



DRAFT FOR ACC annual  
general meeting

May 26–28, 2022

# 2022 Proposed Policy Book

The policies in this book have been proposed for consideration at the 2022 Annual General Meeting and Policy Session. **They are for discussion purposes only and have not been approved by the Alberta Chambers of Commerce.**

If you have any questions, contact **Jason Leslie** at [jleslie@abchamber.ca](mailto:jleslie@abchamber.ca).

## Table of Contents

About the ACC Policy Process .....	4
Preparing for the Policy Session .....	4
Policy Session Guidelines .....	6
Provincial Policy .....	8
Advanced Education .....	9
Dual Credit Opportunities in Alberta .....	10
The Importance of “Building Local” to Keep the Economic Footprint of Post-Secondary Education Strong .....	13
Agriculture and Forestry .....	16
Veterinary Retention and Recruitment .....	17
Children’s Services .....	20
Increasing Access to Quality Childcare in Alberta .....	21
Community and Social Services .....	23
Reducing the Cost of Working through Reform to GIS and AISH Income Thresholds .....	24
Energy .....	27
Alberta’s Electricity System: A Balanced and Fair Playing Field for all Customers .....	28
Electrifying Alberta’s Grid .....	31
Promoting the Oil Sands as the World’s most ESG Responsible Oil Source .....	34
Sustainability of Canada/ Alberta’s Energy Industry .....	36
Environment and Parks .....	39
Creating Jobs through Remediating and Redeveloping Brownfields .....	40
Domestic Reclaimed Water Use .....	42
Regulatory Approval for Soil and Water Technologies .....	43
Finance and Treasury Board .....	45
Alberta Budget 2022/23 .....	46
Reduce Alberta Corporate Income Tax Rates .....	51
Rethinking the Boundaries: Capturing Data that Reflect a More Accurate Picture of Alberta’s Diverse Economies .....	52
Health .....	55
Addressing Emergency Medical Service Resource Allocation Deficiencies .....	56
Infrastructure .....	58
Transportation and Utility Corridors .....	59

Jobs, Economy and Innovation .....	61
Creating a New Pharmaceutical Industry in Canada .....	62
Justice and Solicitor General.....	64
Increase Small Claims Court Limit and Increase Access to Justice .....	65
Labour and Immigration .....	67
The Option of Private Worker Coverage .....	68
Service Alberta .....	70
Amend the Definition of “Liability” in the Alberta Business Corporations Act .....	71
Transportation .....	73
Driving Our Economy Forward: The Need for More Class 1 A Professional Drivers .....	74
Ensure Road-Weight Restriction Reflect Technology and Economic Needs .....	77
Federal Policies .....	79
Agriculture (Federal).....	80
Allow for the Creation of Agriculture REITs.....	81
Finance (Federal) .....	83
Comprehensive Income Tax Reform .....	84
Exempt Spouses from Tax on Split Income .....	87
Restore the Integration of Corporate and Personal Income Tax .....	89
Innovation, Science and Economic Development (Federal).....	93
Restore Driving Innovation in Canada .....	94
Natural Resources (Federal) .....	96
Ensuring the Future of Canadian Oil and Gas.....	97

## About the ACC Policy Process

The 2022 Proposed Policy Book contains the policy resolutions to be discussed at the Alberta Chambers of Commerce's 84<sup>th</sup> Provincial Conference and Policy Session, which will take place in Lethbridge from May 26 to 28, 2022.

The proposed policies were developed by our member chambers of commerce and submitted prior to the deadline of February 28, 2022 for review by the ACC's Policy Committee, which is responsible for ensuring they meet the criteria for proposed policies, as set out in the policy development guidelines.

The policies contained in this book have been approved for discussion at the 2022 Policy Session. The proposed policies appear in the order they will be discussed during the session.

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

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

## Preparing for the Policy Session

### REVIEW POLICIES WITHIN YOUR ORGANIZATION

Upon receiving the 2022 Proposed Policy Book, distribute it to your board of directors and those who will represent your chamber's interests at ACC's policy session.

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

### NETWORKING


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

### A WORD ABOUT LATE (and EMERGING) RESOLUTIONS

Late resolutions are permitted in accordance with ACC's bylaws, but the onus is on the submitting chamber to convince voting delegates that the resolution could not have been submitted by the February 28 policy deadline. The procedure for bringing a late resolution forward to the policy session is as follows:

1. Chambers seeking the introduction of a late resolution should gain the attention of the Alberta Chambers' Policy Committee, which must give permission for it to go to the floor of the session for further consideration. Please contact Jason Leslie at [jleslie@abchamber.ca](mailto:jleslie@abchamber.ca) should your chamber have a late resolution it wishes to bring forward.
2. Near the end of the policy session, voting delegates will be asked whether the late resolutions meet the criteria for their acceptance. A two-thirds majority is required for the resolutions to come to the floor.
3. Emerging resolutions: Due to the extraordinary circumstances of COVID-19, the ACC will be debating policies submitted after the February 28 deadline as emerging resolutions *if* the resolutions are pertinent to the impacts of COVID-19. See the ACC emerging policy process for details on page 5.

# ALBERTA CHAMBERS OF COMMERCE POLICY PROCESS



Community Chambers of Commerce identify issues which are relevant to their business members. If those issues are of a provincial, national, or international nature, they may submit them to ACC in February each year for consideration at the Policy Session of the coming AGM.

**Community Chamber POLICY RESOLUTION**

Issue  
Background  
Recommendation

Due February each year

**Community Chamber LATE POLICY RESOLUTION**

Issue  
Background  
Recommendation

Due Prior to AGM



**Policy Committee**

Policy submissions are reviewed by the ACC's **Policy Committee** to ensure that policies meet its minimum criteria and approve them to be discussed at the ACC's AGM.

