spent on specific modules;
2. Consider incorporating simulated driving hours to be included as a requirement for a portion of the in-cab hours of the MELT program so new drivers can experience conditions they may not otherwise encounter (including wildlife, snow and ice, erratic drivers, etc.);
3. Review the auditing procedures to ensure that each training school that delivers MELT is instructing to a high standard, ensuring that drivers leaving the program are competent to drive safely;
4. Evaluate the driving record of new Class 1 drivers, specifically related to motor vehicle accidents, to determine the effectiveness of the MELT program with the purpose of finding opportunities to further enhance the program;
5. Incentivize companies to implement an apprenticeship or internship style program whereby new drivers are trained under experienced drivers for a certain period of time;
6. Immediately look to implement a hiring credit for organizations hiring new drivers, with the intention of helping to offset high insurance costs related to the first three years of a new driver's experience; and
7. Allow for those with existing experience from on-farm experience or driving experience in other jurisdictions, including international, for a minimum of 24 months previously to have the option of challenging the Class 1 enhanced knowledge and road tests. If an individual is unsuccessful at passing either the enhanced knowledge test or the enhanced road test on the first attempt, drivers would be required to take the MELT Program and successfully pass the enhanced knowledge and road tests in order to reobtain a Class 1 license in Alberta.

[397] Commercial Vehicle Certificate and Insurance Regulation. 2002. https://kings-printer.alberta.ca/1266.cfm?page=2002_314.cfm&leg_type=Regs&isbncln=9780779836659

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".

Efficiencies at the Alberta Land Titles Office (2023)

Issue

The Alberta Land Titles Office is currently delayed four months in processing documents submitted for registration. The delay affects individuals buying and selling properties; lenders registering a mortgage; creditors enforcing civil claims judgments; individuals applying for building and development permits; municipal tax departments issuing tax notices; and industries involved in finalizing real estate transactions. This is an urgent issue, and it must be resolved as soon as possible.

Background

As of January 21, 2023, the current delay at the Alberta Land Titles Office for processing registrations is over 4 months.[398] The delay in processing documents has been an issue for stakeholders since 2021.

The processing delay has had a negative impact for all home buyers. The current delay in processing registrations means that buyers of recently purchased properties do not receive a certificate of title confirming ownership for over 4 months after closing of the transaction. In addition, new homeowners are experiencing delays in applying for building and development permits as a direct result of the processing delay at the Alberta Land Titles Office.

The delay has had negative effects on both municipalities as well as homeowners. Property Tax Assessments are not being sent out in a timely manner and are often sent to the previous owner of a property which was recently sold.

The delay has also had a negative impact on business. Law firms must wait until registration has been completed prior to finalizing their report and account. This has caused cash flow issues for some as a result. In addition, certain lenders have pulled out of real estate transactions because of the long delay.

Other jurisdictions in Canada have a streamlined process which enables registration to occur in a timely manner. Saskatchewan and British Columbia currently register documents submitted in less than two weeks.

Whilst we applaud Service Alberta for its attempts to rectify this issue over the past 18 months, more needs to be done, as the unacceptable delays in processing registrations still exist.

We recommend the Alberta Government commit to rectifying the current delays at the Alberta Land Titles Office. Efficiency is particularly important to business and individuals, and it is imperative that the Alberta Land Titles Office return to timely processing speeds.

The Alberta Chambers of Commerce recommends that the Government of Alberta work with industry and stakeholders to address the lengthy processing delays by:

1. Increasing staffing to adequately deal with current processing volumes;

[398] SpinIIHost (gov.ab.ca)

2. Develop an action plan to quickly and effectively remove current system delays and modernize the Alberta land titles system, creating a reliable, responsive, timely, secure and sustainable system able to meet market demands into the future, including:
    a. Legislation and investment that supports modern technology and best practices;
    b. An innovative and digitized platform that facilitates online business transactions, potentially applying solutions which have been successfully implemented in other Provinces;
    c. Streamlined operations and overall business practices to ensure documents submitted to the Alberta Land Titles Office are processed efficiently and effectively, with a goal that documents will be processed no later than 30 days after submission.

Modernization of Alberta Registry Agents (2023)

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

Alberta's Authorized Registry Agents form a network that collectively employs over 1,500 Albertans. There are 217 Agents located in 150 Alberta communities (58 or 27% are in Calgary and Edmonton, 48 or 22% are in small municipalities, and 111 or 51% are in rural municipalities). Registries are a vital part of Albertan communities in providing economic growth, stable jobs, important community links, and essential services.

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 registry 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.[399]

As registry services modernize to meet the needs of our society, Albertans must continue to have equal access to quality in-person registry services, regardless of where they live in the province. A healthy industry ensures ongoing service to Albertans throughout the province at an affordable price. Eight registry offices have closed in the last two and a half years and many more communities are at risk of losing their local registry. An independent third-party audit found that registry agents who have an annual volume of 10,000 transactions or less are operating at a loss, which represents sixty- four registries.

Unlike other similar provincially regulated industries, there is no regular mechanism to review government capped registry service fees. In order for the registry agent network to position itself to serve the diverse needs of all Albertans, it is essential for a fee review model be put in place that includes regular and predictable reviews of capped service charges that provides financial stability and long-term assurance of sustainability. Between 2005 and 2020, registry agents received no increases to capped service fees despite increased cost pressures. 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

[399] Couillard, C. (2019, April 16). Opinion: Registry-agent services under threat by rising costs. Edmonton Journal. https://edmontonjournal.com/opinion/columnists/opinion-registry-agent-services-under-threat-by-rising-costs

efficiently, having the support of the government is crucial. A modern and 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.

Other organizations also see the value in a new fee review 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.[400]

The Government of Alberta responded on January 1, 2020[401] by increasing capped fees only on certain services for the first time in 14 years. However, these changes alone without a long-term sustainability plan 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 further modernization of the Registry Agent Industry and red tape reduction.
2. Continue to partner with Registry Agents to provide online services and allow registry services to expand online offering; and
3. Ensure the long-term sustainability of Registry Agents, including those serving rural communities, with a fair and equitable service charge model.

400 Alberta Municipalities (2016). Sustainable Support for Local Registry Agents. https://www.abmunis.ca/resolution/sustainable-support-local-registry-agents

401 Government of Alberta. (2019). Fiscal Plan: A plan for jobs and the economy 2019-23. https://open.alberta.ca/dataset/3d732c88-68b0-4328-9e52-5d3273527204/resource/2b82a075-f8c2-4586- a2d8-3ce8528a24e1/download/budget-2019-fiscal-plan-2019-23.pdf

Alberta Chambers of Commerce

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.[402]

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

[402] 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.[403]

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.

[403] 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 (2023)

Issue

Twinning construction of the remaining (approximately) 170 kilometers of Alberta Highway 3 known as Crowsnest Pass Highway, has been a concern for nearly two decades due not only to safety and efficiency concerns, but also concerns related to the stagnation of 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, which recognizes its importance as a "key interprovincial and international corridor route"[404]. At a length of 324 kilometers (201 miles) it is a highway that transverses southern Alberta, connecting the Crowsnest Pass to the Trans-Canada Highway in Medicine Hat. It also serves as an alternative route to the Trans-Canada from Lower Mainland to the Canadian Prairies. Unfortunately, it is the last highway in Alberta recognized as a part of the national highway system that is not twinned.

The Alberta portion of Highway 3 begins in the Canadian Rockies at Crowsnest Pass, parallel to the Canadian Pacific Railway. Highway 3 is also part of Alberta's "Export Highway" - a name given to the southern portion of Alberta's north-south trade corridor, including a segment of the CANMEX Corridor that stretches from Alaska to Mexico. The highway connects to multiple other major highways, including Highway 2 and Highway 1 to Calgary, and Highway 4 to the Coutts border crossing – the only 24 hour crossing in Alberta.

From Fort Macleod to Taber (approximately 104 kilometers), Highway 3 is divided 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. Twinning the Taber to Burdet portion was approved in 2020 with construction expected to start in the spring of 2023.

The costs and benefits of twinning Highway 3 have been previously discussed in a study conducted by the Van Horne Institute at the University of Calgary under the direction of Dr. Frank J. Atkins in 2002 (and a revised report in 2004). 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

[404] Government of Canada. 2022. National Highway System. https://tc.canada.ca/en/corporate-services/policies/national-highway-system

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[405]

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 recently had a Functional Planning Study funded with engagement started on the 23km of Highway 3. This section in the Piikani Nation is particularly important as economic development is a call to action of the Truth and Reconciliation Commission.

As Southern Alberta is expanding their economic contribution, the discussion around twinning Highway 3 is becoming an increasing priority. 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.

