2018 Policies

The policies in this book were approved by the Board of Directors of the Alberta Chambers of Commerce at the 2018 AGM. Policies approved by the Board remain a part of the Policy Book for 3 years. If you have any questions, contact Jonathan Seib, Policy Manager at jseib@abchamber.ca or (780) 425-4180 ext. 6

Provincial Policy Resolutions

Agriculture and Forestry

Genetically Engineered Alfalfa

Issue

Genetically Engineered (GE) alfalfa has a high risk of cross contaminating conventional alfalfa crops due to seed escape and cross-pollination. Due to alfalfa's perennial nature, significant barriers exist to fully isolating alfalfa seeds. Key emerging markets maintain zero-tolerance policies towards the import of crops and seeds which are contaminated by GE alfalfa. This poses a serious threat to the province's forage seed exports and feed supplements.

Background

Alberta is a valuable producer of Canada's alfalfa crop, comprising over 30% of the country's total alfalfa output with 2016 exports from Alberta valued at over $28.5 million. Alberta's alfalfa industry plays a critical role both in producing direct exports and in supporting other agriculture industries including livestock[1].

Genetically Engineered (GE) alfalfa crops were approved for food, feed and environmental release by the Canadian Government in 2005[2]. GE alfalfa is the first significant perennial plant to be genetically engineered and introduced into the Western Canadian environment that is naturally cross-pollinated by insects and grows wild. Current strains of GE alfalfa include traits making them resistant to the glyphosate herbicide Roundup. One strain also includes traits which permit a longer growing season, resulting in higher yields and potentially improve its use as feedstock, particularly for dairy livestock[3]

While Canadian regulators have approved GE alfalfa in Canada, our foreign export markets have varying tolerance for GE technology. For example, the European Union and China have zero-tolerance policies for any products containing GE technology. In 2016, these countries were the destination for 7.7% of Alberta's total alfalfa seed exports (Over $1.7 million). The United States, conversely, imports 84.3% ($18.80 million) of Alberta's alfalfa seed exports and 100% ($1.55 million) of its hay exports and has fully approved all current strains of GM alfalfa for import and production[4].

Given the potential growth of markets such as the EU and China for forage export, the presence of GE alfalfa in Canadian hay exports could potentially put an end to export markets for Canadian grass and

---

[1] Statistics Canada and US Census Bureau. (2018). *Trade Data Online Database*. Retrieved January 30, 2018 from the Innovation, Science, and Economic Development Canada website.

[2] Canadian Seed Trade Organization. (2016). *2016 Coexistance Plan for Alfalfa Hay in Western Canada*. Retrieved January 30, 2018 from the Canadian Seed Trade Organization website.

[3] Mark McCaslin. (6 May, 2016). *What is lignin? How does it impact alfalfa quality and yield?* Retrieved January 30, 2018 from Progressive Dairyman website.

[4] Statistics Canada and US Census Bureau. (2018). *Trade Data Online Database*. Retrieved January 30, 2018 from the Innovation, Science, and Economic Development Canada website.

forage seed growers. In 2014, China blacklisted three American hay exporters and rejected hundreds of container loads of hay due to the detection of Roundup Ready alfalfa.[5]

Given its perennial and transmittable nature, GE alfalfa contamination is likely to occur if it is introduced into Alberta. Currently, no GE alfalfa seed has been sold in the Province. Conventional alfalfa can be contaminated by GE alfalfa in several ways including cross-pollination by insects and seed-escape (contamination of seed from adjacent farms and stands by wind and seed spillage during planting, harvest and transport).

Alfalfa is pollinated primarily by leafcutter bees but also by honeybees, wild bees and other native pollinators that can travel great distances and have unpredictable ranges. Cross-pollination occurs in nature when pollinating insects inadvertently transfer pollen from one plant to another while gathering nectar. Since perennial plants such as alfalfa are capable of flowering multiple times per year, the risk of genetic contamination by cross-pollination is significantly higher than annual crops.

In 2016, the Canadian Seed Trade Association released a co-existence plan for alfalfa hay in Western Canada[6]. This document outlines the details of the risks of GE alfalfa and identifies best practices to mitigating and minimizing cross-contamination. While GE crops and GE technology are widely supported among Alberta's forage and hay producers, several industry associations[7] have noted that a ban on GM alfalfa sales into Western Canada should be put in place until these key destination markets change their import policies.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with stakeholders to determine how to commercialize new Genetically Engineered Alfalfa to best access both organic and conventional alfalfa producer markets
2. Collaborate with stakeholders on the development of markets for Genetically Engineered Alfalfa.
3. Continue educating consumers on the benefits of Genetic Engineering as a breeding process for modern agriculture.
4. Prevent the introduction of genetically modified/engineered alfalfa to the province of Alberta until there is a marketplace and consumer acceptance in Alberta's export markets

The Alberta Chambers of Commerce recommends the Government of Canada:

5. Work to reduce regulatory prohibition of Genetically Engineered crops and technology in export markets through trade agreements.

[5] Mary MacArthur. (28 November, 2014). *Roundup Ready in alfalfa exports 'catastrophic'*. Retrieved January 30, 2018 from the Western Producer website.

[6] Canadian Seed Trade Organization. (2016). *2016 Coexistance Plan for Alfalfa Hay in Western Canada*. Retrieved January 30, 2018 from the Canadian Seed Trade Organization website.

[7] Most notably the Alberta Forage Industry Network and the National Farmers Union

Higher Standards for Animal Welfare

Issue

In the agricultural industry, when an animal succumbs to injury that deems the animal as unfit for transport under the legislation, the outcome is very limited and results in negative options to the farmer or rancher. It has been researched and addressed by various groups, organizations and industry that turning a blind eye to a problem is not a solution. Therefore, organizations like the Animal Farm Care Association (AFCA), along with industry, are in full support of an initiative to implement a provincial video inspection program as one way to address the issues, provide for greater access to options within the industry and reduce overall costs to the system.

Background:

Federally, three pieces of legislation provide humane protection for farm animals[8], including the Criminal Code, Health of Animals Act and the Meat Inspection Act. However, Canadian provinces and territories have the primary responsibility for protecting the welfare of animals, including farm animals[9]. Since 2005 all provinces have strengthened their provincial Acts or have introduced legislative amendments regarding animal protection. In Alberta the acts and regulations that provide protection for farms animals in Alberta include the Animal Protection Act and Animal Protection Regulation; the Meat Inspection Act and Meat Inspection Regulation; as well as the Livestock Industry Diversification Act and its regulations.

However there is still one area that needs to be addressed within these pieces of legislation to provide for additional options when dealing with an injured animal. Current legislation permits unfit animals to be freely transported to a veterinary clinic, yet that same animal is unable to be transported to an abattoir for processing. When an animal succumbs to an injury that deems that animal unfit for transport under the legislation, there are only four options:

1. Personally process the animal without an inspection process for distribution and risk prosecution by the authorities;
2. Process the animal and sell illegally and risk prosecution by authorities;
3. Transport to a veterinarian for further cost and service fees;
4. Euthanize the animal on farm.

If an animal is deemed to be compromised or unfit, transportation can cause undue pain and suffering, so producers generally do not transport the animal. They have the ability to transport that animal to a veterinarian, but that would pose additional and unnecessary costs to the producer. Additionally, they could not transport that animal elsewhere, as that producer would end up being in contravention of Part

[8] *Farm and Animal Welfare Law in Canada (2013)* https://www.nfacc.ca/resources/Farm_Animal_Welfare_Laws_Canada.pdf

[9] Provincial and Territorial Legislation Concerning Farm Animal Welfare http://www.inspection.gc.ca/animals/terrestrial-animals/humane-transport/provincial-and-territorial-legislation/eng/1358482954113/1358483058784

XII of the Health of Animals Regulations. Therefore the decision is generally to euthanize the animal on farm. Unfortunately, animals euthanized on farm cannot be sold for meat, as they must be inspected at the abattoir before they are slaughtered.

The agriculture industry has been given very few to no options to address the loss of valuable animals and the outcomes are very limited and result in negative options for the farmer or rancher. Businesses are forced to accept the senseless disposal of much needed meat protein. While this topic has been on the table and discussed on a provincial level for more than four years, there has been no urgency from the governing authorities, as there needs to be a more robust and focused request from industry in order to motivate change.

One way to address the challenges identified within this sector is to introduce a provincial video inspection program. This type of program would allow for an ante-mortem inspection to take place on farm and spare the animal unnecessary transportation to an abattoir or veterinarian. With the implementation of a provincial video inspection program, we can alleviate the discrepancy that exists and raise the current legislation to a much higher standard resulting in the increase of on farm animal welfare, profits to the agriculture sector and profits to processing and distribution centres.

With the creation of a video inspection program we can increase the on-farm animal welfare program; increase the response time to address the undue pain and suffering of the animals; put value and profits into the hands of the agriculture industry; increase the business opportunities of value added businesses that manufacture various protein products and open the doors to all non-for profit groups and organizations to have access to healthy affordable protein.

Organizations like AFCA (Animal Farm Care Association) are in full support of the initiative to implement a provincial video inspection program. With the implementation of video inspection program, the level of food safety and available protein will dramatically increase and this new financial opportunity will reach and benefit all businesses from producer to consumer.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Amend the Meat Inspection Act Section 4 to read: (1) Except as provided in the regulations, no person shall slaughter an animal unless (a) the animal has been inspected by an inspector immediately before the time of slaughter, or (b) the animal has been clearly identified by method of video inspection immediately before the time of slaughter.
2. Amend the Meat Inspection Regulations Part 5 section 32 (3) to read: The mobile butcher shall identify the carcass and all other portions of the animal by affixing tags on them stating (a) "uninspected – Not for resale on all carcasses retuning back to the location of slaughter or (b) "Held"- to remain held in the mobile butcher's designated cooler until the carcass is released by an inspector or accredited veterinarian.
3. Work with the Alberta Meat Inspection Department to update all documents regarding the approval of a video inspection program and maintain that it remains in compliance with existing regulations already in place.