**POLICY COMMITTEE**


Every member chamber is able to participate in ACC's Policy Committee. The Committee meets throughout the year and provides ongoing feedback on ACC's Advocacy activities and strengthens discussion of our policies through open dialogue.

Bringing forward policies on time allows the Policy Committee to provide valuable feedback and assist in its acceptance at the AGM.

**LATE RESOLUTIONS**


ACC accepts proposed policies after the submission deadline, **however**,

1. it is up to the Policy Committee to decide whether they will be added to the policy session agenda for consideration by the voting delegates.
2. Chambers who sponsor Late Policies must bring enough paper-copies of their late resolution for all Conference attendees (approx. 200 copies).




**Policy Session at AGM**

Delegates, representing ACC's member chambers, debate and vote on which of the proposed policies to accept.



Resolutions which are passed at the AGM are included in the ACC's Policy Book. The basis of ACC's advocacy.

Policies remain active for 3 years, at which time they must either be renewed by a community chamber or lapse.



## PREPARING FOR THE POLICY SESSION

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

## Policy Session Guidelines

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

### **TIPS FOR VOTING DELEGATES**

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

### **THE CORRECT WORDING OF AN AMENDMENT**

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

## Provincial Policy



## Advanced Education

## Dual Credit Opportunities in Alberta

### RENEWAL

**SPONSOR: LETHBRIDGE**

**CO-SPONSOR(S): MEDICINE HAT, FORT MCMURRAY**

### 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 journey person 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
<b>To what extent do you agree that the Strategy...</b>						
Increased learner retention and completion rates of high school programs	0%	2%	16%	30%	40%	12%
<b>Thinking about students, to what extent do you agree that the following were benefits of the Strategy...</b>						
Providing students with more knowledge related to their dual credit opportunity topic area	0%	0%	9%	41%	47%	3%
Allowing students to take a greater variety of courses in high school	0%	0%	4%	34%	58%	3%
Keeping students interested in high school	0%	1%	4%	34%	56%	4%

n=93, Stakeholder Survey Questions F1, F8

1

<sup>1</sup> 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>

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

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

**Recommendation(s)**

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 journey person apprenticeship programs; and
2. Direct the Ministry of Education to explore broadening the post-secondary studies and journey person 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

**NEW**

**SPONSOR: LETHBRIDGE**

**CO-SPONSOR(S):**

**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 perspective 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.<sup>1</sup> 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”.<sup>2</sup> This list of skilled professionals is a small example of

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<sup>1</sup> (<https://www.universityaffairs.ca/news/news-article/provincial-budget-round-up-2021-university-sector-highlights/> April 28, 2021)

<sup>2</sup> 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 diverse local educational background that our province will require moving towards a robust economic resurgence.

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”.<sup>1</sup> 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 institutions 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.”<sup>2</sup> 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

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<sup>1</sup> 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)

<sup>2</sup> 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](https://www.conferenceboard.ca/temp/b1bc64cf-efc1-4b6b-a907-17a594a15b45/11436_impact-paper_equities-and-employment.pdf) (Pg 5)

sustainability and affordability, and strengthen system governance.<sup>1</sup> 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.

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.

### **Recommendation(s)**

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

1. The Ministry of Advanced Education freeze post-secondary institutes operating grant at 2021/22 levels; and
2. Continue to partner with industry and post-secondary to expand work integrated learning opportunities and apprentice programs.

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<sup>1</sup> <https://www.alberta.ca/alberta-2030-building-skills-for-jobs.aspx>

## Agriculture and Forestry



## Veterinary Retention and Recruitment

### **NEW**

**SPONSOR: BROOKS**

**CO-SPONSOR(S): REDWATER**

### **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.<sup>1</sup> 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."<sup>2</sup>

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

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<sup>1</sup> 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/>

<sup>2</sup> "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.](https://www.albertaanimalhealthsource.ca/content/ab-government-historic-commitment-strengthen-veterinary-profession#:~:text=Budget%202022%20through%20the%20Alberta,(UCVM)%20for%20infrastructure%20expansion.)

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.<sup>1</sup>

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

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.<sup>2</sup>
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.<sup>3</sup>

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 are more widely trained. We need to allow for this specialized training and prevent it from hindering recruitment.<sup>4</sup>

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.<sup>5</sup> 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."<sup>6</sup>

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

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<sup>1</sup> Brooks Region Veterinarian Committee

<sup>2</sup> Dr. Darrell Dalton, Interview

<sup>3</sup> Dr. Darrell Dalton, Interview

<sup>4</sup> Dr. Darrell Dalton, Interview

<sup>5</sup> Dr. Darrell Dalton, Interview

<sup>6</sup> Alberta Veterinary Technologist Association, Karen Melnyk, President, ABVTA

shortage is genuine right now. We must move with actions that have solutions for now and not just in the future. We therefore recommend:

**Recommendations:**

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Assist in the promotion of Rural Alberta for Companion Veterinarian Professionals;
2. Accelerate the accreditation process for veterinarians trained in Europe to work in Alberta;
3. Allow specialized foreign veterinarians to practice in Alberta in their specialized fields; and
4. Train veterinarians on how to better utilize their registered veterinary technologists (RVTs).

## Children's Services

## Increasing Access to Quality Childcare in Alberta

### **NEW**

**SPONSOR: FORT McMURRAY**

**CO-SPONSOR(S): LETHBRIDGE**

### **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 two-year diploma 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.<sup>1</sup>

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.<sup>2</sup> 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.

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<sup>1</sup> 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-child-care-educators-federal-covid-19-1.6139406>

<sup>2</sup> 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>

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 fully support children's early learning and care in the most crucial stage of their development.<sup>1</sup> 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.<sup>2</sup> 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.