The increase in traffic will also impact import and export through Southern Alberta and South-Eastern BC US border crossings which are already among the 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 year previous[406]. Also, the area between Lethbridge and Bow Island has 7 ready to move home and 4 Large Storage Container businesses that travel Highway 3. These businesses require special permits to transport within a specific time frame and speed restrictions which impact the already slower travel speed of 90 km/hour for traditional

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[405] 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'*

[406] Lethbridge Export Highlights 2018.

commercial trucks. Deliveries can be dangerous to both vehicles and transport truck teams and delays are costly to business owners.

Because of nature of Highway 3 being heavily relied on as the secondary supply chain route to Vancouver ports, as seen during the 2021 BC flooding, the Alberta Motor Transport Association has placed the twinning of Highway 3 as a top 5 priority.[407] 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 all sections of Highway 3 with an annual sustainable contribution.
2. Initiate archeological studies at the Highway 2/Highways 3 proposed bypass interchange at Fort Macleod and completion of the Highway 3 Fort Macleod bypass.
3. Twin Highway 3 between municipalities as a highway rather than a freeway to allow for more cost flexibility.
4. Advocate to the Government of British Columbia the benefits of twinning Highway 3, and encourage them to begin the process of continuing highway twinning on their side of the border.

[407] 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[408]. 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[409]. Combined, these commodities accounted for over two-thirds (71%) of the total tonnage moved by trick in 20173[410]. In fact, more than half (52 percent of Alberta's Gross Domestic Product is delivered on the back of a truck[411].

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.[412] To keep up with current demand alone, Canada needs 17,200 new truck drivers every year up until 2025[413]. Alberta by itself is facing a shortage of 3,600 drivers in the coming year[414].

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[415]. Three percent of all truck drivers were aged 65 or older in 2006 demonstrating that some of the

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[408] 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.

[409] Ibid.

[410] Ibid.

[411] Groves, Jude. "We need more commercial drivers to keep Canada moving." Edmonton Journal, October 28, 2021.

[412] Ibid.

[413] Ibid.

[414] Stronski, Kenyon. "Minister Sawhney driving unemployed Albertans back to work." Toronto Star November 17, 2021.

[415] 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[416].

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[417].

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[418].

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[419].

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[420].

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.

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;

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[416] Conference Board of Canada. (2013) *Understanding the Truck Driver Supply and Demand Gap.* Conference Board of Canada.

[417] Smith, John G. “Women of trucking are still a rarity in Canada.” Trucknews.com. March 5, 2021.

[418] Conference Board of Canada. (2013) *Understanding the Truck Driver Supply and Demand Gap.* Conference Board of Canada.

[419] 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/

[420] “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/

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 (2023)

Issue

Alberta is one of Canada's most robust provincial economies 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 $774 billion in 2021[421] with close to 400,000 people crossing our shared borders each day[422].

In particular, Montana and Canada continue a profitable trading relationship with bilateral trade flows totaling $6.9 billion USD in 2021[423]. Moreover, Canada continues to be Montana's most important customer with total Montana exports to Canada at $903 million USD in 2021 while total Montana imports from Canada totaled $6 billion USD. From 2012-2016 Alberta's exports to Montana averaged $2.46 billion annually with exports to Montana in 2016 totaling $2.2 billion. These exports consist of primarily oil and natural gas, fertilizers, food wastes and cereals[424].

While 73.6 percent of Alberta's exports to the U.S. were carried by pipeline, $10.5 billion were transported by road. With the fewest number of highway/land border crossings within Canada, Alberta is also currently the one of two provinces bordering the U.S. to have one 24-hour border crossing, situated in Coutts, Alberta. Previously, the Regway border crossing in Saskatchewan was 24-hours, however during the COVID-19 pandemic response the hours were reduced. The shortening of hours at Regway was intended to be a temporary measure, though there have been no reopening announcements at this time.

421 https://www.international.gc.ca/trade-commerce/economist-economiste/analysis-analyse/merchandise_trade-commerce_marchandises-2021.aspx?lang=eng

422 https://www.international.gc.ca/country-pays/us-eu/relations.aspx?lang=eng

423 https://www.tradecommissioner.gc.ca/united-states-of-america-etats-unis-amerique/montana.aspx?lang=eng

424 https://open.alberta.ca/dataset/9269de23-6d7a-448e-867e-293b4b0568e1/resource/0476dbee-695c-41ac-8ef7-b76d52b6f65a/download/montana-ab.pdf

	24-Hour Crossings	Total Crossings	Population (2019)
British Columbia	8	19	5,320,000
Alberta	1	6	4,371,000
Saskatchewan	1	12	1,174,000
Manitoba	3	16	1,369,100
Ontario	13	14	14,570,000
Quebec	16	30	8,485,000
New Brunswick	12	18	776,800

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

Also as a result of the COVID-19 pandemic response, the Wild Horse border crossing hours have been reduced. Now, Wild Horse is open for travelers from 8:00AM to 5:00PM (9 hours/day) 5 days/week for commercial travelers, and 7 days/week for travelers.

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.

There have been consistent declines in the border traffic at Wild Horse[425]. With the COVID-19 pandemic, some of this is to be expected, however, the drastic and continuing downward trends 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.[426] Based on the results of the survey, the cost-benefit ratio would be in excess of 2.0 with over $1 million in annual mileage savings.

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

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

[426] https://pal.memberclicks.net/assets/docs/newsletter/port_of_wild_horse_a_business_case_for_service_improvements_030817.pdf

There have been designated funds by the Canadian government for border facility improvements with redevelopment at the Wild Horse Port of Entry slated for upgrades starting in 2022/2023[427]. 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

[427] Government of Canada. 2022. Wild Horse Port of Entry Redevelopment. https://iaac-aeic.gc.ca/050/evaluations/proj/83501

that the hours and services at Wild Horse consistently match the U.S.

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Conduct a feasibility study on the needed upgrades to highway corridors serving the port facility.

Investing in Market Access for Southern Alberta Business (2023)

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

The ever-growing international demand for high-quality foods and agri-food products, interruptions to food supply chain still being felt as a result of the Covid-19 pandemic, and planned population growth within our own country have positioned Southern Alberta to be the 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 large investments in the region, renewable energy production (over $1.285 Billion throughout the region), PIP International Pea Processing Facility ($150 Million), and the Cielo Biodiesel Refinery near Medicine Hat ($50 Million). Southern Alberta is a growing region, with a continued steady population increase. Moreover, the recent commodity price fluctuations 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 2022 Capital Plan has earmarked approximately $1.8 billion for roads and bridges across the Province[1], down from $2.3 billion in the 2020 Capital Plan.

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. Commit to the further the twinning of Highway 3 and provide timelines for its completion, 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.

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.

Progressing Transportation and Utility Corridors in Alberta (2023)

Issue

Timely and effective plans for roads, railways, utilities, and pipelines are essential to connect Albertans, and connect Alberta with North America and the rest of the world. Prioritizing the creation of Transportation and Utility Corridors (TUCs) allowing for "pre-approved" zones will reduce land-use conflicts, red-tape, costs, and delays, while supporting effective growth management of communities with the required infrastructure.

Background

By 2046, Alberta's population is projected to swell to over 6.4 million strong[428]. Recently Alberta experienced the largest growth in a single quarter dating back 40 years[429] adding 58,203 residents coming both internationally and from all parts of the federation. According to the Government of Alberta, "Alberta attracted the most net interprovincial migrants in the country by a wide margin." While Alberta possesses excellent advantages with a growing population, a diversified economy, and low taxation, we face constraints in building the infrastructure to sufficiently serve the citizens and business.

Transportation/Utility Corridors (TUCs) are vital for long-term planning between communities. These "pre-approved" land areas provide guaranteed corridors for roads, railways, utilities, pipelines, and more. The government of Alberta is already supportive of transportation/utility corridors using them to protect areas "from advancing urban development" and offering these corridors as "a long-term solution to many of the land use problems associated with developing major linear facilities in the urban context."[430] The success of these zones is evident when examining the past: "In the mid 1970s, the Government of Alberta established Restricted Development Areas (RDAs) around the cities of Calgary and Edmonton."[431] Lands within the RDA's were set aside as TUCs, and today include the Stony Trail in Calgary, and Anthony Henday Drive along with its accompanying infrastructure and pipelines in Edmonton.

While Alberta already uses TUC's in the Edmonton and Calgary regions, there is more work to be done to further connect and serve additional urban centres and expand the networks to rural regions. The province also must ensure that networks are well connected beyond our provincial borders to reach Canadian and International import and export markets, and to ensure the ease of labour mobility. At a national level, there are corridor opportunities that could greatly enhance the economic position of Alberta & Canada's broader economy.

An expanded network of TUCs will continue to reduce delays from red-tape and land-use conflicts, improve the integration of communities, and provide the necessary infrastructure to support citizens, jobs, our economy, and secure a strong quality of life for Albertans into the future.