Education

Educate and Foster Entrepreneurship Through MicroSociety

Issue

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

Background

MicroSociety create learning environments in grades K-12 allowing students to apply classroom knowledge to a real-world setting. The *MicroSociety* learning environment offers students authentic, hands-on learning through the creation and experience of dynamic miniature societies, reinforced by educators with classroom curricula. Schools include government, entrepreneurial hub, non-profits, and marketplaces all created and managed by students and facilitated by teachers.[10]

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

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

After initiating the program in 2009, Aspen Heights Grade Three Provincial Achievement tests went from 64% acceptable and 5% excellent in 2009-2010 to 92% acceptable and 16% excellent in 2011-2012. Discipline referrals to administration dropped from 55 in 2009-2010 to 14 in 2011-2012. The school also sees higher than average student and parent satisfaction and higher attendance. The percentage of parents, teachers and students who are satisfied that students model the characteristics of active citizenship was 96% at Aspen Heights compared to 80% average in the Red Deer School District and 82.5% provincially.[11]

Aspen Heights has been the recipient of a number of education awards including the Ken Spencer Award for Innovation in Teaching and Learning (2017) and the Alberta Emerald Foundation Award for Environmental Excellence (2017). Aspen Heights was able to replicate similar success stories seen across

---

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

[11] "MicroSociety", Aspen Heights Powerpoint Presentation. February 23, 2018

251 schools in the United States. Despite the success of the program, there are only 3 schools in all of Alberta utilizing a *MicroSociety model*.

Alberta Education outlines several core competencies by *The Three E"*s; engaged thinkers, ethical citizens, and entrepreneurial spirits. Those core competencies include critical thinking, problem solving, managing information, creativity and innovation, communication, collaboration, cultural and global citizenship, and personal growth and well-being. Students show strong development in the areas of mental health, resiliency, confidence, and financial literacy. Educators and parents have described the M*icroSociety* Program as being an excellent tool in helping students foster and develop these essential skills. Skills that are key to student's future success.[12]

In an analysis comparing 13 *MicroSociety* and 13 regular schools in Florida with similar demographics, the *MicroSociety* schools consistently and significantly outperformed in reading and math with the gap expanding over time.[13] Beyond exceeding standards at basic subjects, students also gain invaluable experience solving real world problems. "During Micro-Time, students often counter unanticipated and messy problems - settling a contractual dispute among students, figuring out how to turn around an unprofitable business, writing and then effectively enforcing legislation to reduce bullying - are dynamic dilemmas which provide opportunities for students to apply their school learning in authentic contexts.[14]"

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with *MicroSociety* to develop and distribute a guide and toolkit for schools that want to have a MicroSociety
2. Encourage Alberta school boards to create *MicroSocieties* in k-8 schools across the province with the goal of at least 1 per district by 2025.

[12] "Red Deer school puts society under the microscope," https://www.teachers.ab.ca/Publications/ATA%20News/Volume%2049%202014-15/Number-5/Pages/Red-Deer-School.aspx Alberta Teachers Association. 10 February 2018.

[13] "Data from 13 MicroSociety and 13 Control schools," http://www.microsociety.org/outcomes-2/

David Kutzik and Associations (2005.)

[14] "Solving Real World Problems," http://www.microsociety.org/how-we-fit/ MicroSociety 12 Feburary 2018.

Economic Development and Trade

Economic Development and Trade

Considering the Layered Costs of Government Policies

Issue

Government policies are making it harder for businesses in Alberta to succeed. In the Calgary Chamber's Fall 2017 Business Leader Market Perceptions survey, more businesses (31%) indicated government regulations and taxes as a challenge to their business than any other factor.

It isn't just one specific policy, from one specific level of government that is making it harder to run a business. Rather a myriad of policies, from all three levels of government, are layering costs on the business community. By making it harder to run a business, this "layered cost impact" is resulting in fewer job opportunities, higher prices, and is discouraging investment. It is reducing the ability of current businesses to expand and new businesses to start-up. And by making it harder to run a business during an economic downturn, these costs have contributed to the permanent closing of Alberta businesses.

Background

There are numerous policies that have been implemented by all levels of government that have been driving up business costs. As illustrated in the table below, when considering higher minimum wages, rising municipal property taxes, and Alberta's carbon levy, it's clear that businesses are facing significant cost increases. [15]

Layered cost impact for Calgary businesses by industry – Cost increase between 2016 and 2018[16]

Industry	Median Cost increase
Transport and Delivery	$856,727
Restaurant and Hospitality	$60,710
Retail	$7,643
Service Providers	$2,680

Analysis by the Edmonton Chamber also illustrates the large costs facing Alberta businesses from all levels of government. Using KPMG's 2014 Alternatives data, the Edmonton Chamber estimates Edmonton

[15] For full analysis and methodology see Calgary Chamber of Commerce, "The layered costs of government policies," December 2017, https://www.calgarychamber.com/wp-content/uploads/2018/02/Report-Layered-Cost-Impact.pdf.

[16] In some industries, the layered cost increase is less than the cost due to a specific policy. This is because certain businesses within the industry are impacted significantly by an individual policy, while other businesses in the industry were not impacted, or saw a reduced property tax bill. Thus, when all businesses and policies are compared in the layered cost figures, lower cost businesses and policies pull the median down in certain industries.

manufacturing and corporate services sector businesses will see their costs increase by $336,000 between 2014 and 2018 due to policies implemented at the federal and provincial level. [17]

The rest of this section will outline various policies, from all levels of government, that have been driving up business costs and reducing Alberta's competitiveness.

Increased business taxes

At the federal level, recent tax changes targeted at Canadian Controlled Private Corporations (CCPCs) could increase the overall tax burden facing family businesses, likely reduce the available funds that can be reinvested in the business community,[18] and increase the complexity of the Canadian tax system. These changes have been implemented in addition to other federal tax changes that have increased business tax obligations. For example, beginning in 2016 the tax rate on investment income earned within a CCPC increased by 4 percentage points.[19]

Alberta businesses are also facing greater tax burdens at the provincial level. While Alberta had the lowest corporate income tax rate in 2014, after increasing by 2 percentage points, Alberta's corporate income tax rate is now tied with Manitoba for fifth highest in Canada.[20]

Along with tax increases at the federal and provincial levels, many businesses in Alberta are facing greater tax burdens from their municipal governments. For example, in 2017, approximately 6,000 Calgary businesses outside the downtown core saw their property taxes increase significantly as the increasing downtown vacancy rate led to greater tax burdens for businesses in surrounding communities. Some businesses reported a tax increase as high as 200%. Although property tax relief helped mitigate these costs, businesses will likely face similar future increases if the underlying issues are not addressed.

While Canada's tax system continues to impose greater costs on business, other jurisdictions are taking significant strides to improve their tax competitiveness. Due to the recently enacted *Tax Cuts and Jobs Act*, the U.S. marginal effective tax rate on new investments – considering corporate income tax rates and deductions, sales taxes on capital purchases, and other capital-related taxes – will significantly decrease. In fact, the U.S. aggregate METR decreased from 34.6% to 18.8%, below Canada's METR of 20.3%.[21]

---

[17] Edmonton Chamber of Commerce Calculations in "Considering the Cumulative Effect of Cost Increases from all Levels of Government," Alberta Chambers of Commerce Policy Book 2015-17 Policy Book, https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2017_Policies/2015-17-Policy-Book.pdf. Data retrieved from KPMG, "Competitive Alternatives," https://www.competitivealternatives.com/default.aspx.

[18] Legislation on passive investment tax planning strategy will be announced in the 2018 federal budget, released on February 27, 2018.

[19] "Corporate income tax rates," Deloitte (2017), https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/tax/ca-en-tax_2013-2017%20Corporate%20income%20tax%20rates_AODA.PDF.

[20] This is before any provincial budgets have been announced in 2018. For full analysis on Alberta's relative tax advantage compared to other provinces see: Ben Eisen, Steve Lafleur, Milagros Palacios, "The End of the Alberta Tax Advantage," Fraser Institute (January 2017), https://www.fraserinstitute.org/studies/end-of-the-alberta-tax-advantage.

[21] Fred O'Riodran and Jack Mintz, "How US Tax Reform will Affect Canada's Competitiveness," EY (2018), http://www.ey.com/Publication/vwLUAssets/EY-US-tax-reform-Canada-competitiveness-final-en/$FILE/EY-US-tax-reform-Canada-competitiveness-final-en.pdf.

Rising labour costs

At the federal level, the expansion of Canada Pension Plan will require businesses to make greater contribution beginning in 2019. Changes to Canada's employment insurance system could also result in greater premium costs.

At the provincial level, Alberta businesses are facing many changes that will increase the cost of labour. Alberta's minimum wage, when fully implemented, will have gone up 47% in just three years. Compared to 2016, the median cost increase that an impacted Calgary restaurant and hospitality business surveyed in Chamber's layered cost assessment will face due to the minimum wage is $51,720.

However, by only considering the higher costs to pay minimum wage staff, this calculation does not illustrate the full cost to business due to minimum wage increases. When the minimum wage increases, employees that are higher-up the pay scale also look for a raise, including some managers that are not the intended target of the policy. During the Calgary Chamber's layered cost consultations, 52% of businesses indicated that they also increase wages to higher paid staff when the minimum wage increases.