### **Recommendation(s)**

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Reinststate 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 support the existing workforce to meet the educational requirement with a provincial bursary; and
3. Create professional development opportunities commensurate to those received by grade school teachers.

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<sup>1</sup> 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>

<sup>2</sup> Ibid.

## Community and Social Services

## Reducing the Cost of Working through Reform to GIS and AISH Income Thresholds

### NEW

**SPONSOR: GRANDE PRAIRIE**

**CO-SPONSOR(S):**

### 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<sup>19</sup> (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.<sup>20</sup>

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.<sup>21</sup>

Further, many Canadians now face personal financial uncertainty.<sup>22</sup> 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)"<sup>23</sup> 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<sup>24</sup> shows features of Canada's public retirement income system have significant work and income earning disincentives for older workers. The greatest impact is on recipients of Guaranteed Income Supplement (GIS), a government program intended to support low-income seniors.

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<sup>19</sup> 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.

<sup>20</sup> [Improving Canada's Retirement Income System- Setting Priorities \(squarespace.com\)](#)

<sup>21</sup> [Squeeze Play: Higher wages alone won't solve Canada's labour shortage problem \(rbc.com\)](#)

<sup>22</sup> [Labour shortages to become the new norm in future \(cpacanada.ca\)](#)

<sup>23</sup> [Improving Canada's Retirement Income System- Setting Priorities \(squarespace.com\)](#)

<sup>24</sup> Ibid.



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 of 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.<sup>25</sup> 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.<sup>26</sup>

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.”<sup>27</sup>

When Canadians work longer there are numerous benefits to the economy and workplaces:<sup>28</sup>

- 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 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)*

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<sup>25</sup> <https://open.alberta.ca/dataset/423df5de-6562-4b06-9ccb-596e9d130bb5/resource/1128ae16-d050-4a98-860c-2e503d84a677/download/sh-2021-income-threshold.pdf>

<sup>26</sup> <https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/guaranteed-income-supplement/apply.html#h2.2-3.1>

<sup>27</sup> [Improving Canada’s Retirement Income System- Setting Priorities \(squarespace.com\)](#)

<sup>28</sup> P. 5, 12, [Skills Research Initiative \(ic.gc.ca\)](#)

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.”<sup>29</sup> 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.<sup>30</sup>

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.

#### **Recommendation(s)**

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;
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.

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<sup>29</sup> [Fostering a Workforce of Equal Opportunity in Alberta: An analysis of adolescent transitional supports for students with Autism Spectrum Disorder \(ucalgary.ca\)](https://ucalgary.ca)

<sup>30</sup> Alberta Works, Calgary and Area Labour Market Report Recruiting and Employing Persons with Disabilities (Edmonton: Alberta Human Services, 2014), 11

Energy

## Alberta's Electricity System: A Balanced and Fair Playing Field for all Customers

### NEW

**SPONSOR: GRANDE PRAIRIE**

**CO-SPONSOR(S): DRUMHELLER**

### 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.<sup>31</sup> According to its mandate, the AUC considers and protects the social, economic and environmental interests of Alberta where competitive forces do not.<sup>32</sup>

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.<sup>33</sup>

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.)<sup>34</sup>

#### *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 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

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<sup>31</sup> Alberta Utilities Commission <http://www.auc.ab.ca/pages/distribution-rates.aspx>

<sup>32</sup> Alberta Utilities Commission <http://www.auc.ab.ca/Pages/review-process-steps.aspx>

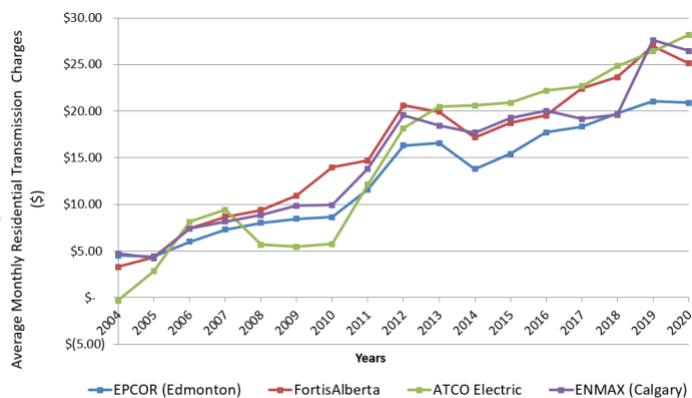
<sup>33</sup> Alberta Utilities Commission <http://www.auc.ab.ca/pages/distribution-rates.aspx>

<sup>34</sup> Edmonton Journal, Feb. 2, 2022, Chris Varcoe: Kenney signals return to gas rebates as prices take off

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).<sup>35</sup>

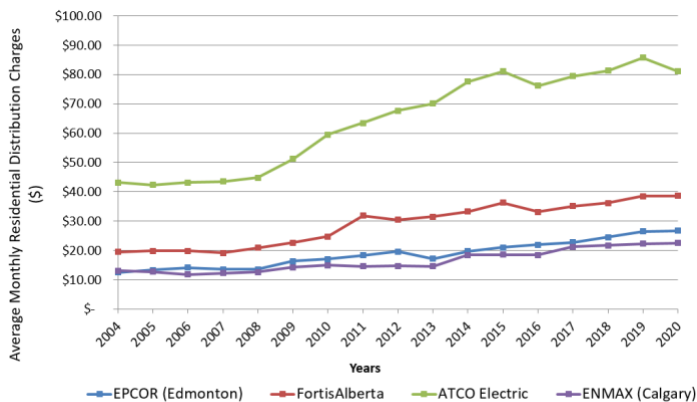
*Distribution* charges cover the cost of moving electric energy from substation transformers through local, lower-voltage lines that carry electricity to a customer’s meter. These charges make up between 22% and 47% of a customer’s total bill. In 2020, monthly distribution charges paid by the average residential consumer with 600kWh consumption ranged from \$22.55 (ENMAX’s service area) to \$81.11 (ATCO’s service area).<sup>36</sup> 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.