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[428] https://www.atb.com/company/insights/the-owl/alberta-population-projections-as-of-july-2022/

[429] https://www.alberta.ca/population-statistics.aspx

[430] https://www.alberta.ca/purpose-transportation-utility-corridors.aspx

[431] https://www.alberta.ca/transportation-utility-corridors.aspx

The Alberta Chambers of Commerce recommends that the Government of Alberta work with all levels of government, affected Indigenous groups and First Nations, partners and key stakeholders to:

1. Establish "pre-approved" transportation/utility corridor rights of way throughout Alberta that are capable of connecting outside its borders;
2. Develop a province-wide transportation/utility corridor plan that will serve to integrate all regions to support people, jobs, and the economy in Alberta;
3. Progress nation-wide connection projects, for example, corridors throughout the country that are designated for the construction and expansion of major linear projects.

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[432] and tow trucks with flashing lights are protected by Alberta's *slow down move over* law; [433] 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"[434] (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.

In 2015, British Columbia modified its *slow down move over* rule in response to safety concerns voiced

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[432] Includes fire, police, ambulance, tow trucks, and public utility gas disconnection unit https://www.alberta.ca/release.cfm?xID=1898137BBC21F-9DA9-0B64-AC83FC1CDBA00788

[433] AB Gov 2020 https://www.alberta.ca/release.cfm?xID=7578869C9FD4D-C801-6B8D-DF6CA30A29B743E8

[434] "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

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.[435]

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.[436]

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."[437] 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.

[435] https://www2.gov.bc.ca/assets/gov/driving-and-transportation/driving/roadsafetybc/strategy/road-safety-strategy-update-vision-zero.pdf

[436] AMA https://globalnews.ca/news/3707058/albertas-slow-down-move-over-law-needs-revision-ama/

[437] https://www.discoverairdrie.com/local/new-government-actions-to-protect-roadside-workers-in-alberta

Agriculture and Agri-Food (Federal)

Promote Agribusiness Growth Opportunities by Reducing Barriers to Interprovincial and International Trade (2023)

Issue

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

Background

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

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

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

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

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

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

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Canada:

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

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

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

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

2. Reassess inspection and regulatory costs and how they are allocated, to enable processors to trade across provincial or national borders, without being at a competitive disadvantage.

Environment and Climate Change (Federal)

Water for Sustainability (2021)

Issue

Canada has been facing significant pressure on its water resources, both surface and ground water. There are ever-increasing demands for the water resource. The limits of available water have been reached in the southern portion of the province, and concerns are rising about the adequacy of water resources to support continued economic development in the central and northern parts of the province.

Background

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

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

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

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

It is timely to put our minds together to develop this essential overarching strategic framework or Vision of a Canada Wide Water Strategy.

Research has indicated that significant threats to water resources exist across Canada. Climate change is an emerging challenge in all parts of the country, but numerous long-term problems also exist, with serious implications for Canada's environment, economy, and society. Canada does not currently have an overarching national water strategy that facilitates more effective responses to current and emerging challenges and threats. The benefits of having such a strategy are numerous. Examples include the following:

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

- Greater public acceptance and support for water management decisions

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

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

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

Business Case:

In recent years, industry, and business more generally is becoming subject to high water costs, challenging them to do more with less water. Businesses are often in conflict with local domestic uses, other industries, agriculture, tourism, and ecosystem needs and protection bylaws. This restriction on water uses and resources has direct implications to business and the Canadian economy. If water is neglected by societies and governments, then the odds are they will eventually collapse. Without water, business ranging from family farms to major corporations will face multiple problems, including higher costs and long-term viability. For example, water scarcity would have a direct impact on rain-fed irrigated agriculture as well as livestock, and an indirect impact on food processing industries. Moreover, 2015-2018 were challenging ones for water management in Alberta,[438] with research showing that water supplies were below average so was precipitation. The water supply has generally been 5 years of below average runoff and higher demands for water have led to worries about having enough water to support ecosystems, particularly in Southern Alberta. Together, this underscores the need to develop an effective water policy and strategy along with comprehensive information on water use. In addition to knowing the value of water and its contribution to the Canadian economy, reporting on water impacts, uses and return flows is an essential part of adopting a watershed approach to water resource management.

[438] https://landusehub.ca/what-water-for-life-means-for-albertas-municipalities/

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Participate in any national initiatives that bring the provinces and territories together in addressing water issues of national importance. These initiatives should be undertaken by the Canadian Council of Ministers of the Environment;

2. Work with other levels of government to create and mobilize the knowledge needed to predict and respond to water problems and opportunities by providing centralized and harmonized collection and dissemination of water information;

3. Improve collaborative river basin planning by building durable partnerships for water management and decision-making with the federal government, municipal government, and Indigenous governments, with clear outcomes that include building resilience to extreme events, identifying priority areas for watershed restoration, and ensuring effective environmental flow regimes are in place across all levels of jurisdiction and authority; and

4. Encourage federal government departments responsible for water management to collaborate on the development of a Canada-wide water management strategy and work towards alignment in regulations.

Finance (Federal)

Amend the Equalization Formula to Incentivize Less Spending and More Saving (2023)

Issue

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

Background

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

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

Quebec, by far the largest recipient of equalization payments is home to crown corporation, Quebec Hydro. On average citizens of Quebec pay among the lowest electricity rates in North America that are far below comparable market rates. Exports by Quebec Hydro comprised

nearly 30% of the utilities net profits in 2018 and are sold at a substantial premium to those paid by Quebec residents. If Quebecers paid market rates for power their fiscal capacity would be calculated much higher than it is presently.

PEI is the largest per-capita beneficiary of equalization has two-thirds of its workforce in the public sector. With a large portion of these jobs supported by transfer payments, there is little incentive for PEI to reduce the size and cost of its public service. Macroeconomic theory

maintains that increases in government expenditure may result in crowding-out effects, displacing private sector spending.

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

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

The Alberta Chambers of Commerce recommends the Government of Canada:

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

Comprehensive Income Tax Reform (2022)

Issue

The Income Tax Act is becoming more complex every year, adversely affecting Canadian individuals, businesses, and Canada's global competitiveness. A comprehensive review and overhaul of the Income Tax Act, targeting the broadest base possible, with lower rates and fewer preference, would reduce compliance costs and increase transparency while promoting growth, investment, entrepreneurship, and job creation

Background

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

At a time when income inequality is rising, labour force growth is slowing and our closest trading partners are shoring up their tax systems, Canada needs to ensure we continue to create jobs, attract investment and remain competitive. But, on these vital measures, our current tax system is falling short, and Canadians and their businesses risk falling ever more behind their global peers.[439]

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

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

- Canada has lost its corporate tax advantage as the U.S. and other countries have reduced corporate taxes and improved their own tax competitiveness
- Top personal income tax rates and thresholds in Canada are uncompetitive
- Tax complexity makes it difficult for lower income and other vulnerable Canadians to access much-needed income supports through the tax system.
- Tax compliance is becoming exceedingly difficult for all Canadians, especially small business owners and their advisers, putting the integrity of the tax system in jeopardy.
- Many Canadians have lost trust in the tax system, which may contribute to reduced compliance and increased underground economic activity
- Canada's tax mix is out of sync with international trends and overly reliant on
- income taxes with high efficiency costs, putting a drain on Canada's economy.

[439] CPA Canada report reference – p. 4

- Benefits delivered through Canada's Scientific Research and Experimental Development (SR&ED) program are declining, indicating a need to improve the program's accessibility, certainty and ease of use
- Beyond SR&ED, the tax system does not adequately encourage innovation or attract investment in innovation to Canada
- Canada's income tax and GST/HST rules deliver a high number of tax expenditures that greatly complicate the tax system, but it is not known whether they are achieving their aims at an acceptable cost.440

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

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

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

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

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Immediately establish a Royal Commission to review the Income Tax Act and Canada's fiscal framework with the goals of modernization, simplification, and enhancing competitiveness.

[440] CPA Canada report reference – pp. 4-5

Consolidated Income Tax Filing for Corporate Groups in Canada (2021)

Issue

The current approach to taxation of corporate groups in Canada ignores the commonality of ownership principles and requires that owners undertake costly and complicated planning to allow for consolidation or transfers of losses and/or credits between members of a common corporate group. Several countries in the Organization for Economic Co-operation and Development (**OECD**) allow for taxation of corporate groups on a consolidated basis and it is past time for Canada to join its peers in this practice.

Background

"Every man is entitled, if he can, to order his affairs so that the tax attaching under the appropriate Acts is less than it otherwise would be."