The minimum wage increase represents a clear example of how greater costs on business is resulting in unintended consequences for the broader community. During the Calgary Chamber's layered cost consultations, 55% of businesses surveyed with minimum wage staff reported staff layoffs due to the minimum wage increase. 36% of all businesses surveyed indicating they would likely need to layoff staff when the minimum wage reaches $15 this fall.

Alberta businesses will also be impacted by the province's newly legislated Bill 17: The Fair and Family-friendly Workplaces Act. Bill 17 makes it possible to certify a union without an employee vote, allows employees to be automatically eligible for paid and unpaid holidays even if the holiday does not land on a regular work day, and mandates overtime be banked at 1.5 hours for every hour worked. In 2017, the Alberta Government also passed Bill 30: An Act to Protect the Health and Well-being of Working Albertans. Bill 30 will result in new costs and administrative burdens for businesses due to expanded employer obligations, the elimination of a maximum insurable earnings cap, and the expansion of worker compensation benefits.

Greater costs from energy regulations

Alberta businesses are also facing greater costs from Alberta's carbon levy, which is currently set at $30/tonne of C02. The median cost increase for impacted restaurants and hospitality businesses surveyed in the Calgary Chamber's layered cost assessment due to the carbon levy in 2018 is $36,408. The federal government has implemented a carbon pricing backstop, mandating Alberta's carbon levy to rise to $50/tonne of C02 by 2022.

While 73% of businesses surveyed in the Calgary Chamber's layered cost assessment indicated that their costs will increase due to the carbon levy, only 21% of those businesses plan on passing the carbon costs to their customers. With the recent economic downturn, many small and medium-sized businesses do not believe that their customers can, or are willing to pay higher prices. Therefore, they are reluctant, or unable, to pass the cost increases on to their customers. Many business owners – along with their workers and investors – have had no choice but to "eat" a large portion of the costs. In many circumstances, the higher costs paid by the business means there is less available funds to reinvest in wage, job, or business growth.

A price on carbon may be the most cost-effective way to reduce GHG emissions. However, Alberta's carbon levy has been put in during tough economic times, is creating market distortions, and is being layered on top of other regulations and interventions including a total limit on oil sands emissions, methane standards, and a mandated coal phase out.

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

1. Consult businesses on policy changes, and undertake a "layered cost assessment" as part of the policy development process.
2. Look for business-centred solutions when attempting to achieve social policy objectives. The Alberta Government can achieve this by:
   a. Stopping minimum wage increases until an in-depth analysis can be completed on its impact on provincial economic activity and employment. The Alberta Government could, instead, consider targeted approaches to poverty alleviation including an expansion of the Alberta Family Employment Tax Credit to cover the full demographic of low-income working Albertans. And;
   b. Taking a more balanced approach to the Climate Leadership Plan by recycling a greater portion of the carbon levy's revenue by offsetting corporate income taxes, limit market distortions created by subsidy programs, and use the carbon price to substitute, rather than add on to existing regulations.

Economic Development and Trade

Elimination of Border Re-Inspections & Associated Fees on Canadian Meat Exports into USA

Issue

Border inspections of Canadian and US meat are simply re-inspections of CFIA and USDA inspected meats. On July 6, 2009 FSIS formally acknowledged that Canada's system of meat testing is equivalent to USDA standards. However every shipment of Canadian meat into USA is subject to **mandatory** re-inspection at the border, with re-inspection fees applicable. This border re-inspection process places the Canadian meat industry at an economic disadvantage to that of the USA.

Background

> *"Food produced under the regulatory systems in both countries (Canada & USA) is some of the safest in the world and it should usually not be necessary to apply additional inspection or testing requirements simply because it is crossing the Canada – USA border.[22]"*

The Canadian Meat Council *(CMC)* advises that Canada's meat industry directly employs 65,000 and ranks number one in our food industry, with total revenues of $24.1 billion annually. On average Canadian processors export 563,000 tonnes of meat (28,150 truckloads) annually into the USA, with each truck subject to border re-inspection, despite a national sampling plan administered by the US Food Safety & Inspection Service (FSIS). Annual meat imports from the USA average 356,000 tonnes (17,800 truckloads).

Based on the recognition of the equivalency of the inspection systems and the Canada-US Free Trade Agreement, Canada adopted a frequency of import inspection at the level of one in ten. Current USDA border re-inspection of all US meat imports are redundant, delay shipments, introduce product and marketing risks, translating into additional costs to Canadian meat processors.

These US border re-inspections are conducted by 10 privately owned Inspection Centres which charge re-inspection fees without USDA oversight. These fees cost our meat processing industry upwards of $3.6 million annually[23]. Furthermore, US border re-inspection requirements significantly increase shipping and handling costs to Canadian meat processors *(i.e. added driver, fuel and vehicle depreciation costs),* and increase market risk when the cold-chain delivery system is disrupted at these US Inspection Centres.

---

[22] "American Meat Institute (AMI) and the Canadian Meat Council (CMC)." Canada's Economic Action Planhttp://actionplan.gc.ca/en/page/rcc-ccr/american-meat-institute-ami-and-canadian-meat Retrieved 3 February 2015.

[23] *Ibid*.

According to the Canadian Meat Council (CMC), many "Inspection Houses" are older non-refrigerated facilities and lack the food safety standards *(i.e. HACCP)* and warehousing programs consistent with standards applied at the CFIA and USDA facilities from which the meat was originally inspected and shipped. Furthermore re-inspections at these Inspection Houses disrupt the cold-chain delivery process and "could result in temperature shifts of 10 degrees or more ... and a supplier could lose 3 – 10 days of a typical 30 day shelf life .... fresh meats that get delayed can be refused by the customer."

According to the Canadian Meat Council, "every driver loses 2 - 4 hours of driving time when reporting to the Inspection Centres". Once a driver hits 11 – 12 hours behind the wheel, transportation regulations mandate a 10 hour rest time. According to the CMC, at $100 per hour, resulting driver downtime is a significant cost to our meat industry.

US Border Inspection Process: All trucks crossing the US border containing meat from Canadian processors are first screened by US Border Officials, after which they must report to one of only 10 US Inspection Centres located on the international border. All trucks are opened at the Inspection Centres and their import documents are verified with the USDA. Approximately 10% of all trucks are physically re-inspected before they can proceed to a federally inspected US packing plant for further processing.

Canadian Border Inspection: All trucks crossing the Canadian border containing US meats are first screened by Canadian Border Officials, at which time the driver is informed if his truckload is one of the 10% randomly selected for further inspection. If a re-inspection is required, it is not done at the border, but rather at one of the 125 CFIA Registered Establishments. This re-inspection process ensures tighter quality control and improved food safety to the consumer, with reduced shipping costs to the supplier. There are no border re-inspections fees applicable to the US meat processor on imports into Canada. Rather CFIA inspection costs are absorbed by the Canadian processor.

History

On February 4, 2011 the Canada-United States Regulatory Cooperation Council (RCC) was created to facilitate closer cooperation between Canada and the USA with the objective to develop more effective approaches to regulation in order to enhance economic strength and competitiveness of both countries. Prime Minister Harper and President Obama collectively announced support for the 29 point Joint Action Plan *"Beyond the Border: A Shared Vision for Perimeter Security and Economic Competiveness."* Its mandate is to *"enhance security and accelerate the legitimate flow of people, goods and services across our international border[24]"*

As part of the "*Beyond the Border Action Plan*"**,** the USDA's Food Safety and Inspection Service (FSIS) and the Canadian Food Inspection Agency (CFIA) committed to implement a pilot project to introduce and evaluate an outcomes-based process for the purpose of eliminating unnecessary and duplicated requirements on cross-border meat shipments. The 12 month pilot project was to conclude in September 2013 following which it would be evaluated. However it was halted by the USDA shortly after its launch influenced by US lobbyists who cited concerns about food safety in the face of the XL Foods massive meat recall.

In August 2014 the *Canada – United States Regulatory Cooperation Council (RCC)* released its *Joint Forward Plan* which focuses on eliminating unnecessary costs and duplication, removing red tape,

---

[24] *Ibid*.

reducing delays in bringing products to market and providing more predictability for integrated supply chains – all without compromising the health and safety of Canadians and Americans[25]

The Alberta Chambers of Commerce recommends the Government of Canada;

1. Achieve the goals identified in the 2014 Joint Forward Plan
2. Support the efforts of the United States Regulatory Cooperation Council in its initiative to harmonize regulatory requirements and practices on meat trade between Canada and the USA.
3. Ensure any re-inspections of Canadian meats exported into the USA be conducted only at USDA sanctioned processing facilities.
4. Maintain current border re-inspection fees on Canadian meats exported into the USA constitute a trade barrier and should be eliminated.

[25] "Canada-United States Regulatory Cooperation Council Joint Forward Plan August 2014." Canada's Economic Action Plan. http://actionplan.gc.ca/en/page/rcc-ccr/canada-united-states-regulatory-cooperation-1 Retrieved on 3 February 2015.

Managing Impacts of Layered Legislation

Issue

Bill 17: the Fair and Family-friendly Workplaces Act and *Bill 30: An Act to Protect the Health and Well-being of Working Albertans* are viewed as comprehensive pieces of legislation that have been passed with very short consultation periods and an inadequate timeframe for employers to adjust. The changes have placed pressure on organizations to meet new legislation standards with limited additional resources from the government, coupled with a lack of understanding by Government of the time commitment and requirements to adjust and implement the changes legislated. With the final Employment Standards regulations being passed at the beginning of December and the new standards coming into effect on January 1, 2018, it did not leave sufficient time for employers to change their own internal processes, IT systems, and communicate with staff. Often human resource and occupational health and safety duties in an organization can be carried out by the same person, who may also carry additional duties or in many cases rest solely on an employer or manager. The changes and magnitude of information to digest caused immense increased workload and uncertainty for businesses trying to understand the implications of the changes. This has included cost and time to implement the changes and become compliant. This not only unfairly burdens employers, but also impacts overall operations, as employers must ultimately shift focus away from day to day operations to adjusting to these changes.