<sup>35</sup> Alberta Consumer’s Advocate <https://ucahelps.alberta.ca/electricity-transmission-and-distribution-charges.aspx>

<sup>36</sup> 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.<sup>37</sup> 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.<sup>38</sup> 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,<sup>39</sup> 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.

### **Recommendation(s)**

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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<sup>37</sup> AUMA <https://auma.ca/advocacy-services/resolutions/resolutions-index/disparity-transmission-and-distribution-charges-across-alberta>

<sup>38</sup> AUC [http://www.auc.ab.ca/regulatory\\_documents/Consultations/DistributionGenerationReport.pdf](http://www.auc.ab.ca/regulatory_documents/Consultations/DistributionGenerationReport.pdf) p. 8, 39.

<sup>39</sup> Northern Alberta Development Committee (NADC)

## Electrifying Alberta's Grid

### NEW

**SPONSOR: GRANDE PRAIRIE**

**CO-SPONSOR(S): DRUMHELLER**

### Issue

Alberta's electricity sector is rapidly undergoing transformation, most notably influenced by the drive toward net-zero emissions<sup>40</sup> 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*.<sup>41</sup> 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."<sup>42</sup> 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.<sup>43</sup> In addition, Alberta is showing leadership in CCUS development, an emissions-reducing storage technology that will help ensure a reliable supply of electricity.

While the opportunities for Alberta are promising, there is much work to do if we are to transition towards net-zero with an equal commitment to sustainable economic growth. Canada's electricity systems are largely isolated from one another and there has been little progress made to break down those silos. The Business Council of Alberta recommends better integration of provincial grids across the country to create more resilient, efficient

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<sup>40</sup> 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.

<sup>41</sup> [The Transition Accelerator Launches 'Canada Grid,' A New Initiative Focused on Accelerating Electricity Grid Integration to Power Canada's Net-Zero Future - Transition Accelerator](#)

<sup>42</sup> [https://www.calgaryeconomicdevelopment.com/assets/Reports/Sectors/Energy-Environment/CED-2021\\_EnergyTransition\\_Report.pdf](https://www.calgaryeconomicdevelopment.com/assets/Reports/Sectors/Energy-Environment/CED-2021_EnergyTransition_Report.pdf)

<sup>43</sup> <https://www.cbc.ca/news/canada/edmonton/alberta-bullish-on-hydrogen-strategy-that-relies-heavily-on-carbon-capture-technology-1.6239097>

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.<sup>44</sup>

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,<sup>45</sup> 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.<sup>46</sup> 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.<sup>47</sup>

#### *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.<sup>48</sup> In Alberta, calculations using data from the Canadian Energy Regulators suggest that a shift from gas to electricity for residential and small commercial businesses alone (which make up just 13% of the province's current natural gas load) will require 66,000 megawatts of power. As Alberta currently peaks out at 12,000 megawatts, that means about 5 times more electricity than is now being generated will be required for just those two sectors alone.

Increasing clean generation requires more investment into clean and emerging technologies. This investment will impact government and end-use consumers, as some of these costs will be passed on to Albertans. According to an October 2021 Alberta Chambers poll of Alberta businesses, about two-thirds of all respondents are worried about rising power costs, 43% reported increases of more than 15% of monthly operating costs, and 35% reported their power costs had increased by 20% compared to just 7% in 2020.<sup>49</sup>

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

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<sup>44</sup> <https://thebusinesscouncil.ca/publication/priorities-for-canadas-2030-emissions-reduction-plan/>

<sup>45</sup> <https://occ.ca/wp-content/uploads/Empowering-Ontario-1.pdf>

<sup>46</sup> <https://www.cleanenergywire.org/factsheets/how-much-does-germanys-energy-transition-cost>

<sup>47</sup> <https://foreignpolicy.com/2021/02/10/is-germany-making-too-much-renewable-energy/>

<sup>48</sup> <https://www.theglobeandmail.com/opinion/article-can-canada-actually-produce-enough-clean-electricity-to-power-a-net/>

<sup>49</sup> Alberta Chambers of Commerce [Alberta Perspectives Oct 2021 survey data](#)



comprehensive plan forward is critical to a net-zero future – and the future growth and competitiveness of Alberta and Alberta businesses.

### **Recommendation(s)**

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.

## Promoting the Oil Sands as the World's most ESG Responsible Oil Source

### **NEW**

**SPONSOR: FORT McMURRAY**

**CO-SPONSOR: COLD LAKE, EDMONTON**

### **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.<sup>50</sup> 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.<sup>51</sup> 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.<sup>52</sup>

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<sup>50</sup> Canadian Association of Petroleum Producers. "Crude Oil Forecast" accessed February 23, 2022, <https://www.capp.ca/resources/crude-oil-forecast/>

<sup>51</sup> Pembina Institute. "Carbon pricing – keeping Alberta competitive since 2007" accessed February 23, 2022, <https://www.pembina.org/blog/carbon-pricing-keeping-alberta-competitive-2007>

<sup>52</sup> Canadian Energy Centre. "Canadian Oil is Getting Cleaner" accessed February 23, 2022, <https://www.canadianenergycentre.ca/canadian-oil-is-getting-cleaner/>

Alberta's oil also leads governance strength and contributions to society. Alberta oil producers contributed over \$50 million to community investments in 2015 and 2016 alone.<sup>53</sup> Major infrastructure in the oil sands is also owned by local Indigenous groups limited Partnerships, such as Thebatcha<sup>54</sup> and Astisiy<sup>55</sup>.

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.

### **Recommendation(s)**

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.