- *The Duke of Westminster (1936)*[441]

As aptly put by the Duke, owners of corporations are, within the bounds of the legislation of the Income Tax Act, Canada, allowed to order their affairs to minimize the income tax that they would otherwise pay in the absence of planning for the resulting liability. Where closely-held groups of companies are concerned, this often requires that the shareholders undertake complex loss consolidation transactions through financing arrangements, reorganizations, and transfers of property on a tax-deferred basis which will attract additional professional fees (legal and accounting) and may also attract additional costs associated with seeking specific rulings from the Department of Finance. From the Duke's perspective, the ability to arrange one's affairs exists, but achieving the goal of tax minimization is much more cumbersome than it needs to be.

Several jurisdictions within the OECD have legislation in place that will allow for the consolidation of corporate groups and the option to file as such, or to file an income tax return for each corporation independently. The following countries (all of which are members of the OECD) have the ability to order the income tax affairs of consolidated groups of companies subject to taxation in their respective countries on a joint and consolidated basis:

Austria	Luxembourg	Mexico	Netherlands
Poland	Portugal	Spain	France
Germany	Hungary	Italy	Japan

Most significantly, our largest trading partner, the United States, also provides for the consolidated taxation of a corporate group. This option has been available to groups of corporations in the US who meet certain qualifying requirements since 1918 in recognition of the fact that, although many businesses achieve some of their objectives with multiple legal entities, the US Tax Code recognizes that the business entity is *singular*.

[441] *Inland Revenue Commissioners v. Duke of Westminster* [1936] A.C. 1; 19 TC 490.

Foreign entities who make investment decisions will always consider not only the rates applied to business income earned in a jurisdiction but the level of complexity and burden of compliance in a target jurisdiction. As many of our economic contemporaries allow for a streamlined approach to tax filings for corporate groups, it is a safe assumption that, in respect of this consideration when investors choose where to invest, Canada does not fare as well as other competitive jurisdictions.

Recognizing that the cumbersome nature of tax compliance of a corporate group in Canada results in distinctly higher costs for Canadian business owners and also represents a drag on the competitiveness of Canadian business for foreign investment capital.

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

1. Immediately review the existing provisions within the Income Tax Act, Canada related to the taxation of Canadian corporate groups; and
2. Introduce legislation to allow income and loss transfers within associated corporate groups.

Exempt Spouses from Tax on Split Income (2022)

Issue

Allowing Canadian-controlled private corporations (CCPC's) to split income would create consistency within the treatment of income taxes. It would also support the success and enhance the growth of small businesses, especially family-based businesses.

Background

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

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

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

The application of the new TOSI rules to spouses also reflects an inconsistency in the income tax treatment of the individual taxpayer versus the family and, in particular, spouses. The "family unit" has generally been viewed as the appropriate unit of taxation as opposed to the individual. Generally, spouses are considered together as a couple for many income-tested benefits, pension income-splitting and spousal RRSP's which highlights the inconsistent approach to enabling principal shareholders to share income with their spouses. Beyond the pure income tax considerations, family law legislation in all provinces generally will recognize that both spouses make equal contributions in a marriage notwithstanding there may not be direct measurable capital contributions to a business. Family assets may be at risk for the purposes of financing CCPC debt, may be used indirectly in the execution of business operations or may form the quantum of funds contributed for business start-up.

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

The Alberta Chambers of Commerce recommends the Government of Canada:

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

Fiscal Stabilization (2021)

Issue

The Fiscal Stabilization program was designed to act as an insurance program for provincial revenues if a province experiences a drop in non-resource revenues of more than 5 percent, or a drop in resource revenues of over 50 percent. Payments are capped at $60 per capita. In 2015-16 and 2016-17, Alberta received about $250 million each year, despite seeing a revenue drop of $7 billion in 2015-16. (Government of Alberta Annual Report, Government of Canada FES 2020). The payment for both years reached the $60 per person cap.

Background

In the Government of Canada's 2020 Fall Economic Statement, changes to the Fiscal Stabilization formula were announced, with legislation to enact the changes expected in the 2021 budget. The Government of Canada proposes to increase the cap to $170 per capita. The Minister of Finance will still have the discretion to extend interest-free loans for revenue declines that exceed the cap. The Government plans to speed up the timeline for the funds to be available to the provinces and include revenues from transferred tax points in eligible revenues. Provinces will not be penalized for indexing their tax systems for inflation and the changes will repair an inconsistency in the treatment of revenue declines between 0 and 5 percent.

The province of Alberta experiences unique volatility compared to other provinces. Provinces are eligible for fiscal stabilization if there is a non-resource revenue drop of 5 percent. With the $170 per person cap, revenue reductions are covered up to a 7.5 percent decline. Analysis by Trevor Tombe[442] found that a province has exceeded the 7.5 percent decline only 3 times since 1981 – the province of Alberta in all three instances.

In September 2020, the Council of the Federation called for eliminating the cap and lowering the threshold of reduction of revenue to 3 percent instead of 5, and 40 percent rather than 50 for resource revenues. The Council also recommended that the changes be retroactive to 2015.[443] Following the changes announced in the November Fall Economic Statement, both the Alberta Government and Official Opposition publicly took the position that the cap should be lifted entirely and called for payments to be retroactive.[444]

The 50 percent threshold for resource revenues disproportionally impacts provinces with high resource revenues relative to their budgets, even as they already face volatility inherent with an economy that is significantly dependent on those resources. There is a concern that the same treatment for resource and non-resource revenues would have the effect of rewarding provinces for relying on volatile sources of revenue, but at the same time it can be argued that the fiscal stabilization program creates a disincentive for a province to invest in natural resources. Since Alberta is an outlier in terms of its high proportion of revenues linked to resources, the structure of the program naturally exempts declines in Alberta's revenues.

Alberta's contribution to the Government of Canada's revenues through income taxes has been very high for decades, helping to support other transfer programs such as equalization. These higher

[442] https://policyoptions.irpp.org/magazines/december-2020/are-fiscal-stabilization-reforms-a-slap-in-the-face-or-a-modernization/
[443] https://www.newswire.ca/news-releases/canada-s-premiers-outline-priorities-896570169.html
[444] https://www.cbc.ca/news/canada/edmonton/alberta-politicians-unhappy-with-changes-to-federal-fiscal-stabilization-program-1.5824498

income taxes have partly been the result of the resource development that contributes to the volatility of the provincial economy. The 50 percent decline required for resource revenues should be lowered to 40 percent, and the per capita cap on payments should be eliminated as recommended by the Council of the Federation.

Other Transfer Programs

Annual transfer payments made to every province, such as the Canada Health Transfer and the Canada Social Transfer, provide long-term predictable funding for provinces to deliver programs with shared responsibility, including healthcare, social services, post-secondary education, and early childhood development. Many Albertans have had long-standing questions about equalization, federal and provincial responsibility for seniors' care, funding services for Indigenous peoples, and for public services provided by municipalities. Many have called for revisions to Canada's equalization and transfers system and for alternative programs that more fairly reflect the unique realities of all provinces. It is important the Government of Canada undertake a comprehensive review of the fiscal stabilization program within a larger review of all federal transfers.

Review of provincial revenues

Along with the importance of calling for changes to federal transfer programs, the Government of Alberta should evaluate its taxation system. 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. 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.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Change the fiscal stabilization formula so Provinces are eligible for payments if the decline of resource revenues exceed 40 percent and non-resource revenues exceeds 3 percent;
2. Review the per capita cap on fiscal stabilization payments and index for inflation;
3. Apply the fiscal stabilization program retroactively to 2015;
4. Set a fixed schedule to publicly review and revise Canada's system of transfers and their administration, as informed by independent experts. This review must be done before the next scheduled renewal of the programs; and
5. Examine ways to improve transparency and education about how equalization and all federal transfers are delivered to provinces.

Joint Filing of Spousal Personal Income Tax Returns (2021)

Issue

The Carter Commission recognized long ago that the appropriate unit of taxation is the "family unit" rather than the individual. Recent changes to the taxation of spouses within a family unit has highlighted the inequality of the tax burden realized by the family unit. In particular, shareholders of Canadian businesses are most affected by the changes and it is now necessary to reverse them through the introduction of amendments to the Income Tax Act that will provide for the filing of Joint Spousal income tax returns.

Background

Prior to the issuance of the "Report of the Royal Commission on Taxation" more commonly referred to as the "Carter Commission" in 1966, the unit of taxation in Canada had been the individual. More specifically, income taxation was directed at the individual or "person" receiving the income, irrespective of marital status. In his report, Mr. Kenneth Carter pointed to the inequity of this approach and stated "Because the individual is the tax unit, serious inequity and enforcement problems arise"[445].