Background

Bill 17: the Fair and Family-friendly Workplaces Act was first read on May 24, 2017, receiving Royal Assent on June 7, 2017 with the final regulations being passed in early December 2017 and coming into effect on January 1, 2018. One of the primary reasons for this bill being introduced was due to the fact that the rules that govern our workplaces had not been updated since 1988. The purpose was to provide Albertans with modern, balanced workplace legislation that protects the rights of hardworking Albertans and helps businesses to stay competitive .

However, the challenge with the legislation has been more about the lack of consultation, education, awareness and balanced approach that workplace legislation should require. There was a significant difference between how the change in legislation was handled in 1988 and how the legislation was most recently handled. With only 36 days of consultation compared to the previous two year process and thorough review. When the legislation was last amended in 1988, a specific commitment was made to a thorough review of labour legislation in the province. There was some discussion about how that commitment should be met, and there was an unprecedented process initiated. The process, first of all, was that of appointing a multisector-based committee of Albertans[26]. With the speed at which the changes occurred most recently, the very narrow consultation period and short implementation period,

---

[26] *Alberta Hansard, May 25, 2017:* http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/hansards/han/legislature_29/session_3/20170525_1330_01_han.pdf#page=17

there remains the question as to how this resulted in balanced workplace legislation that would help business stay competitive.

Additionally, *Bill 30: An Act to Protect the Health and Well-being of Working Albertans* was first read on November 27, 2017, receiving Royal Assent on December 15, 2017 with most changes coming into effect June 1, 2018[27] and some amendments to the Worker's Compensation Act coming into force on January 1, 2018. There was 9 weeks of consultation[28] with input closing on October 16, 2017. The purpose of this bill was to update occupational health and safety requirements and to enshrine the three rights for workers, making sure that harassment is defined and included in occupational health and safety, making sure that responsibilities for all workplace parties are clearly defined, and on the WCB side making sure that we have a sustainable system that provides the supports that Alberta's workers need[29].

Both of these Bills have introduced questions and concerns with affected employers, with uncertainty in some areas, a lack of clarity in others and minimal promotion, education and support currently provided on these changes. Call centres have experienced higher than normal call volumes coming into January 2018, with online inquiries receiving an automatic reply to allow three working days for a response.

The primary concern remains with the disconnect that exists between Government legislation and those that are required to implement the changes. It is unclear to stakeholders as to why the Government continues to feel that legislation needs to be passed so quickly without appropriate and adequate consultation and subsequent education with stakeholders to ensure a balanced and fair approach to legislation is taken.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Reduce the frequency and speed of legislative changes, taking into consideration the scope and implementation requirements of legislative changes being proposed;
2. Ensure that there is inter-departmental collaboration within ministries to avoid layering of legislative changes and the subsequent impacts;
3. Take a balanced approach in both consultation and legislative changes to reduce burden on business and provide for a reasonable time for consultation, implementation or enforcement period, while taking into consideration economic, cost and implementation impacts;
4. Provide an overview of legislation changes that are being considered in advance that will have an impact on specific stakeholder groups so that organizational changes and workload requirements can be determined and planned for in advance;
5. Conduct additional consultation with stakeholders after legislation is first introduced to identify any gaps, challenges or implementation concerns to ensure legislation and regulations are balanced and can be clearly interpreted once coming into force;
6. Provide more timely and accurate information and education to impacted stakeholders in advance of changes, providing stakeholders time to adjust to long term decisions around change management and operational systems;

---

[27] Occupational health and safety changes: https://www.alberta.ca/ohs-changes.aspx

[28] Alberta Handsard, November 30, 2017: http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/hansards/han/legislature_29/session_3/20171130_0900_01_han.pdf#page=5

[29] Alberta Hansard, December 12, 2017: http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/hansards/han/legislature_29/session_3/20171212_1930_01_han.pdf#page=23

7. Implement additional staff training, extended hours and increased support in government call centres that will be subject to increased volume and inquiries as a result of legislative changes.
8. Ensure timing of legislative changes and information is done with enough advance notice that businesses can plan in order to prevent administrative burden from occurring right at or before a calendar year end when businesses and organizations can be closed, on skeleton staff or managing yearend activities.

Market Access for Alberta Based Energy Products

Issue

Alberta businesses will benefit from policies that help our people, products and services find new markets. Better market access will promote increased growth in the resources extraction and value-added industries. Action needs to be taken by the Government of Alberta to facilitate its existing hydrocarbon industry and attract more companies.

Background

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

Our pipeline infrastructure has economic significance to Albertans and all Canadians. Due to the lack of pipelines to markets other than the U.S., Canadian producers are forced to sell their products at a discounted price. Bottlenecks in our infrastructure have exacerbated the price gap between Western Canada Select (WCS) and West Texas Intermediate (WTI), which has ranged from $7 to nearly $40 per barrel in recent years.[30]

This discount on Alberta oil has a severe negative impact on our economy. The Canadian Chamber of Commerce estimates that a $10 improvement in the price differential would result in $50 million injected into Alberta's economy every day.[31] Continued pipeline paralysis amounts to an extraordinary transfer of wealth from Canada to the United States.

Market access impacts the value-added sector as well. The American Chemistry Council estimates that while over $250 billion in new chemical investments are announced or underway in North America, only 1% of this investment is located in Canada.[32] Investors have identified the transportation service being a concern in competitively accessing markets in a timely manner. Alberta has seen investors more inclined to invest in the US to hedge against logistical uncertainty and to guarantee access to tidewater than invest locally. As Alberta promotes further investment opportunities to build upon our existing industries, it will be critical to ensure that all pipeline, road, and rail transportation services are readily available and

30 Alberta Economic Dashboard

31 http://www.chamber.ca/media/blog/130917-50-Million-a-Day/

32 https://www.canadianchemistry.ca/library/uploads/2018_CIAC_Pre-Budget_submission_-_July_10_Final.pdf

provide reliable and competitive service that supports the government's strategy for product and market diversification.

The energy industry has been a critical component in the growth of Alberta's economy. Economic surplus captured by Alberta businesses is reinvested in the economy and creates a more productive and prosperous population. Tax revenues that flow from the hydrocarbon industry provide stable cash streams to support the delivery of services by government. The greater the economic value that is captured from the hydrocarbon industry, the greater the well-being of Alberta's business community and population.

In 2018, the Government of Alberta established the Market Access Task Force to respond to challenges facing the construction of critical infrastructure projects, namely, the Trans Mountain Pipeline Expansion Project[33]. The objectives of this Task Force are,

- consider any and all measures to ensure that all provinces respect their constitutional responsibilities
- assess Alberta's current national market access situation including pipeline and rail infrastructure, issues, opportunites, economic impacts, legal implications and relationships
- openly share information and intelligence among Task Force members to ensure decisions are fully informed
- provide recommendations to advance Alberta's oil and gas market access though pipelines, rail or other means
- provide advice for tangible market access promotion that Alberta could consider and act as an informed and confidential sounding-board to test Alberta government responses to market access issues
- explore opportunities for government and industry to work jointly to advance Alberta's oil and gas market access
- provide legal advice to government on priorities and mechanisms to leverage efforts where engagement actions are being considered
- prepare responses to market access decisions and policy changes in other provinces over which Alberta has limited influence

Conclusion

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

Expanded infrastructure to access diverse markets for hydrocarbon products can position Alberta businesses to fully benefit from the hydrocarbon industry in the long term, by transforming Alberta producers from price takers into leaders.

---

[33] https://www.alberta.ca/market-access-task-force.aspx

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

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

Economic Development and Trade

Support Biotech in Agriculture

Issue

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

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

Farmers, who represent less than 1% of Canadian population, have difficulty in making their voices heard in society[34]. Urbanites and those removed from agriculture have difficultly gaining accurate information regarding how their food is grown and sufficient insight as to the vast complexities and technology advancements associated with modern agriculture. This has created a disconnect between the reality vs perception of modern agriculture, especially when it comes to GMO crops.

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

Background

Genetically Modified Organisms (GMOs) is the evolution and usage of modern science to combine desired traits in plants. For thousands of years ago farmers realized they could vastly increase their yields by combining and focusing on certain traits of organisms. Only the most productive livestock would be allowed to reproduce and only the seeds from the largest and most productive crops would be planted the following season. Thus, the food we eat today is the result of thousands of years of genetically engineering organisms through selective breeding. The recent evolution of the very useful Canola from the far less useful Rapeseed is a perfect example of the incredible benefit selective breeding can have on agriculture[35].

---

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

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

GMOs have resulted in a massive leap forward in modern agriculture by creating species of plants that increase yields, increase water efficiency, reduce the need for pesticides, reduced fertilizer, and even reduced tillage (a significant source of green house gas)[36]. Not only will GMOs play a major role in feeding a growing population reliant on very few food exporters, but they will also play a major role in reducing the environmental impact of agriculture.

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

> *"The science is quite clear: crop improvements by the modern molecular techniques of biotechnology is safe ... The World Health Organization, the American Medical Association, the U.S. National Academy of Sciences, the British Royal Society, and every other respected organization that has examined the evidence has come to the same conclusion: consuming foods containing ingredients derived from GM crops is no riskier than consuming the same foods containing ingredients from crop plants modified by conventional plant improvement techniques[37]."*

Today's Canadian GMO crops include corn, soybeans, sugar beets and canola, are of tremendous importance to the Canadian economy. Canola alone is now sown on over 20 million acres and provides a $19 Billion contribution to the Canadian economy[38]. Since the introduction of GMO Canola in 1995 (comprising 90%+ of cdn canola), yields have climbed from 21 bushels per acre to over 41[39]. Soil erosion has decreased 66%, greenhouse gas emissions have decreased by 26%, and fuel usage has been reduced by 31%[40].Since the introduction of GMO corn in Ontario, yields have climbed 69% while herbicide and insecticide use has dramatically decreased.