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<sup>53</sup> 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>

<sup>54</sup> 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>

<sup>55</sup> 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>

## Sustainability of Canada/ Alberta's Energy Industry

### **RENEWAL**

**SPONSOR: SHERWOOD PARK**

**CO-SPONSOR(S): COLD LAKE**

#### **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<sup>1</sup> and the fourth-largest global producer of oil<sup>2</sup>. 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.

### **Recommendation(s)**

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.

## Environment and Parks

## Creating Jobs through Remediating and Redeveloping Brownfields

### **NEW**

**SPONSOR: MEDICINE HAT**

**CO-SPONSOR(S): BROOKS**

### **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<sup>56</sup>, 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

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<sup>56</sup> [https://www.abmunis.ca/sites/default/files/brownfield\\_redevelopment\\_working\\_group\\_final\\_report\\_-\\_practical\\_approache.pdf](https://www.abmunis.ca/sites/default/files/brownfield_redevelopment_working_group_final_report_-_practical_approache.pdf)



also stimulate job creation and spur investment, development, tax revenue generation and sustainability within our communities.

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.

### **Recommendation(s)**

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.
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

### RENEWAL

**SPONSOR: SHERWOOD PARK**

**CO-SPONSOR(S): CAMROSE**

### Issue

Health Canada has guidelines for domestic reclaimed water use in toilet and urinal flushing but Alberta does not follow these guidelines as our province does not use reclaimed (grey) water.

### Background

In May 2001, British Columbia published a code of practice for the use of reclaimed water (BCMELP, 2001)<sup>57</sup>, which serves as a key reference and guidance document for the use of reclaimed water in British Columbia and is designed to support the regulatory requirements prescribed in the municipal sewage regulation. In 2002, it was stated that roughly three per cent of wastewater in B.C. is reused (Maralek et al, 2002) and reuse is a key component in British Columbia's water conservation strategy. Currently, these guidelines do not apply to Alberta as Alberta does not differentiate between black water and grey water. All sanitary effluent is considered black water only.

Statistics Canada indicates that grey water is a huge source of potentially reusable water. Treated grey water can be reused for toilet flushing, irrigation and industrial use. Currently there is no regulation for households to recycle their grey water.

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

A study (June 25, 2012) has found that citizens in a water – stressed basin of Spain are willing to pay over \$5 extra on top of their monthly water bill to treat wastewater that can be used to replenish river flows. Over-extraction of river water for use in agriculture and by cities reduces water flow in rivers and may lead to environmental stress. Reclaimed water can be released into rivers to boost water flows.

Currently in Spain, reclaimed water accounts for 12.8 per cent of irrigated water used in the area of city dwellers. It is estimated that increasing the river flow would generate a benefit of \$32.56 million a year.<sup>58</sup>

### Recommendation(s)

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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<sup>57</sup> [http://www.env.gov.bc.ca/epd/epdpa/mpp/pdfs/cop\\_reclaimedwater.pdf](http://www.env.gov.bc.ca/epd/epdpa/mpp/pdfs/cop_reclaimedwater.pdf)

<sup>58</sup> <http://www.globe-net.com/articles/2012/june/25/recycled-wastewater-could-boost-river-flows>

## Regulatory Approval for Soil and Water Technologies

### **RENEWAL**

**SPONSOR: SHERWOOD PARK**

**CO-SPONSOR(S): CAMROSE**

#### **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.

### **Recommendations**

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.

## Finance and Treasury Board

**NEW**

**SPONSOR: EDMONTON**

**CO-SPONSOR(S):**

**Issue**

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

**Background**

***Economic Recovery***

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

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

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

Businesses are very concerned about the rising numbers of people experiencing houselessness and the associated impacts to communities including personal safety issues, property damage, and crime and disorder. While this is a social issue, it is also an economic issue. Business districts and transportation must be safe and must appear safe for residents, front-line employees, office workers, shift-workers and

customers. Investors will take safety and disorder into account when making investment decisions and customers and clients may choose to stay away, damaging the vibrancy and reputation of business districts. Houselessness deepens the severity of the challenges people face and prolongs the need for health, social and justice system supports.

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

### **Responsible fiscal management**

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

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

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

### **Trade Diversification**

As provincial and federal leaders continue to discuss measures to boost Canada's economy, internal trade is a low-cost alternative to many more costly economic stimulus measures. Statistics Canada estimates that internal trade barriers add roughly seven percent to the cost of goods we buy, and the IMF estimates that

the removal of internal trade barriers would grow Canada's GDP by nearly four percent. We urge governments to explore every avenue for dismantling internal trade barriers.

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

### **Innovation**

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

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

### **Invest in a Low-Carbon Economy**

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

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

### **Capital Spending for Future Growth**

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

The Alberta Chambers of Commerce supports strategic investments in growth-enabling infrastructure, and in particular investments to ensure that all homes and businesses in the province have access to high-speed internet. Albertans in remote, rural and First Nations communities require reliable telecommunications infrastructure to access education, employment opportunities, community and public services, and goods



and services. Delaying these investments will create a greater digital divide and exclude rural and remote Canadians from many growth opportunities.

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

### **Recommendation(s)**

The Alberta Chambers of Commerce recommends the Government of Alberta:

#### ***Economic Recovery***

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

#### ***Responsible fiscal management***

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

#### **Trade Diversification**

9. Aggressively dismantle internal trade barriers and bolster interprovincial supply chains to promote local economies;
10. Facilitate international market access through enabling infrastructure development and increasing export promotion to diversify Alberta markets and provide stability and opportunities for growth; and

11. Set specific, measurable and commercially sustainable diversification targets that include performance objectives and transparent reporting.