Two of the four fundamental objectives of the Carter Commission point specifically to the importance of taxation of the family unit as opposed to the individual. The report stated, in summary:

> *In most families, incomes are pooled, consumption is collective, and responsibilities are shared. It should be an objective of the tax system to reflect this fact, by considering families as taxable units. The ability to pay of the family, as distinct from the individual members of the family, must be recognized.*[446]

And,

> *The tax system must also recognize that the special responsibilities and non-discretionary expenditures of unattached individuals and families affect their ability to pay. Unusually heavy medical expenses, certain education costs and the number of dependent children, for example, should be taken into account in allocating tax liabilities.*[447]

The report by the Commission placed a significant amount of weight on the principles of "equity" and in particular the attention to equity and taxation of the family unit. As early as 1966, it was apparent that addressing the inequality in taxing the individuals who comprised a family unit was of paramount importance as Mr. Carter and his colleagues recommended the following amendments to the Income Tax Act:

- The family unit was to be granted a special rate schedule and would be taxed on the aggregate family income which would be filed as a single return;

[445] Report of the Royal Commission on Taxation, op. cit. n.1, Vol. 3 at p.127
[446] The Family and the Income Tax Act in Canada, McGill Law Journal, Volume 18:4, 1972, *David W. Beaubier,* p.1
[447] Ibid, p.1

- Under the schedule, to be known as a "family unit rate schedule", family units would pay less tax than individuals with the same income;
- Family units would be granted a "basic exemption" that would essentially be double that of an individual; and
- Non-refundable tax credits would be granted to the family unit for children of the family.[448]

Although the recommendations presented to the House of Commons Report on Taxation were accepted from the Commission, the recommendations on taxation of the family unit did not find their way into the amendment of the Income Tax Act at the time.

The recent changes to the taxation of Canadian-controlled private corporations (CCPC's) and their shareholders has brought this issue, once again, to the forefront as the proposals (which have now found their way into legislation) addressed the ability for families who operate certain CCPC's to allocate or "split" income between spouses and other family members. The new legislation that addresses the Taxation of Split Income (or TOSI) has eliminated what was once the principal objective of the Carter Commission Report – the ability to minimize the overall tax burden of the family unit.

We believe that the time is right to address the inequity that has resulted from the reluctance of successive Canadian governments to adequately recognize the "family unit" as the appropriate unit of taxation. The introduction of legislative provisions that will allow for the filing of a joint personal income tax return by married persons will address the inequality that is inherent in our system of taxation and can eliminate the administrative and compliance burden that is imposed by TOSI regime introduced in 2018.

Arguments have been advanced that the introduction of a method of taxation that does not singularly recognize the "female worker" and her contribution to the *fisc* by representing a unit of taxation bears any validity whatsoever. On the contrary, we believe that the introduction of provisions to allow for the filing of joint spousal returns will not have any adverse impact upon female labor participation rates and will only serve to provide greater after-tax resources to the family unit, thus ensuring greater financial security for female participants of the workforce.

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

1. Establish a framework within the Income Tax Act, Canada, to address the importance of the family unit as the appropriate unit of taxation;
2. Introduce legislation to provide for an appropriate "family unit rate schedule" to address taxation of the family unit;
3. Review and address current non-refundable tax credits to ensure their appropriate application to the taxation of the family unit; and
4. Introduce legislation to provide for the ability for families to file a Joint Spousal income tax return to report the aggregate family income of the family unit.

[448] Report of the Royal Commission on Taxation, op. cit. n.1, Vol. 3 at p.173

Restore the Integration of Corporate and Personal Income Tax (2022)

Issue

A fully integrated income tax system, as stated by the Carter Commission Report, would avoid doubletaxation under the corporate income tax system and the private income tax system, while ensuring that there is relative indifference between earning income through a Canadian corporation, by salary or by dividend. It would also address other distortions in Canadian taxation.

Background

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

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

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

Under these mechanisms, personal income tax returns allow taxpayers to gross-up their dividend incomeand then apply a tax credit to adjust the amount of taxes payable. The rates of gross-up and credit were initially set to achieve the full integration of CIT and PIT for small businesses. Since its creation in 1972, the dividend tax credit as well as statutory corporate tax rates have changed. As a result, in some years there has been over-integration for small business in the sense that the dividend credit was generous enough to reduce the combined tax on dividend income below that on other income. With the provinces levying differential rates of corporate tax on small business, and with federal and provincial surtaxes, the situation has become more complex. At present there is consistent over-integration throughout the provinces, with the departures from full integration being most significant for investment income earned by a corporation.

The most recent changes to the Income Tax Act, Canada (the Act) have resulted in dramatic and punitive changes with the way CCPC's are taxed on active and investment income earned. The result has been the absolute decimation of the Carter Commission's objective of integration of the CIT and PIT as we have witnessed the under-integration of all forms of income distributed from a corporationgrow dramatically from mere tenths of a percentage point to approximately 10% per cent in the 2021taxation year. As recently as 2012, the disparity between earning $1,000 of investment income in a corporation versus earning the same $1,000 personally was a mere $17.20 of additional tax paid.'

Today that same disparity has grown to $ — a 106% increase in the associated tax cost.

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

1 See Appendix A for a full comparison of the 2012 integration tables to the 2021 integration tables.

Corporate	Earned Personally	Income at General rate	Income at SBD rate	Income at General rate	Investment Income	Earned Personally	Income at General rate	Income at SBD rate	Investment Income	Capital Gains
Income Earned	-	1,000.00	1,000.00	1,000.00	1,000.00	-	1,000.00	1,000.00	1,000.00	1,000.00
Federal Corporate Tax	-	150.00	110.00	150.00	346.70	-	150.00	90.00	386.70	193.35
Alberta Corporate Tax	-	100.00	30.00	110.00	100.00	-	80.00	20.00	80.00	40.00
Total Corporate Tax	-	250.00	140.00	260.00	446.70	-	230.00	110.00	466.70	233.35
After-Tax Cash (Dividend)	-	750.00	860.00	740.00	553.30	-	770.00	890.00	533.30	266.65
Dividend Refund (Federal)	-		-		266.70	-		-	306.70	153.35
Effective Tax Rate	0.00%	25.00%	14.00%	26.00%	18.00%	0.00%	23.00%	11.00%	16.00%	8.00%
Personal										
Dividend received/Income earnedNote 2	1,000.00	750.00	860.00	740.00	820.00	1,000.00	770.00	890.00	840.00	420.00
Taxable dividend	N/A	1,035.00	1,075.00	1,021.20	1,025.00	N/A	1,062.60	1,023.50	966.00	483.00
Federal tax @29%/33%	290.00	300.15	311.75	296.15	297.25	330.00	350.66	337.76	318.78	159.39
Dividend tax credit	N/A	155.45	143.33	153.38	136.67	N/A	159.60	92.42	87.23	43.62
Net federal personal tax	290.00	144.70	168.42	142.77	160.58	330.00	191.06	245.33	231.55	115.77
Alberta personal tax	100.00	103.50	107.50	114.89	102.50	150.00	159.39	153.53	144.90	72.45
Dividend tax credit	N/A	(103.50)	(37.63)	(102.12)	(35.88)	-	(86.28)	(22.31)	(21.06)	(10.53)
Net Alberta personal tax	100.00		69.88	12.77	66.63	150.00	73.11	131.21	123.84	61.92
Total personal income taxes	390.00	144.70	238.29	155.53	227.21	480.00	264.16	376.54	355.39	177.70
After-Tax Cash to S/H	610.00	605.30	621.71	584.47	592.79	520.00	505.84	513.46	484.61	742.30
Effective Rate	39.00%	19.29%	27.71%	21.02%	27.71%	48.00%	34.31%	42.31%	42.31%	19.31%
Note 1										
Total income taxes paid										
Corporate	-	250.00	140.00	260.00	180.00	-	230.00	110.00	160.00	80.00

Personal	390.00	144.70	238.29	155.53	227.21	480.00	264.16	376.54	355.39	177.70
Total tax paid (corporate + personal)	390.00	394.70	378.29	415.53	407.21	480.00	494.16	486.54	515.39	257.70
Effective combined tax rate	39.00%	39.47%	37.83%	41.55%	40.72%	48.00%	49.42%	48.65%	51.54%	25.77%
Over/(Under) integration		-0.47%	1.17%	-3.72%	-1.72%		-1.42%	-0.65%	-3.54%	-1.77%

Notes:

Integration 2020

Taxation of Dividends in Alberta - 2012 vs. 2020

Note 1: Personal effective rate for capital gains earned personally is 24% due to the 50% inclusion rate.