Additionally, there are many Genetic Engineered traits that will greatly enhance food quality such as the Arctic Apple which is engineered to resist browning[41]. The newly approved Innate Potato resists bruising, reducing waste, and has reduced levels of asprigine, a compound that increases levels of the likely carcinogenic acrylamide[42]. Despite the plethora of benefits many businesses refuse to use GMO products because of the public's negative misconceptions. Canada has been a leader in the development and adoption of Genetic Engineering in agriculture resulting in her having a leadership role in the use of this

---

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

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

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

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

[40] Ibid.

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

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

technology globally. This has enabled Canada be one of six countries in the world capable of exporting food.

Food producers are continually stressed to keep up with demand from a growing population with a quickly rising middle class desiring more input intensive food. 75 years ago 1 farmer only made enough to feed 19 people. In 2010 that number rose to 155 people and the reason is the massive leaps forward in technology[43]. It's imperative for the ongoing economic viability of the agriculture sector and the food security of our nation that genetically modified foods to be properly recognized as the safe and stable source of food that they are.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

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

Energy

Small-Scale Renewable Energy

Issue

AESO (Alberta's Electricity System Operator) is pursuing a complex transition to move Alberta's energy market from an EOM (Energy Only Market) to a CM (Capacity Market). One of the goals of this new market is to achieve 30% renewable energy generation by 2030. The chief obstacle to encouraging the kind of growth and diversification of generation required to move the energy market away from traditional carbon-based generation systems to renewable sources is a historically low market price for electricity combined with a government commitment to cap consumer power prices at 6.8 cents per KwH for the foreseeable future. (The pool price for generators is currently about 1/3 of this). This challenging price market has made it difficult for small-scale renewable energy projects to enter the market. However, there are distinct advantages to promoting the growth of small-scale renewable energy projects across the province. This paper will argue in favor of measures which will enable that growth.

Background

Due to new initiatives by the Government of Alberta, the province's electrical systems are facing major changes over the next decade, changes that bring with them their share of challenges, as well as opportunities. Acting on the recommendations put forward by the Climate Change Advisory Panel, the government has directed AESO to pursue a target of "30 by 30", or 30% renewable electricity generation by 2030, with the goal of eliminating coal-generated electricity by 2030. Furthermore, the very structure of the electrical market will be changing from an Energy-only Market, a market model where power plants are paid only for the energy they actually produce, to a Capacity Market Model, where generators are paid for having generation available to supply, whether or not any energy is actually produced and supplied. This market change is being made in the expectation that it will develop an energy grid that is more reliable and resilient.

These changes are being made in a very challenging environment. For one, the operator is looking to phase out coal-generation, while growing renewable capacity, in a rapid-growth market. According to AESO, the demand for electricity in Alberta is projected to grow by 2% per year, for the next 20 years. That's equivalent to adding a city the size of Red Deer each year. Furthermore, Alberta is coping with a historically low energy price, a situation that is great for consumers, but which makes attracting investment – especially small-scale investment – a real challenge. In November 2016, the provincial government also capped energy prices at 0.068$ per KwH (about double what it is now) in order to provide consumer protection in the event of rising prices.

The result is that while the government is looking for new renewable energy generation projects to diversify the market, add capacity, and offer clean alternatives to traditional Firm Generation methods, market forces make it infeasible for new projects to be pursued. Even utility-scale projects cannot be attracted without the supports designed into the current Renewable Electricity Program to make them viable. The result is that investment is constrained and will be isolated into a small number of large-scale projects rather than diversified into numerous smaller projects.

There are distinct advantages to encouraging the development of small-scale renewable energy projects through regulatory means. First, most large-scale renewable energy projects are Intermittent Generation facilities, meaning that they do not generate energy continuously, but rely on environmental factors such as wind or sunshine to produce electricity. With a growing portion of the electrical grid relying on these generation methods, and insufficient battery facilities available to distribute power production over time, it is important for AESO to explore ways to encourage Firm Generation methods that rely on renewable technologies. These facilities do exist in the form of biogas generation plants, geothermal generation, and several others, however they are relatively expensive to construct and operate, are more difficult to scale up, and most fall in the range of small-scale renewable energy projects (up to 5MW). However, encouraging the development of these facilities and technologies will build reliability, stability, and capacity into the electrical grid, while contributing to the ’30 by 30’ target. Investments in this sector will also encourage innovation in renewable energy production, as enterprising operators seek ways to make the processes more efficient, scalable, or pursue new methods of renewable production. Smaller generators such as these will necessarily be distributed more evenly around the province, creating local system dependability, relieving capacity pressure on expensive long-range transmission systems, and building firm generation capacity into local grids to offset dependency on Intermittent Generation.

In the current policy environment, while investment money exists in public coffers, it only makes sense to hedge our public bets by diversifying into the small-scale renewable energy market.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Create a program or carve-out for small-scale renewable electricity generators (0.1MW - 5MW) to specifically address the gap in market regulations and programs for renewable electricity generators exporting to the grid with a plant capacity of < 5MW.
2. Use a levelized cost approach to subsidize electricity prices at a fixed price for these small generators in order to make the industry viable, as an investment in capacity building and innovation within the sector. The carve-out would allow project developers to apply to sell electricity at this price, within this carve-out, which would be fixed and guaranteed for 20 years in order to provide the necessary investor confidence. This fixed price system within the carveout would foster investor confidence, ensure investment return and continued plant operation, while allowing small-scale renewable generators to operate, innovate, and contribute to the climate leadership plan and AESO’s ’30 by 30’ targets.
3. Grandfather existing small-scale renewable generators into the new program or carve-out to support their continued operation.
4. Prioritize grid connection for small-scale, renewable (low-carbon) generation capacity. Grid connection costs, metering and infrastructure costs should be reduced or subsidized.
5. Fund this program through an appropriate source, such as revenue generated from the Climate Leadership Plan.

Environment and Parks

Water for Sustainability

Issue

The Canadian Chambers of Commerce is concerned about how best to deal with the significant pressures Canada is facing on its water resources, both surface and ground water. There are ever-increasing demands for the water resource. The limits of available water have been reached in the southern portion of the province, and concerns are rising about the adequacy of water resources to support continued economic development in the central and northern parts of the province.

Background

The past several years has provided us with numerous examples of the need for better water management throughout Canada. The floods, the droughts, the pollution problems in Canada's rivers and lakes, the waterborne infectious diseases, the issue of water exports, the variability of our climate and the impact of human activities on the climate all speak to the need for federal, provincial and municipal governments to develop appropriate and integrated strategies for managing one of our most precious resources. Towards this end, and to sustain quality of life, healthy water quality and economic well-being, the Canadian Water Resources Association (CWRA) has circulated "sustainability principles" for water resources management. In addition, CWRA has also created a roadmap report titled Toward a Canadian National Water Strategy, illustrating a method to develop a Canada-wide water strategy.

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

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

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

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

The following is a quote from a report prepared by CWRA and released in the fall of 2010:

Recognizing the need for an integrated and over-arching national water strategy, Canada's water stewards are initiating the development of a vision-based strategy aimed at harmonizing policy and management objectives across jurisdictional divides, enhancing the effectiveness of management at all levels, selecting the priority actions requiring immediate attention and strengthening local watershed-based water management to deal with these issues.

Sectors that are encouraging increased co-ordination, collaboration and integrated resource management include:

- *International and bi-lateral organizations i.e., U.N., International Joint Commission;*
- *Council of Great Lakes Mayors;*
- *Federal Agencies – Agriculture and Agri-Food Canada, Department of Fisheries and Oceans, Environment Canada, Health Canada, Transport Canada, Natural Resources;*
- *National Governmental Collaborations and Councils – e.g. CCME, Federation of Canadian Municipalities;*
- *Provincial and Territorial governments and agencies;*
- *Canada's Aboriginal leadership;*
- *Watershed organizations (e.g. Watershed Authorities, River Basin Councils, Ontario Conservation Authorities);*
- *National and local non-government organizations;*
- *Business, Industry and Labour Organizations and Corporate Champions; and*
- *Transboundary Watershed Management – e.g. Prairie Provinces Water Board.*

Each sector is contributing independently to this National Water Agenda. It is timely to put our minds together to develop this essential overarching strategic framework or Vision of a Canada Wide Water Strategy.

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

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

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

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

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

Water touches all our lives and is a significant factor in the economy of all sectors, but good information about the water resource base and various uses as well as economic value is lacking. The development of an effective water policy and strategy can only be undertaken with full knowledge of the quantity and quality of total water supply along with comprehensive information on water use. As well as knowing the value of water and its contribution to the Canadian economy. Reporting of water impacts, uses and return flows is an essential part of adopting a watershed approach to water resource management.

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

1. Participate in any national initiatives that bring the provinces and territories together in addressing water issues of national importance. These initiatives should be undertaken by the Canadian Council of Ministers of the Environment.
2. Continue work with the provinces, territories and the United States to ensure there is consistent and effective management of watersheds that cross provincial and international borders, including agreements on water sharing and water quality.
3. Continue to provide expertise and financial requirements to Watershed Planning and Advisory Councils for developing and implementing water management plans for each basin and ensuring that these costs are not downloaded as primary responsibilities of municipalities:
    a. Take a proactive role with respect to feasibility studies, infrastructure development, water supply, and conservation projects.
    b. Support research and data collection for proper forecasting of stream flows and possible long-term flow changes, which may impact development activities in the areas of water management.
4. Encourage all federal government departments with an interest in water to participate in any activities related to the development of a Canada-wide water management strategy and to use a cross-ministry team approach to develop such a strategy.
5. Continue to communicate and promote conservation measures and watershed protection, and to increase public awareness of the water management roles and responsibilities of municipalities, provinces, territories, irrigation districts, basin councils and watershed groups throughout the country.