### **Innovation**

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

### **Invest in a Low-Carbon Economy**

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

### **Capital Spending for Future Growth**

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

## Reduce Alberta Corporate Income Tax Rates

### RENEWAL

**SPONSOR: SHERWOOD PARK**

**CO-SPONSOR(S):**

#### 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.

#### Recommendation(s)

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

### RENEWAL

**SPONSOR: GRANDE PRAIRIE**

**CO-SPONSOR(S):**

### 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."<sup>59</sup>

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."<sup>60</sup> 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.<sup>61</sup> ER 4840 was identified as small by population,<sup>62</sup> 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."<sup>63</sup>

#### **Labour Force Survey (LFS): Measuring Economic Performance**

The LFS is a household survey carried out monthly by Statistics Canada and "is among the most timely and important measures of the overall performance of the Canadian economy... It is the only source of monthly estimates of total employment, including self-employment, full- and part-time employment, and unemployment. It publishes monthly standard labour market indicators such as the unemployment rate, employment rate and participation rate. In addition, the LFS provides information on the personal characteristics of the working-age population including age, sex, marital status, educational attainment, and

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<sup>59</sup> <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.

<sup>60</sup> <https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/introduction#a5.3>

<sup>61</sup> [http://publications.gc.ca/collections/collection\\_2015/statcan/71f0031x/71f0031x2015001-eng.pdf](http://publications.gc.ca/collections/collection_2015/statcan/71f0031x/71f0031x2015001-eng.pdf)

<sup>62</sup> LFS uses 35,000 dwellings as a quality threshold. ER 4840 had <35 000 occupied dwellings

<sup>63</sup> Statistics Canada email to Grande Prairie & District Chamber of Commerce January 9, 2019

family characteristics. Employment estimates include detailed breakdowns by demographic characteristics, industry and occupation, job tenure, and usual and actual hours worked.”<sup>64</sup> LFS data estimates are produced for Canada, the provinces, the territories and a large number of sub-provincial regions.<sup>65</sup>

### **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,<sup>66</sup> 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<sup>67</sup>, 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. Recent research<sup>68</sup> 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

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<sup>64</sup> <https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm>

<sup>65</sup> [www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3701#a1](http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3701#a1)

<sup>66</sup> <https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm>

<sup>67</sup> Economic Development Department, City of Grande Prairie

<sup>68</sup> 2016 Banff, Jasper, Canmore Tourism Economic Impact Study <http://banff.ca/DocumentCenter/View/5550> and economic development data

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.

### **Recommendation(s)**

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.**

Health

## Addressing Emergency Medical Service Resource Allocation Deficiencies

### **NEW**

**SPONSOR: OKOTOKS**

**CO-SPONSOR(S): AIRDRIE, BROOKS**

### **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 byproduct 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<sup>69</sup>,". 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.

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<sup>69</sup> Government of Alberta. (2009, March 20). *EMS transition on track for April 1*. [Press release]



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), 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<sup>70</sup>. 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<sup>71</sup>. In fact, province wide man hours have remained relatively stagnant since 2015, ranging from a 2.0% decrease to a 3.9% increase<sup>72</sup> 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<sup>73</sup>. 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.

### **Recommendation(s)**

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Immediately contract a third party to review Alberta's emergency medical services, publicly release their findings, and commit to acting on the recommendations resulting from the review.

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<sup>70</sup> FOIP 2020-G-172

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<sup>72</sup> FOIP 2020-G-172

<sup>73</sup>

## Infrastructure

## Transportation and Utility Corridors

### RENEWAL

**SPONSOR: RED DEER**

**CO-SPONSOR(S): GREATER PARKLAND, LETHBRIDGE**

#### 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.<sup>74</sup>

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.

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<sup>74</sup> <https://www.fraserinstitute.org/sites/default/files/cost-of-pipeline-constraints-in-canada.pdf>

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

**Recommendation(s)**

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Establish Transportation and Utility corridors throughout the country that are designated for the construction and expansion of major linear projects.
2. 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

### **RENEWAL**

**SPONSOR: LETHBRIDGE**

**CO-SPONSOR(S): MEDICINE HAT**

#### **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<sup>75</sup>, Southern Alberta has an opportunity to change this.

In 2020, Alberta saw exports in excess of \$91 billion<sup>76</sup>. 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

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<sup>75</sup> Pain relief medication containing opioids, 2018

<https://www150.statcan.gc.ca/n1/pub/82-625-x/2019001/article/00008-eng.htm>

<sup>76</sup> Export Tool

<https://export.alberta.ca/export-tool/>

been made since 2016 yet Health Canada has yet to grant the necessary licensing for commercial sales to begin.

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

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

### **Recommendation(s)**

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Communicate the importance of the thebaine industry to the Government of Canada; and
2. Engage, invest in and provide support to this new emerging industry as part of the long-term strategy for economic diversification for the province of Alberta. This can be accomplished by possibly providing incentives to encourage the industry to locate and remain in Alberta.

The Alberta Chambers of Commerce recommends the Government of Canada:

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

Justice and Solicitor General



## Increase Small Claims Court Limit and Increase Access to Justice

### **RENEWAL**

**SPONSOR: SHERWOOD PARK**

**CO-SPONSOR(S): LANGDON**

### **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<sup>138</sup>** \*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

**Recommendation(s)**

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; and
2. Make a budgetary commitment to ensure the current resource allocation is sufficient to address the timely resolution of disputes in small claims court, including the appointment of more Provincial Court Judges, Masters in Chambers, and the hiring of other support staff.

## Labour and Immigration

## The Option of Private Worker Coverage

### **RENEWAL**

**SPONSOR: RED DEER**

**CO-SPONSOR(S): AIRDRIE**

### **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."<sup>77</sup>

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,

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<sup>77</sup> <https://www.alberta.ca/assets/documents/WCB-Review-Final-Report.pdf>

and an effective administrative organization for workers' compensation program.<sup>78</sup> The relative cost of premiums varies from state to state and depends on the job, private insurance options have proven they can offer lower rates than Canadian WCB.<sup>79</sup>

**Recommendation(s)**

The Alberta Chambers of Commerce recommends the Government of Alberta and 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.