Note 2: Dividends received for the purposes of recovering RDTOH are calculated at 2.61 times the dividendrefund. In most cases there is insufficient income to recover all RDTOH.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Department of Finance undertake a full review of the integration mechanisms that currently exist within the Act, including, but not limited to: CIT rates for active small business, general and investment income;the additional tax on investment income earned in a corporation; the PIT dividend gross-up mechanism; and, the PIT dividend tax credit; the CIT RDTOH rates; eligible dividend PIT rates; non-eligible dividend PIT rates; and,PIT rates; and,

2. That upon completion of this review, the Department of Finance amend the applicable rates and provisions of the Act to ensure the restoration of tax integration as recommended by the Carter Commission Report.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

Restore Driving Innovation in Canada (2022)

Issue

As the federal government embarks on the development of an "Intellectual Property Strategy" and building a nation of innovators, there should be a focus on ensuring a two-pronged approach, through programs and tax-based mechanisms, to encourage business investment in intellectual property and innovation to improve productivity, economic growth, and incomes for Canadians.

Background

Canada currently sits 6th in the world for innovation quality and 16th in innovation overall in the Global IP Rankings. Another report, The Taylor Wessing 2016 Global Intellectual Property Index, ranks Canada as 4th overall in 2016 and at the top of Tier 2.

A number of countries (the U.K., Belgium, Luxembourg, France, Spain, Hungary, Ireland, Switzerland and China) have adopted a "patent box" tax approach which sharply reduced the normal corporate tax rate on income derived from the exploitation of patents. The Netherlands widened the policy to an "innovation box" to encompass a broader class of intellectual property.

Many of the countries with a patent box tax regime rank above Canada on the world rankings. The various programs have even caught the eye of several provinces. British Columbia has had such tax policy in place since 2006, Quebec included patent box policy in its 2016 budget, and Saskatchewan announced patent box tax policy in its 2017 budget.

The reference to "box" comes from having to tick a box on the tax form that indicates this type of revenue is being claimed.

The types of profits that qualify for the lower tax rate, and how acquired intellectual property is treated, differ significantly among countries and provinces. Additionally, the "patent box" rate varies considerably among nations and provinces. Finally, some countries put caps on the total tax relief companies can receive from patent boxes. In the case of Saskatchewan, the provincial government has installed time limits on the number of years of tax relief that can be attached to a patent.

Given the tax advantage provided in some countries for holding intellectual property, the question arises whether Canada should adopt similar incentives and, if so, how should they be designed?

For a number of years, the Canadian Chamber of Commerce and its network have been advocating for the implementation of an "innovation box" approach in Canada that would reduce the normal corporate tax rate for income derived from developing and commercially exploiting patented inventions and other intellectual property connected to new or improved products, services and related innovative processes to the benefit of Canada. These types of tax approaches support business investment in research and help bridge the commercialization gap.

An "innovation box" approach would encourage companies to locate intellectual property activity and the new high-value jobs associated with the development, manufacture and exploitation of innovation inside Canada. If properly designed, it would promote and enhance the innovation capacity of sectors that leverage science and technology innovations throughout Canada. Firms in all sectors across Canada will have a greater incentive to adopt, commercialize or otherwise exploit the output of the R&D process here in Canada.

This would drive new and sufficient economic activity and government tax revenue to more than offset the immediate revenue costs of the proposal. The government could also apply the savings that will be realized from streamlining the SR&ED tax incentive program to offset all the immediate revenue cost of this proposal.

Finally, an “innovation box” approach would complement the existing SR&ED Investment Tax Credit program— firms would have an incentive to base their R&D activities in Canada AND to commercialize them in Canada.

Quebec also funds a “My First Patent Program”. Quebec SMEs with 250 or fewer employees that are able to demonstrate research and development efforts completed or in part can apply for a non-repayable contribution of up to 50% of eligible expenses, to a maximum of $25,000 for patent application project, industrial design registration or integrated circuit topography.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Implement for 2022-2023 an “innovation box” approach to encourage more business investment in innovation processes in Canada;
2. Consult with senior business leaders/technologists to define what intellectual property would qualify, e.g., patents, copyright, industrial design;
3. Ensure that any such regime adopted in Canada delivers the clarity and simplicity that encourages participation in innovation from both SMEs and large companies; and
4. Develop a Canada-wide “My First Patent” program using the Quebec model as a guideline.

Streamline Size of Government (2023)

Issue

While government spending is needed to ensure the health and safety of its constituents, there are studies that have shown that when government grows beyond a certain size it can hinder economic growth and lead to an overall lowering of living standards.

Background

There are a variety of methods by which the size of a government can be measured. One method is based on per capita spending, and another is to consider government spending as a percentage of GDP. Both methods can also factor in measures for tax expenditures and regulation[1]. Following the inevitable major increase in fiscal year 2020 as a result of the COVID- 19 pandemic, there has not been a decrease in the size of our federal or provincial governments back to pre-pandemic levels[234].

The spending as a percentage of GDP of our federal government is among the highest it's ever been[5]. A study released by the Fraser Institute in 2013 found that the optimal level for government spending as a percentage of GDP is 26%, after which the economic and societal benefits decline for each additional dollar spent[6]. Since 1870, the Canadian government has had expenditures as a percentage of GDP over 26% for 65 years. During World War II for the years of 1942-1945 government spending averaged 44.62% which is typical for wartime expenditures. This was followed by a 15-year period during which expenditures ranged from 14.03% to 22.16% with an average of 15.77%. Since 1961, the government has not had a single year with expenditures below 29% (lowest was 29.66% in 1964) and has even spent as much as 53.34% in 1992. This has resulted in an average yearly expenditure of 41.31% for the years between 1961 and 2021. Furthermore, the percentage spent has been trending upward for this same period.

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

[2] Statistics Canada. (2022). *Canadian classification of functions of government, by general government component (x 1,000,000).* https://doi.org/10.25318/1010002401-eng

[3] World Bank. (n.d.). GDP (current US$) - Canada. https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2021&locations=CA&most_recent_year_desc=true& start=1960&view=chart

[4] Government of Alberta. (2022). Gross Domestic Product. *In Regional Economic Dashboard.*

https://economicdashboard.alberta.ca/grossdomesticproduct

[5] International Monetary Fund. (n.d.). Government expenditure, percent of GDP. https://www.imf.org/external/datamapper/exp@FPP/CAN

[6] Di Matteo, L. (2013). Measuring Government in the Twenty-first Century: An International Overview of the Size and Efficiency of Public Spending. *The Fraser Institute.* https://www.fraserinstitute.org/sites/default/files/measuring-government-in-the-21st-century.pdf

On a provincial level, the data demonstrates a similar trend. There have been consistent increases in spending per capita since 2007, with increases ranging from just 0.65% in 2013 to 9.76% in 2007[78] with an average increase of 2.76% between 2007 and 2021. A report released by the Financial Accountability Office of Ontario in April of 2022 shows that, comparatively, Alberta has the lowest per capita revenue in 2020, yet was consistently above the average in regard to program spending[9].

The consistent growth in government expenditures per capita and relative to GDP, if left unchecked, can result in deficit budgets, and increases in debt and associated debt repayment costs. The Parliamentary Budget Officer released its Economic and Fiscal Outlook in October of 2022 projecting a year-over-year decrease in budget deficit, but a significant increase in debt servicing charges. In fact, there is an anticipated doubling of public debt charges from their 2020-2021 levels to $47.6 billion in 2027-2028[10]. Despite being debt free in the early 2000's, the Alberta government has run deficits since 2008-2009 which has resulted in steadily increasing debt[11]. Furthermore, the associated debt servicing costs are expected to continue increasing beyond $2.7 billion in fiscal year 2022-2023[12].

While the growth of the size of government and associated debt can at times seem inevitable, there is a solution in Canada's not-so-recent past. Canada has successfully navigated out of a position where the growth of the economy was seriously impeded and Canadian's prosperity was at risk as a result of the size of government and its related spending. Steps to put Canada back on a road of fiscal sovereignty were taken by successive governments starting in the mid 80's and culminating in the Government of Canada initiating a Program Review in 1994. This program review, implemented over five years, rejected the concept of across-the-board cuts

and the idea that a sizable deficit could be eliminated through increased productivity. Instead, it focused on the roles and importance of government programs and services within the overall fiscal framework. The program review was not about "what to cut" but instead used methods of fiscal constraint while considering "what to preserve" to put the country on a footing that would allow it to prosper in the future.