6. Continue to use partnerships and provide funding that will support and promote regional, place based, stakeholder-driven solutions.
7. Encourage a nation-wide database of water risk information and an eco-service asset assessment.

Finance and Treasury Board

Add Consistency to the Tax Act Through Indexing

Issue

The Canadian Department of Finance began indexing the tax brackets on every Canadian's tax return in 1988. However, the Finance Department has failed to index a number of deductions which, in effect, has Canadians paying unfair taxes in certain areas. Two specific examples that affect the business community are the deduction of child care costs and Canada Pension Plan contributions.

Background

The practice of indexing was implemented to prevent "bracket creep" where, as a result of a cost-of-living increase, the taxpayer was bumped up into the next tax bracket and, as a consequence, took home no additional monies.

Current deductions for child care, only applicable for children under six years of age, are capped at $8,000 per year. While this deduction limit was recently increased from the 1998 level of $7,000 per year, the amount of the increase is neither in line with inflation figures nor the substantial rise in child care costs. (Average national annual rate of inflation 1998-2017 – 1.91%)[44]. A parent returning to the work force must make a financial decision of how much their take-home income is benefiting the family versus the cost of being away from the children and paying for care.

Canadian Centre for Policy Alternatives reported "child care fees in much of Canada are too expensive for many, if not most families – low – and middle income alike." Median monthly fees for child care are $980 in Calgary, $885 in Edmonton, and have similar costs in rural parts of the country.[45]

The net cost to families for child care leaves little incentive for parents to enter the workforce unless absolutely necessary. With chronic skilled labour shortages across Canada persisting, it is incumbent upon government to make workforce engagement as appealing as possible for young parents.

There are many tax credits that are indexed, along with the tax brackets, yet a number of glaring areas that are not. This inconsistency adds to the complication of the Canadian tax system, costs business, and weakens Canada's workforce by discouraging labour force participation.[46]

---

[44] "Inflation Calculator." http://www.bankofcanada.ca/rates/related/inflation-calculator/ Bank of Canada. Retreived on 10 February 2018.

[45] "Study reveals highest and lowest child care fees in Canadian cities in 2017," https://www.policyalternatives.ca/newsroom/news-releases/study-reveals-highest-and-lowest-child-care-fees-canadian-cities-2017 Canadian Centre for Policy Alternatives. 12 December 2017.

[46] "CPP contribution rates, maximums and exemptions." http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/cpp-rpc/cnt-chrt-pf-eng.html#nt1 Canada Revenue Agency. Retreived on 10 February 2015.

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

1. Apply indexing to all exemptions, deductions and contribution limits applicable in the *Income Tax Act* and the *Excise Tax Act* so Canadians and businesses are not unfairly taxed.

Consolidating the Administration of the Provincial and Federal Corporate Tax Compliance and Collection

Issue

Alberta is one of two remaining jurisdictions in Canada that has not consolidated its corporate income tax with the federal government. The duplication of filing requirements imposes an additional tax compliance burden and creates unnecessary compliance risks for Alberta businesses. Currently, an Alberta corporation must file one return with the Canada Revenue Agency and another with the Alberta Tax and Revenue Administration division of Alberta Finance. It was only last year that Alberta started permitting companies to file electronically under certain circumstances – making it the last provincial jurisdiction to do so in Canada. Online filing has simplified certain tax compliance functions, but there remain nine schedules which cannot be filed electronically, resulting in added complexity since certain returns can be electronically reported while others must be mailed or faxed. From a tax compliance perspective, this continued duplication of functions, including reporting, auditing, and returns, is a source of frustration and red tape that cannot continue within the current environment of spending restraints and austerity.

Background

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

Since 1962 tax collection agreements (TCAs) have provided an administrative and legislative framework for the harmonization of tax structures, while respecting provincial and federal governments' rights to impose personal and corporate income taxes.

The TCAs do not prevent the provinces from continuing to establish their own tax calculations independently of the federal tax calculations. The agreements assign responsibility to the Canada Revenue Agency (CRA) to collect provincial corporate taxes and administer provincial taxes on behalf of the provinces. In 2006, Ontario signed a memorandum of understanding with the federal government to consolidate its corporate income tax system by December 31, 2008, leaving Alberta and Quebec as the only jurisdictions without TCAs.

According to a 2006 Ontario Fiscal Review, consolidation of the corporate income tax was expected to save Ontario businesses $90 million annually from a consolidated tax base and an additional $100 million annually in compliance costs.[47] In a 2008 report, PriceWaterhouse Coopers indicated that consolidation

[47] Ontario Ministry of Finance. Fall Statement – 2006 Ontario Economic Outlook and Fiscal Review – Annex IV. (2006, accessed 3 January 2012); available from http://www.fin.gov.on.ca/en/budget/fallstatement/2006/06fs-paperd.html; Internet.

would significantly reduce the compliance burden of tax filers.[48] The benefits of moving ahead with eliminating the duplication of corporate tax collection are proven with 11 out of 13 jurisdictions in Canada taking advantage of the cost savings and compliance efficiencies it creates.

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

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

[48] PricewaterhouseCoopers. Tax Memo: Ontario Tax Harmonization: What it Means for Corporations? January 11, 2008.

Off-Road Fuel Rebate

Issue

Some businesses whose operations use licensed vehicles off public roads pay fuel taxes intended for the maintenance of infrastructure they don't use. A rebate for these inappropriate taxes would support the growth of industries such as oil, gas, and logging.

Background

In 2011, Alberta eliminated rebates for fuel purchased for off-road purposes in licensed vehicles. This rebate provided relief for businesses who drove their vehicles predominantly off public roads during exploration or on private roads. Extraction industries, particularly mining and logging were particularly impacted by the change. In addition, businesses operating in non-urban and northern areas of the Province are disproportionately affected given that non-maintained roads vastly outnumber maintained roads and highways in those regions.

By allowing businesses to claim back a portion of the taxes paid at the pump, the Alberta government had demonstrated a long-term commitment to ensuring fairness, by rebating the portion of taxes collected on fuel that is not expended on the roads these taxes are meant to maintain. When the Province announced its elimination of former rebate programs, it cited abuses by subscribers who drove their licensed vehicles on publicly-maintained roads and highways. While most licensed vehicles are operated in part on public roads, an effective rebate could account for this by requiring applicants to account for the extent of their off-road use in applications. This proportion would ensure that appropriate and fair taxation is extracted from all users. Similar accounting and rebating methods are already implemented for many businesses regarding the use of vehicles used for both personal and business purposes.

Four other provincial counterparts, currently offer rebate programs for licensed vehicles used in mining operations. With businesses located in other provinces eligible to claim upwards of 11.5 cents per litre on clear diesel and gasoline, Alberta businesses are at a significant disadvantage.

If Alberta is to maintain and strengthen its position as a global energy leader, it must restore the competitiveness of and fairness for its businesses by developing a rebate that directly impacts their operations.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Implement a rebate on fuel taxes for licensed vehicles to the extent they are used for business purposes off publicly-maintained roads.

Finance and Treasury Board

Returning Alberta to Balanced Budgets

Issue

The Government of Alberta's *Budget 2018* puts forward a path to return to balanced budgets by 2023. However, this plan is predicated on factors outside provincial control, and will leave Alberta with a debt of $96 billion. The Province needs to establish a credible plan to restore to fiscal stability and balanced budgets.

Background

Dependence on Oil & Gas Revenues

Provincial revenues, like the Alberta economy itself, are heavily dependent on oil & gas. Resource revenues represented nearly 20% of total revenue in 2014/15. The decline in global oil prices between 2014 and 2016 saw non-renewable resource revenue drop from $8.9 billion in 2014/15 to $2.8 billion in 2015/16.[49][50] While prices have rebounded slightly since their February 2016 low of $16.30, Alberta's oil still sells for roughly 30% less than its five-year average price.[51]

Operational Spending

Budget 2018 represents a 4.3% increase in operating expenses compared to *Budget 2017.*[52] This continues the trend of growing government operating expenses well above population growth and inflation, which is forecast at 3.5% for 2018/19.[53]

If the Province continues down the path set out in *Budget 2018*, Alberta's debt will reach $96 billion in 2023.[54] Alberta's debt servicing costs will reach $2.9 billion by 2020.[55] This is larger than ministry budgets for Energy, Culture and Tourism, Environment and Parks, Economic Development and Trade, Labour, and Infrastructure combined.[56]

This continued trend of growing government spending without a clear plan to address the deficit was a major factor in Alberta's credit rating being downgraded by credit rating agency Standard and Poor's.[57]

---

[49] Government of Alberta Annual Report 2014-15, Executive Summary, Page 3
[50] Government of Alberta Annual Report 2015-16, Executive Summary, Page 3
[51] http://economicdashboard.alberta.ca/OilPrice
[52] *Budget 2018* Fiscal Plan, page 143
[53] *Budget 2018* Fiscal Plan, page 14
[54] http://www.cbc.ca/news/canada/edmonton/alberta-budget-2018-reactions-1.4589249
[55] *Budget 2017* Fiscal Plan, page 143
[56] *Budget 2018* Fiscal Plan, page 139
[57] http://finance.alberta.ca/business/investor-relations/credit-ratings/Standard-and-Poors-2016-0519-Credit-Analysis-Report.pdf

With little fiscal restraint, the absence of a credible plan to end deficits, and no path forward on how the growing debt will be repaid, Alberta's current fiscal path is not sustainable.