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<sup>78</sup> <http://www.lni.wa.gov/IPUB/101-002-000.pdf>

<sup>79</sup> <http://www.bridgingthegapsafely.ca/pdfs/Terry%20Bogyo.pdf>

Service Alberta

## Amend the Definition of “Liability” in the Alberta Business Corporations Act

**NEW**

**SPONSOR: SHERWOOD PARK**

**CO-SPONSOR(S):**

**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”<sup>i</sup>. 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 liability, 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.

### **Recommendation(s)**

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".*



Transportation

## Driving Our Economy Forward: The Need for More Class 1 A Professional Drivers

### NEW

**SPONSOR: LEDUC, NISKU & WETASKIWIN**

**CO-SPONSOR(S): FORT SASKATCHEWAN, LETHBRIDGE**

### 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 trucking 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<sup>80</sup>. 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<sup>81</sup>. Combined, these commodities accounted for over two-thirds (71%) of the total tonnage moved by truck in 2017<sup>82</sup>. In fact, more than half (52 percent of Alberta's Gross Domestic Product is delivered on the back of a truck<sup>83</sup>.

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.<sup>84</sup> To keep up with current demand alone, Canada needs 17,200 new truck drivers every year up until 2025<sup>85</sup>. Alberta by itself is facing a shortage of 3,600 drivers in the coming year<sup>86</sup>.

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<sup>87</sup>. Three percent

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<sup>80</sup> 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>.

<sup>81</sup> Ibid.

<sup>82</sup> Ibid.

<sup>83</sup> Groves, Jude. "We need more commercial drivers to keep Canada moving." *Edmonton Journal*, October 28, 2021.

<sup>84</sup> Ibid.

<sup>85</sup> Ibid.

<sup>86</sup> Stronski, Kenyon. "Minister Sawhney driving unemployed Albertans back to work." *Toronto Star* November 17, 2021.

<sup>87</sup> Conference Board of Canada. (2013) *Understanding the Truck Driver Supply and Demand Gap*. Conference Board of Canada.

of all truck drivers were aged 65 or older in 2006 demonstrating that some of the “new” supply of drivers has actually come from current drivers who have delayed their retirement<sup>88</sup>.

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<sup>89</sup>.

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<sup>90</sup>.

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<sup>91</sup>.

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<sup>92</sup>.

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.

### **Recommendation(s)**

The Alberta Chambers of Commerce recommends the Government of Alberta:

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<sup>88</sup> Conference Board of Canada. (2013) *Understanding the Truck Driver Supply and Demand Gap*. Conference Board of Canada.

<sup>89</sup> Smith, John G. “Women of trucking are still a rarity in Canada.” Trucknews.com. March 5, 2021.

<sup>90</sup> Conference Board of Canada. (2013) *Understanding the Truck Driver Supply and Demand Gap*. Conference Board of Canada.

<sup>91</sup> 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/>

<sup>92</sup> “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/>

1. Classify Class 1A truck driving as a skilled trade Occupation under the National Occupational Classification matrix;
2. Fast-track qualified foreign truck drivers' immigration applications amongst those who have Mandatory Entry-Level Training (MELT) or equivalent training;
3. Support a mentorship program to allow new drivers to acquire real-world experience and increase road safety;
4. Commit more funding to promoting truck driving as a career option to women;
5. Offer employers financial support to create and maintain women-to-women mentoring and require employers to provide mandatory safety and inclusion training;
6. Mandate insurance premium reductions for operators that take part in a recognized mentorship program; and
7. Include Class 1A driver training from recognized education facilities in student loans to allow students to take training and afford living expenses.



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](http://www.goodyear.com)<sup>1</sup>

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.

### **Recommendation(s)**

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

## Federal Policies

Agriculture (Federal)



## Allow for the Creation of Agriculture REITs

### **RENEWAL**

**SPONSOR: RED DEER**

**CO-SPONSOR(S):**

#### **Issue**

One of the biggest obstacles to growth of the agriculture sector is the cost, fragmentation, and availability of farmland.

#### **Background**

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

A 2016 Statistics Canada study found the average age of a Canadian farmer is 55.<sup>93</sup> More so than many other industries, farming is facing a massive demographic shift as an entire generation of farmers representing close to half the producers in the Country will be retiring in the near future.

The 'family farm' remains a staple of Canadian agriculture, yet the trend towards large-scale, 'big-business farming' continues to grow as the immense value for land and equipment and difficulties around succession create significant hurdles for younger generations looking to take over the family farm. Alongside the cost increases, advancements in technology and equipment have resulted in fewer farmers harvesting more land. The 2016 census showed there were 5.9% fewer farms and the average area per farm increased by 5.3%.<sup>94</sup> The scale of farming leaves many farmers heavily leveraged, if they qualify for financing, and retiring farmers reliant on the sale of their property to fund retirement.<sup>95</sup>

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

Canadian REITs were established in 1993 and excluded from the income trust tax legislation passed in 2007. This allows REITs several tax advantages. As of 2016 there were 48 public equity REITs with a market cap of over CAD \$50 billion.<sup>96</sup> Canadian REITs exist in the areas of commercial, office, industrial, residential, healthcare real estate, hotels, and even automotive properties, yet remain glaringly absent in the realm of agriculture.