[7] Statistics Canada. Table 17-10-0005-01 Population estimates on July 1st, by age and sex. https://doi.org/10.25318/1710000501-eng

[8] Statistics Canada. Table 36-10-0450-01 Revenue, expenditure and budgetary balance - General governments, provincial and territorial economic accounts (x 1,000,000). https://doi.org/10.25318/3610045001-eng

[9] Financial Accountability Office of Ontario. (2022). 2020-21 Interprovincial Comparison: Comparing Ontario's fiscal position with other provinces after the first year of the COVID-19 pandemic. https://www.fao- on.org/en/Blog/Publications/interprovincial-comparison-2022

[10] Office of the Parliamentary Budget Officer. (2022). Economic and Fiscal Outlook – October 2022. https://distribution-a617274656661637473.pbo-dpb.ca/258865a69ecf369e99f05a9e799d04136ed8c0b04830967d0ad5aecfd59f90f9

[11] Eisen, B. (2022). Alberta taxpayers on the hook (again) for government debt interest. *Fraser Institute*. https://www.fraserinstitute.org/article/alberta-taxpayers-on-the-hook-again-for-government-debt-interest [12] Government of Alberta. (2022). 2022-23 Mid-year Fiscal Update and Economic Statement.

https://open.alberta.ca/dataset/9c81a5a7-cdf1-49ad-a923-d1ecb42944e4/resource/df205b7a-721a-486b-b663- 8c1ecef46ae8/download/tbf-2022-23-mid-year-fiscal-update-and-economic-statement.pdf

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

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

The result of this ongoing process looped back on itself if the overall proposal did not generate significant savings[13]. In addition, this process ensured that the federal government used only the resources it needed to deliver services strictly within the government's purview. As a result of this program review, Canada's total government spending as a share of GDP fell from a peak of 53 percent in 1992 to 39 percent in 2007, and despite this more than one-quarter decline in the size of government, the economy grew, the job market expanded, and poverty rates fell dramatically[14].

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

This is not to be confused with across-the-board cuts and freezes that affect programs and services or by strictly asking departments and agencies to do more with less. What is needed is a repositioning of the role of government within the collective means of citizens using the criteria above. An essential component of this course of action would be a comprehensive review of the regulatory environment, using the recommendations set forth by the Canadian Chamber of Commerce in the Regulate Smarter report, Death by 130,000 Cuts: Improving Canada's Regulatory Competitiveness[15]. The recommendations laid out in this report mirror the

[13] Spear, S. & Lammam, C. (n.d.). Proper Size of Government. *Fraser Institute*. www.fraserinstitute.org/article/proper-size-government

[14] Bourgon, J. (2009). Program Review: The Government of Canada's experience eliminating the deficit, 1995-99: a Canadian Case Study. Institute for Government. https://www.instituteforgovernment.org.uk/sites/default/files/publications/Program%20Review.pdf

[15] Canadian Chamber of Commerce. (2018). Death by 130,000 Cuts: Improving Canada's regulatory competitiveness. https://chamber.ca/publications/death-by-130000-cuts-improving-canadas-regulatory-competitiveness/

reasoning behind a comprehensive full program review. By modernizing Canada's regulatory systems and reducing duplication and misalignment within regulations, competitiveness and a well-functioning regulatory regime will ensure a government ready and able to meet the challenges and respond to opportunities that present themselves in a more integrated global economy. This would ensure that protective measures would be balanced with a regime that is navigable and preserves economic growth and competitiveness.

However, the longer the process of streamlining government is delayed the harder it is to reset. External factors beyond the government's control can take precedence and make needed changes that much more difficult. An immediate first step is to aim for government, both federal and provincial budgets that are balanced. This will then set a solid foundation allowing for a re-visioning of size of government. Canada and Alberta need to ensure we are set on a firm fiscal footing in order to allow for flexibility should market forces create downward economic pressure resulting in the continued need for stimulus spending. It is not only good fiscal policy but responsible governing to create a safe cushion for the province and country.

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

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

1. Initiate a review of all ministries that evaluates the ministry focus and alignment, to be consistent with other provinces, territories and federal government ministries, as well as alignment with service delivery and focus areas based on private and voluntary sectors;
2. Work towards consistency in government ministries to avoid regular changes to ministry titles, related costs to implement changes to ministry titles and unnecessary uncertainty associated with regular changes within the Ministry and department staffing requirements;
3. Commit to comprehensive regulatory reform based on cost-benefit analysis and rooted in economic competitiveness and efficient service and program delivery.

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Foreign Affairs (Federal)

Elimination of Border Re-Inspections and Associated Fees on Canadian Meat Exports into USA (2021)

Issue

Border inspections of Canadian and US meat are simply re-inspections of CFIA and USDA inspected meats. On July 6, 2009 FSIS formally acknowledged that Canada's system of meat testing is equivalent to USDA standards. However, every shipment of Canadian meat into USA is subject to **mandatory** re-inspection at the border, with re-inspection fees applicable. This border re-inspection process places the Canadian meat industry at an economic disadvantage to that of the USA.

Background

The Canadian Meat Council *(CMC)* advises that Canada's meat industry directly employs 65,000 and ranks number one in our food industry, with total revenues of $24.1 billion annually. On average Canadian processors export 563,000 tonnes of meat (28,150 truckloads) annually into the USA, with each truck subject to border re-inspection, despite a national sampling plan administered by the US Food Safety & Inspection Service (FSIS). Annual meat imports from the USA average 356,000 tonnes (17,800 truckloads).

Based on the recognition of the equivalency of the inspection systems and the Canada-US Free Trade Agreement, Canada adopted a frequency of import inspection at the level of one in ten. Current USDA border re-inspection of all US meat imports are redundant, delay shipments, introduce product and marketing risks, translating into additional costs to Canadian meat processors.

These US border re-inspections are conducted by 10 privately owned Inspection Centres which charge re-inspection fees without USDA oversight. These fees cost our meat processing industry upwards of $3.6 million annually.[449] Furthermore, US border re-inspection requirements significantly increase shipping and handling costs to Canadian meat processors *(i.e. added driver, fuel and vehicle depreciation costs)*, and increase market risk when the cold-chain delivery system is disrupted at these US Inspection Centres.

According to the Canadian Meat Council (CMC), many "Inspection Houses" are older non-refrigerated facilities and lack the food safety standards *(i.e. HACCP)* and warehousing programs consistent with standards applied at the CFIA and USDA facilities from which the meat was originally inspected and shipped. Furthermore, re-inspections at these Inspection Houses disrupt the cold-chain delivery process and "could result in temperature shifts of 10 degrees or more ... and a supplier could lose 3 – 10 days of a typical 30-day shelf life .... fresh meats that get delayed can be refused by the customer."

According to the Canadian Meat Council, "every driver loses 2 - 4 hours of driving time when reporting to the Inspection Centres". Once a driver hits 11 – 12 hours behind the wheel,

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

transportation regulations mandate a 10-hour rest time. According to the CMC, at $100 per hour, resulting driver downtime is a significant cost to our meat industry.

US Border Inspection Process: All trucks crossing the US border containing meat from Canadian processors are first screened by US Border Officials, after which they must report to one of only 10 US Inspection Centres located on the international border. All trucks are opened at the Inspection Centres and their import documents are verified with the USDA. Approximately 10% of all trucks are physically re-inspected before they can proceed to a federally inspected US packing plant for further processing.

Canadian Border Inspection: All trucks crossing the Canadian border containing US meats are first screened by Canadian Border Officials, at which time the driver is informed if his truckload is one of the 10% randomly selected for further inspection. If a re-inspection is required, it is not done at the border, but rather at one of the 125 CFIA Registered Establishments. This re-inspection process ensures tighter quality control and improved food safety to the consumer, with reduced shipping costs to the supplier. There are no border re-inspections fees applicable to the US meat processor on imports into Canada. Rather CFIA inspection costs are absorbed by the Canadian processor.

History:

On February 4, 2011 the Canada-United States Regulatory Cooperation Council (RCC) was created to facilitate closer cooperation between Canada and the USA with the objective to develop more effective approaches to regulation in order to enhance economic strength and competitiveness of both countries. Prime Minister Harper and President Obama collectively announced support for the 29-point **Joint Action Plan** *"Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness."* Its mandate is to *"enhance security and accelerate the legitimate flow of people, goods and services across our international border[450]"*

As part of the **"Beyond the Border Action Plan",** the USDA's Food Safety and Inspection Service (FSIS) and the Canadian Food Inspection Agency (CFIA) committed to implement a pilot project to introduce and evaluate an outcomes-based process for the purpose of eliminating unnecessary and duplicated requirements on cross-border meat shipments. The 12-month pilot project was to conclude in September 2013 following which it would be evaluated. However, it was halted by the USDA shortly after its launch influenced by US lobbyists who cited concerns about food safety in the face of the XL Foods massive meat recall.

In August 2014, the ***Canada – United States Regulatory Cooperation Council*** *(RCC)* released its ***Joint Forward Plan*** which *focuses on eliminating unnecessary costs and duplication, removing red tape, reducing delays in bringing products to market and providing more predictability for integrated supply chains – all without compromising the health and safety of Canadians and Americans[451]*

Canada's economy would benefit from achieving the goals identified in the 2014 Joint Forward Plan by working through the RCC's initiative to harmonize regulatory requirements and practices on meat trade between Canada and the USA.