Back to Balance

Considering local and global factors and the cumulative impact of policy decisions influencing Alberta in the coming years, the Alberta Chambers of Commerce urge the provincial government re-examine its fiscal priorities. The Province should focus on long-term economic sustainability, enabling businesses to remain competitive and confidently plan for the future.

Budget 2018 set out a plan to return to balanced budgets in 2023-24. This plan, however, depends heavily on factors outside the Province's control, including the completion of Trans Mountain and a resulting increase in royalties paid to the Province. Given the vocal and ongoing opposition to this project, and continued uncertainty surrounding future oil prices, growing oil royalties should not relied-upon for increasing public spending.

The Province should instead focus its path to balance on factors which are within government's control, like the growing operating costs of government. To that end, the Alberta Chambers of Commerce recommend the government consider all options for an appropriate mix of revenue tools and a sustainable program of expenditures without disadvantaging businesses. This begins with a review of programs and services. While results-based budgeting and other internal processes have been conducted in the past, with mixed results, municipalities are showing a new path forward.

Cities including Edmonton, Medicine Hat, and Calgary have undertaken extensive reviews of their programs and services. These reviews are aimed at ensuring municipal services are well-run, providing quality public services for residents while remaining cost-effective. When cost-saving measures are found, City administration is expected to implement those measures. A key element to this process is the inclusion of external stakeholders to participate in reviewing and improving City services. The Alberta Chambers of Commerce recommend the Province undertake a similar review.

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

1. Establish a long-term plan to achieve a balanced budget by eliminating operational expenditure growth.
2. Adopt an ongoing position of fiscal restraint and controlled spending by launching a full program and service review, including input from external stakeholders, as is being done in Alberta's largest cities, and report publicly on the results of this review.
3. Consult broadly with external stakeholders regarding the optimal approach to stabilize government revenues and expenditures, including an assessment of all available revenue options and tools, as well as cost containment, service level examination and fiscal restraint measures.
4. Negotiate government labour agreements due for renewal with a target of no staffing increases and zero percent increases in salaries until the currently depressed labour market has turned positive and rebounded sufficiently to justify wage growth.

Finance and Treasury Board

Securities Regulation

Issue

Since the Supreme Court of Canada ruled that the Federal Government does not have the jurisdiction to implement a National Securities Regulator, vast opportunity has emerged for implementation of an inclusive and harmonized passport system of securities regulation that includes all provinces and territories.

Background

On December 22, 2011 the Supreme Court of Canada released its unanimous decision in the Federal Government's reference on the constitutionality of the proposed legislation to create a National Securities Regulator. The legislation was found to be in pith and substance legislation relating to "property and civil rights" and therefore ultra vires the federal Government's powers.

While ruling that the proposed legislation was not constitutional, the Supreme Court of Canada did not completely close the door to a role for the Federal Government in a cooperative scheme of securities regulation. The Court stated:

> *[130] While the proposed Act must be found ultra vires Parliament's general trade and commerce power, a cooperative approach that permits a scheme that recognizes the essentially provincial nature of securities regulation while allowing Parliament to deal with genuinely national concerns remains available.*
>
> *[131] The various proposals advanced over the years to develop a new model for regulating securities in Canada suggest that this matter possesses both central and local aspects. The same insight can be gleaned from the experience of other federations, even if each country has its own constitutional history and imperatives. The common ground that emerges is that each level of government has jurisdiction over some aspects of the regulation of securities and each can work in collaboration with the other to carry out its responsibilities.*
>
> *[132] It is not for the Court to suggest to the governments of Canada and the provinces the way forward by, in effect, conferring in advance an opinion on the constitutionality on this or that alternative scheme. Yet we may appropriately note the growing practice of resolving the complex governance problems that arise in federations, not by the bare logic of either/or, but by seeking cooperative solutions that meet the needs of the country as a whole as well as its constituent parts.*
>
> *[133] Such an approach is supported by the Canadian constitutional principles and by the practice adopted by the federal and provincial governments in other fields of activities. The backbone of these schemes is the respect that each level of government has for each other's own sphere of jurisdiction. Cooperation is the animating force. The federalism principle upon which Canada's constitutional framework rests demands nothing less.*

Following the decision, former Federal Finance Minister Jim Flaherty stated his desire to make arrangements with the provinces to proceed with a Canadian securities regulator to deal with those aspects of the securities market that are interprovincial and global. Mr. Flaherty also stated it was clear in the Supreme Court of Canada judgment that the day-to-day regulation of securities will remain with the provinces.

As the Supreme Court of Canada recognized:

[42] …. Since 2008, all provincial and territorial jurisdictions except Ontario participate in a "passport regime" based on harmonized rules that allow issuers and market intermediaries to engage in activities in multiple jurisdictions while dealing with a single principal regulator.

The passport model has been a confidence-building step towards a complete and expanded fully national version of the system. Previous arguments to the Wise Persons' Committee that reviewed the issue still hold true: *"Local securities regulators tend to be well attuned to the strengths, weaknesses, needs and resources of their local capital markets and local market participants (issuers, investors and intermediaries). Just as our economy exhibits strong regional characteristics, with certain industrial or economic sectors being particularly prominent in some provinces and territories and much less so in others, so our securities commissions have developed strong and complementary local expertise.*

The reformulation and harmonization of policy instruments, a process now well advanced, has considerably diminished differences in the legal framework between jurisdictions"

Given the Supreme Court of Canada's rejection of the proposed National Securities Regulator, a renewed effort should be made to bring Ontario into the Passport System and to continue to harmonize provincial regulation through National Instruments developed in that system. The Passport System should be the model for harmonization of Canada's securities regulatory regime into a coordinated national system.

Sound and effective securities regulation is critical to fostering investor confidence and attracting capital. Access must be as cost effective and convenient as possible while providing an exemplary level of investor protection. To date, the passport system appears to be effective in achieving these goals for participating provinces and territories.

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

1. Work with the provinces and territories to maintain and support the Passport Agreement, build on securities passport improvements that have already been made by participating provinces and territories, and move towards national harmonization by way of a well-designed, well monitored, nation-wide passport system for securities regulation that includes all provinces and territories.

The Alberta Chambers of Chamber of Commerce recommends that the Government of Alberta and the Governments of all Provinces:

2. Cooperate with the federal government to provide a role for the federal government in the enforcement of securities regulation and in other areas of federal jurisdiction, in order to enhance the functionality of a nation-wide passport system.

Finance and Treasury Board

Tax Agency Accountability

Issue

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

Background

As small business accounts for 98 per cent of business in Canada, employing 71 per cent of the labour force in the private sector, it is apparent that small businesses are the backbone of Canada's economy[58].

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

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

The CRA has held a number of consultations through 2012, 2014, and 2016 with the goal of reducing red tape and improving service for small and medium businesses. Across the country and through the years the feedback provided to the CRA has remained remarkably consistent. Businesses want to:

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

In the fall of 2017 the Auditor-General tabled a report in the House of Commons that found the CRA actively blocked calls from taxpayers in order to falsely say it met its service standards of keeping people waiting less than two minutes. Between March 2016 and March 2017 the CRA answered only 36 per cent of calls. The report also found that the number of errors made by CRA agents was drastically

---

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

underreported. The CRA reports an 6.5 per cent error rate compared to the 30% error rate observed by the Auditor-General's office[59].

Despite ongoing efforts at reducing red tape and improving service, frustration and complaints about dealings with the CRA and TRA remain. Reports of significant administrative burden, lack of timeliness, professionalism and predictability when dealing with regulators, lack of coordination between regulators, and a lack of fundamental understanding of the realities of small business continue to hamper business prosperity and growth[60].

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

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

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

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

---

1 Industry Canada Key Small Business Statistics July 2010. http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/eng/h_rd02488.html

2 Canada Revenue Agency Form RC4483. http://www.cra-arc.gc.ca/formspubs/pbs/rc4483-ctntmspdt-eng.html

3 CRA maintains regular updates of "ongoing action items" which it updated in November of 2009. No further updates have been published since that time.

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

---

59 2017 Fall Reports of the Auditor General of Canada to the Parliament of Canada. http://www.oag-bvg.gc.ca/internet/English/parl_oag_201711_02_e_42667.html

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

Justice

Preparing Alberta for the Legalization of Cannabis

Issue

On April 13, 2017, the federal government introduced legislation to legalize cannabis in all provinces and territories by July 2018. This will make the possession of cannabis for personal recreational use legal across the country. Adults will be allowed to possess up to 30 grams of legally produced cannabis and grow up to four cannabis plants per household.

Background

Although cannabis is being legalized by the federal government, many of the regulatory decisions are being left up to the provinces and territories. The Government of Alberta has released its draft Alberta Cannabis Framework, focused on four policy priorities: keeping cannabis out of the hands of children; protecting public health; promoting safety on roads, in workplaces, and in public places; and limiting the illegal market for cannabis. The Framework outlines the Province's intention to create standalone cannabis retail outlets, but does not indicate who will operate these outlets. Retail outlets might be operated by government, as proposed Ontario and Quebec. Alternatively, Alberta could allow private retail outlets, which would be similar to existing liquor stores in the province.

The Benefits of a Private Retail Cannabis Sector

The pending legalization of cannabis will create business opportunities for those entering the new legal marketplace, especially for small businesses. A private cannabis retail model, based on the model used to oversee Alberta's private alcohol retailers, would provide Alberta with robust business and job creation while supporting economic diversification.