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

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

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<sup>93</sup> <https://www.cbc.ca/news/canada/toronto/family-farm-aging-farmers-canada-1.4207609>

<sup>94</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/170510/dq170510a-eng.htm>

<sup>95</sup> <https://www.cbc.ca/news/canada/toronto/family-farm-aging-farmers-canada-1.4207609>

<sup>96</sup> <https://ir.lib.uwo.ca/cgi/viewcontent.cgi?article=5530&context=etd>

**Recommendation(s)**

The Alberta Chambers of Commerce recommends the Government of Canada:

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

Finance (Federal)

## Comprehensive Income Tax Reform

### RENEWAL

**SPONSOR: SHERWOOD PARK**

**CO-SPONSOR(S): BEAUMONT**

#### 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.<sup>97</sup>*

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

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<sup>97</sup> CPA Canada report reference – p. 4

Many Canadians have lost trust in the tax system, which may contribute to reduced compliance and increased underground economic activity

Canada's tax mix is out of sync with international trends and overly reliant on income taxes with high efficiency costs, putting a drain on Canada's economy.

Benefits delivered through Canada's Scientific Research and Experimental Development (SR&ED) program are declining, indicating a need to improve the program's accessibility, certainty and ease of use.

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

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.<sup>98</sup>

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?

### **Recommendation(s)**

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.

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<sup>98</sup> CPA Canada report reference – pp. 4-5

## Exempt Spouses from Tax on Split Income

### RENEWAL

**SPONSOR: SHERWOOD PARK**

**CO-SPONSOR(S): LANGDON**

### 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 children<sup>1</sup>, 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.

### **Recommendation(s)**

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.



## Restore the Integration of Corporate and Personal Income Tax

### **RENEWAL**

**SPONSOR: SHERWOOD PARK**

**CO-SPONSOR(S): BEAUMONT**

#### **Issue**

A fully integrated income tax system, as stated by the Carter Commission Report, would avoid double taxation under the corporate income tax system and the private income tax system, while ensuring that there is relative indifference between earning income through a Canadian corporation, by salary or by dividend. It would also address other distortions in Canadian taxation.

#### **Background**

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

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

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

every dollar of taxable dividends paid to a (human) shareholder. Theoretically, this amount is passed to the shareholder to be taxed under the PIT system thereby again achieving tax integration.

Under these mechanisms, personal income tax returns allow taxpayers to gross-up their dividend income and then apply a tax credit to adjust the amount of taxes payable. The rates of gross-up and credit were initially set to achieve the full integration of CIT and PIT for small businesses. Since its creation in 1972, the dividend tax credit as well as statutory corporate tax rates have changed. As a result, in some years there has been over-integration for small business in the sense that the dividend credit was generous enough to reduce the combined tax on dividend income below that on other income. With the provinces levying differential rates of corporate tax on small business, and with federal and provincial surtaxes, the situation has become more complex. At present there is consistent over-integration throughout the provinces, with the departures from full integration being most significant for investment income earned by a corporation.

The most recent changes to the Income Tax Act, Canada (the Act) have resulted in dramatic and punitive changes with the way CCPC's are taxed on active and investment income earned. The result has been the absolute decimation of the Carter Commission's objective of integration of the CIT and PIT as we have witnessed the under-integration of all forms of income distributed from a corporation grow dramatically from mere tenths of a percentage point to approximately 10% per cent in the 2021 taxation year. As recently as 2012, the disparity between earning \$1,000 of investment income in a corporation versus earning the same \$1,000 personally was a mere \$17.20 of additional tax paid.<sup>1</sup>

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

<sup>1</sup> 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 earned <sup>2</sup>	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%
e 1	Not									
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 dividend refund. In most cases there is insufficient income to recover all RDTOH.

#### Recommendation(s)

The Alberta Chambers of Commerce recommends the Government of Canada:

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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.

Innovation, Science and Economic Development (Federal)

## Restore Driving Innovation in Canada

### **RENEWAL**

**SPONSOR: RED DEER**

**CO-SPONSOR(S):**

#### **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 6<sup>th</sup> in the world for innovation quality and 16<sup>th</sup> in innovation overall in the Global IP Rankings. Another report, The Taylor Wessing 2016 Global Intellectual Property Index, ranks Canada as 4<sup>th</sup> 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.

### **Recommendations**

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.

## Natural Resources (Federal)



## Ensuring the Future of Canadian Oil and Gas

### RENEWAL

**SPONSOR: LETHBRIDGE**

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#### 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<sup>1</sup>. 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<sup>2</sup>. This production generated an average of \$209 billion between 2018-2020<sup>3</sup>, 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<sup>4</sup>. 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<sup>5</sup>.

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<sup>6</sup>. This equates to \$18 or \$19 billion that could otherwise be gained by selling directly to

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<sup>1</sup> 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>

<sup>2</sup> 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><sup>373</sup> Canadian Association of Petroleum Producers. "Frequently Used Statistics, November 2021," accessed February 21, 2022.

<sup>3</sup> <https://www.capp.ca/wp-content/uploads/2021/12/Frequently-Used-Stats-Nov-2021.pdf>

<sup>4</sup> Jeff Gaulin, "The State and Future of Canadas Oilsands" *Canadian Association of Petroleum Producers* Presentation to Lethbridge Chamber of Commerce, April 28, 2016.

<sup>5</sup> 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>

<sup>6</sup> DIFFERENTIALS EXPLAINED: WHY ALBERTA CRUDE SELLS AT A DEEP DISCOUNT

the Asian-Pacific market. Loss of this revenue puts severe pressure on all Canadians, as evidenced by job losses and strain on social services currently being experienced across the nation.

Despite economic uncertainty, Canada has been unable to 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<sup>1</sup>, 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<sup>2</sup>. 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<sup>3</sup>, 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.

## Recommendations

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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<https://www.oilsandsmagazine.com/market-insights/crude-oil-pricing-differentials-why-alberta-crude-sells-at-deep-discount-to-wti>

<sup>1</sup> 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>

<sup>2</sup> 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>.

<sup>3</sup> 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>.

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