[450] Ibid.

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

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Pursue the goals of the 2014 Joint Forward Plan through the Canada-United States Regulatory Cooperation Council to:
    a. Ensure any re-inspections of Canadian meats exported into the USA only be conducted at USDA sanctioned processing facilities; and
    b. Eliminate border re-inspection fees on Canadian meats exported into the USA.

Labour (Federal)

Institute an Appeal Process for Labour Market Impact Assessments (2023)

Issue

Employers are reporting Labour Market Impact Assessments are being denied for unreasonable and inconsistent reasons. The current process lacks transparency and is leaving employers out thousands of dollars for denied applications.

Background

Labour shortage, skilled and otherwise, continues to be a significant challenge to many Canadian businesses. While attempts to remedy the shortage through skills training programs and immigration programs such as the Expression of Interest system are steps in the right direction, they don't address the immediate shortage facing employers. Thousands of jobs continue to go unfilled as Canadians are either unwilling or unable to fill these in demand occupations. As a result, Canadian productivity continues to languish far below its potential.

The Temporary Foreign Workers Program (TFWP) is the short-term solution businesses need but suffers from poor administrative standards. Having a smooth-functioning administrative process with clearly defined rules, regulations, along with predictable outcomes, administrative oversight, and an appeal and/or review process and are key components to the success and ongoing viability of government programs. It ensures applicants to the program receive the desired and deserved outcomes and helps to prevent potential abuses that could be made by applicants or administrators. This is especially important for the TFWP now that businesses are paying $1,000 per LMIA; a fee that is costing businesses thousands of dollars on top of many hours.

When reviewing Labour Market Impact Assessments (LMIA), it is necessary for the administrative decision-makers (ADMs) to utilize some level of discretion. Subject to numerous rulings under Canadian administrative body of law, discretionary decisions must be exercised via a standard of reasonableness and subject to procedural fairness.

"The Supreme Court of Canada in Southam [1997] considered the standard of reasonableness applies where a decision is a matter of law, a mix of fact and law or a discretionary decision, it is said that the decision is unreasonable where the decision is 'not supported by any reasons that can stand up to a somewhat probing examination.'

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

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

Discretionary decisions made by the administration should be relevant, reasonable, and consistent, with the process being free of any abuse. Unfortunately, this has not been the case with LMIAs. It is imperative to the overall success and economic well-being of Canadian businesses, that the ADMs of the TFWP be subject to the standards outlined under Canadian administrative law, and that decisions made be subject to review and appeal when necessary. Decisions subject to review are made with an increased level of consideration.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Institute an appeal process for denied Labour Market Impact Assessment applications;
2. Give clearly detailed explanations when Labour Market Impact Assessment applications are denied; and
3. Ensure that appeals are heard by independent and unbiased decision makers.

Alberta Chambers of Commerce

Natural Resources (Federal)

Ensuring the Future of Canadian Oil and Gas (2022)

Issue

Canada has an abundance of natural resources that generate direct wealth for Canadians through production and export. Increasingly, these commodities represent a large contribution to Canada's economic growth; however, Canada still spends $20 billion or more on oil imports annually. Access to markets for commodities, specifically oil and gas, represents a significant obstacle in Canada's ability to secure a competitive position in the global economy. Further, failure to develop these projects leads to negative impacts on Canadian businesses and ultimately their families.

Background

The Canadian oil and gas industry employs 399,000 workers across the country[452]. In January 2022, approximately 146,000, or 6.3% of workers in Alberta, were directly or indirectly employed in the forestry, fishing, mining, quarrying, and oil and gas extraction sector[453]. This production generated an average of $209 billion between 2018-2020[454], which in turn funded many public services. This highlights the importance of the oil and gas industry for the wellbeing of Canadians. For every 1 job created in the oil sands, 1 indirect and 1.5 induced jobs are created throughout Canada[455]. The significant drop on oil prices beginning in 2013 has left Canada in a vulnerable position.

Traditionally, the United States has been Canada's largest buyer, but their supply surplus has positioned them to energy independence and exportation. What this means is that Canada is finding itself in an increasingly competitive relationship with its biggest trade partner. In fact, in 2010 Canada imported only 6% of its oil from the United States, that number jumped to over 60% in 2015 and 77% of the share of total oil imports in 2020[456].

Regardless of its current price of oil, Canada still has to sell its oil and gas at a discount due to the lack of market access[457]. This equates to $18 or $19 billion that could otherwise be gained by selling directly to the Asian-Pacific market. Loss of this revenue puts severe pressure on all Canadians, as evidenced by job losses and strain on social services currently being experienced across the nation.

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[452] Canadian Association of Petroleum Producers. "Frequently Used Statistics, November 2021"" accessed February 21, 2022, https://www.capp.ca/wp-content/uploads/2021/12/Frequently-Used-Stats-Nov-2021.pdf

[453] Alberta Government. "Alberta Labour Force Statistics January, 2022," accessed February 21, 2022. https://open.alberta.ca/dataset/87e357cd-b3eb-4cf1-8171-35dc8a0c58f9/resource/16202e0c-2d79-4f23-ac48-2ba8e14d4d74/download/lbr-lfs-package-2022-01.pdf[373] Canadian Association of Petroleum Producers. "Frequently Used Statistics, November 2021," accessed February 21, 2022.

[454] https://www.capp.ca/wp-content/uploads/2021/12/Frequently-Used-Stats-Nov-2021.pdf

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

[456] Market Snapshot: Crude oil imports decreased in 2020, and so did the cost https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/market-snapshots/2021/market-snapshot-crude-oil-imports-decreased-in-2020-and-so-did-the-cost.html#:~:text=The%20bottom%20chart%20shows%20the,the%20remainder%20from%20several%20others

[457] DIFFERENTIALS EXPLAINED: WHY ALBERTA CRUDE SELLS AT A DEEP DISCOUNT https://www.oilsandsmagazine.com/market-insights/crude-oil-pricing-differentials-why-alberta-crude-sells-at-deep-discount-to-wti

Despite economic uncertainty, Canada has been unable to complete and major pipeline projects. In particular, Trans Canada's Energy East and Mainline projects were cancelled due to significant regulatory hurdles. Moreover, despite receiving the necessary regulatory approvals, Canada's remaining pipeline projects, Line 3 Replacement Project, and the Trans Mountain expansion have all faced delays related to market uncertainty, environmental regulatory concerns, and political opposition[458], with the Keystone XL project being cancelled in its entirety by the US Government, leaving up to 900,000 barrels of Canadian oil per day without market access.

A key piece of critical infrastructure that has construction underway is the Trans Mountain Expansion Project (TMEP). The pipeline runs from Edmonton to the west coast, and is a key component in getting Canadian oil to tidewater – and ultimately to international markets. Total tax and royalty payments from the construction and operation of the first 20 years of TMEP will total $46.7 billion to Canada, with $5.7 billion to B.C., $19.4 billion to Alberta, and $21.6 billion to other provinces and territories[459]. This will bring 58,000 person-years of employment, with the majority of these being well-paid family supporting jobs.

On February 22, 2019, the National Energy Board released its report supporting the Trans Mountain pipeline expansion. However, construction delays due to regulatory hurdles and Covid-19 have seen this project's budget increase nearly $10 billion[460], and the "in-service" date moved from 2019 to 2022, and now 2023.

Ultimately, in an increasing competitive global oil and gas market, Canada needs to take action. The United States has moved from becoming a reliable customer, to seeking energy independence through exportation of oil to international markets, particularly Canada. This is why Canada needs to develop its own reliable infrastructure to make sure all Canadians have access to a stable supply of oil.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Prioritize supplying all Canadians with a secure and stable source of Canada's natural resources; and,
2. Support projects which ensure market access, whether national or international, for Canada's natural resource.

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[458] Fraser Forum. "Cost of cancelling Trans Mountain could be staggering," accessed April 16, 2019, https://www.fraserinstitute.org/blogs/cost-of-cancelling-trans-mountain-could-be-staggering

[459] Canadian Energy Centre "A Matter of Fact: Seven reasons the Trans Mountain Pipeline Expansion is good for Canada" https://www.canadianenergycentre.ca/seven-reasons-the-trans-mountain-pipeline-expansion-is-good-for-canada/#:~:text=Conference%20Board%20researchers%20found%20that,by%20the%20rest%20of%20Canada.

[460] Trans Mountain expansion is running over budget by billions of dollars and months behind schedule https://financialpost.com/commodities/energy/oil-gas/trans-mountain-expansion-running-over-budget-by-billions-of-dollars-and-months-behind-schedule#:~:text=CALGARY%20%E2%80%94%20After%20facing%20interruptions%20caused,completed%20this%20year%20as%20planned.