Evidence from other jurisdictions suggests that a private cannabis retail model represents a huge potential market for Alberta's entrepreneurs. Denver's legal cannabis industry now has more than 1,100 business licenses operating out of nearly 500 locations. In 2016 alone, Denver realized more than $500. 1 million in cannabis sales ($288.3M in retail and $211.8M in medical). At the state level, Colorado realized over $1 billion worth of sales in 2016, with $875.3 million generated from the private retail sector.[61]

The overall economic impact derived from the private cannabis model used in Colorado is even larger. It is estimated that legal cannabis activities in Colorado generated $2.39 billion in state output, with over 18,000 jobs (Full Time-Equivalents) created in 2015.[62]

By allowing private cannabis retailers, the Province can capitalize on the administrative expertise of Alberta's private liquor model. Unlike those provinces which sell alcohol in publicly operated retail stores, Alberta does not have the infrastructure to efficiently set up and operate a province-wide retail model.

---

[61] https://www.denvergov.org/content/dam/denvergov/Portals/782/documents/Collaborative_Approach_PDF.pdf
[62] http://www.mjpolicygroup.com/pubs/MPG%20Impact%20of%20Marijuana%20on%20Colorado-Final.pdf

Transforming the Alberta Gaming and Liquor Commission (AGLC) into a retail operator would require an extraordinary capital investment and a significant organizational shift. Estimating the precise cost of this transition is difficult absent further information from the Province on it's intended retail structure, but existing estimates of these start-up costs range from $168 million to $1.7 billion.[63][64] This cost would come at a time where the province's debt is expected to reach $71 billion by 2019-20.

A private retail system could also lead to higher revenues for the Government of Alberta compared to a public system. In 2014, the C.D. Howe Institute reported that provinces with a competitive marketplace for alcohol, like Alberta, saw seven percent higher per-capita provincial alcohol revenues than provinces that had only government-operated retail stores.[65] In the 2015/2016 fiscal year, the AGLC generated $2.26 in return to government for every litre of alcohol sold, whereas the Liquor Control Board of Ontario (LCBO) only generated $1.80 per litre.[66][67] This shows the incredible efficiency of Alberta's liquor system, especially considering liquor-related operating costs of the AGLC are mere $34.9 million, compared to the LCBO's operating costs of $870 million.[68][69]

Plainly stated, the AGLC made 26% more money for each bottle of liquor sold, with no AGLC-operated retail locations, than the LCBO did with over 650 retail locations.[70]

Private retail systems in other jurisdictions have also been highly successful at raising government revenues. In Colorado in 2015, cannabis was the second-largest excise revenue source, with $121 million in combined sales and excise tax revenues being generated. In fact, cannabis tax revenues were three times larger than alcohol revenues and 14 percent larger than casino revenues. This evidence suggests that a private cannabis retail model can be highly successful at raising government revenues, which can then be used to fund other public programs.

When considering Alberta's lack of public retail capacity, the province's current fiscal position, and the relative efficiency with which a private retail model can generate tax revenue, it is clear that a private cannabis retail model should be established in Alberta.

Workplace Safety

Workplace safety issues continue to be a major concern for businesses in Alberta. A key recommendation from the federally appointed Task Force on Cannabis Legalization and Regulation recommended that the government implement an "evidence-informed public education campaign" as soon as possible.[71] As stated in our February 2017 policy on this topic, this must include encouraging adoption of workplace drug and alcohol policies.

---

63 http://calgaryherald.com/news/politics/alberta-party-says-public-cannabis-stores-too-pricey-for-a-debt-laden-province

64 https://docsend.com/view/k7kxfsk

65 https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed//Commentary_414.pdf

66 CANSIM Table 183-0025

67 CANSIM Table 183-0023

68 *ibid*

69 https://www.aglc.ca/sites/aglc.ca/files/aglc_files/2015-2016%20AGLC%20Annual%20Report.pdf

70 http://www.lcbo.com/content/dam/lcbo/corporate-pages/about/pdf/LCBO_AR15-16-english.pdf

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

A considerable concern for employers is the lack of best practices on how to develop and enforce policies regarding workplace impairment. Law enforcement protocols and provincial rules and programs on impairment exist but are not well known. These best practices could help employers to develop policies on impairment in general, in addition to addressing specific considerations for cannabis-related impairment in the workplace.

The Province's recent framework lacks detail on workplace policy, education, and other resources to help employers prepare for legalization and to understand their responsibilities and rights in dealing with impairment both generally and specifically regarding cannabis. It also lacks details on how the Province intends to deal with conflicts between employer rights and the privacy rights of their employees. The Framework states that "…before July 2018 we will review occupational health and safety regulations and work with employers, labour groups, and workers to ensure the rules continue to address impairment issues."[72] The intention to collaborate on workplace safety is appreciated but these intentions need to be put into action now to ensure businesses are as well-prepared as possible and are equipped to guarantee their employees safety.

Addressing Indoor Growing Operations

The Province has proposed allowing each household to grow up to four plants. While this is consistent with federal guidelines, it creates considerable issues related to indoor growing in commercial rental units, residential rental units and multi-family units. Growing cannabis inside a unit can create considerable mold-related damage to the property, can lead to the invalidation of insurance or skyrocketing insurance costs, and can create unwelcome odors for neighboring homes and businesses.

The issues related to indoor growing cannot be mitigated by simply growing outdoors, as the proposed Alberta Cannabis Framework prohibits outdoor growing.

The Province has proposed using landlord-tenant agreements and condo bylaws to limit the smoking of cannabis in rented or multi-family dwellings, as is done currently for tobacco. The Province should also allow these agreements to restrict the growing of cannabis in rented or multi-family dwellings. Just as buildings are currently allowed to prohibit pets or smoking tobacco, they should also be allowed to prohibit the growing of cannabis.

Public Use

Current regulations on tobacco have helped to create smoke-free work environments across Alberta. This includes smoke-free indoor areas and limits on smoking and vaporizing tobacco within prescribed distances from doorways, windows, and air intakes. The Province should extend these rules to the smoking or vaporizing of cannabis.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Create a defined private retail model for the physical and digital sale of legal cannabis in Alberta, with government oversight and consumer education.
2. Expedite the review of occupational health and safety regulations to ensure businesses can establish workplace safety policies relating to impairment and cannabis use.
3. Develop policy templates and best practices resources on workplace impairment detection and management in consultation with stakeholders.
4. Use a portion of revenues from the taxation of cannabis to develop and provide expanded education, resources, and programming to support safe workplaces and impairment policies.

[72] https://www.alberta.ca/cannabis-framework.aspx#p6241s8

5. Allow landlord-tenant agreements and condo bylaws to prohibit the smoking, vaporizing and growing of cannabis subject to the Alberta Human Rights Act.
6. Excepting appropriately licensed establishments, prohibit the smoking and vaporizing of cannabis in non-residential indoor spaces and within prescribed distances from doorways, windows, and air intakes.

Labour

Clarity Needed in Employment Standards Averaging Agreements and Treatment of Statutory Holidays

Issue

Bill 17: the Fair and Family-friendly Workplaces Act was first read on May 24, 2017, receiving Royal Assent on June 7, 2017 with the final regulations being passed in early December 2017 with a number of changes coming into force on January 1, 2018. One of the primary reasons for this bill being introduced was due to the fact that the rules that govern our workplaces had not been updated since 1988. The purpose was to provide Albertans with modern, balanced workplace legislation that protects the rights of hardworking Albertans and helps businesses to stay competitive73. However, due to the lack of consultation on the legislation leading up to and after it was introduced, there were some gaps identified by employers, particularly related to averaging agreements and the treatment of statutory holidays. Further amendments need to be made in order to clarify the implementation of these standards to ensure employees continue to benefit from averaging agreements and flexible work environments, as well as to help businesses better understand the legislation and remain competitive.

Background

Alberta's Employment Standards Code provides minimum standards of employment that applies to approximately 85% of all employment relationships in Alberta. Alberta's workplaces have evolved since the Employment Standards Code was last updated in 1988, including growth in part-time jobs, shift work and flexible schedules. According to the Government of Alberta, the changes made to the Code have been passed to support family-friendly workplaces, modernize legislation, and align the minimum employment standards with the rest of Canada[74].

However, since the legislation was passed there have been a number of concerns expressed by employers about the lack of clarity in certain areas, particularly those related to averaging agreements and the treatment of statutory holidays. Ultimately these changes could be interpreted to provide less flexibility for employees and higher costs for employers, resulting in unintended consequences for many Albertans.

Previously, compressed work week arrangements were used to allow for fewer work days in a work week, but more hours of work in a work day, paid at the employees regular wage rate. Additionally overtime agreements were previously used to allow an employer and an employee to enter into an agreement whereby an employee would take time off with pay at their regular wage rate, in place of overtime. This

[73] *Alberta Hansard, May 25, 2017:* *http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/hansards/han/legislature_29/session_3/20170525_1330_01_han.pdf#page=17*

[74] Employment Standards Code changes: https://www.alberta.ca/employment-standards-changes.aspx#toc-2

time would be taken at a time the employee otherwise could have worked and received regular wages from that employer.

As of January 1, 2018, compressed work week arrangements have been renamed "Averaging Agreements". Any banked time is earned and taken at time and a half, rather than straight time if there is not an averaging agreement in place. Employers and employees will now be allowed to agree to average work hours over a period of one to 12 weeks for the purpose of determining overtime eligibility. Work weeks may also be compressed as part of these agreements with employers that require longer cycles requiring a permit.

There are two types of averaging agreements that now exist as of January 1, 2018:

- hours of work averaging agreements (HWAA)
- flexible averaging agreements (FAA)

These agreements allow employers to schedule an employee, or group of employees, to work longer hours per day paid at the employee's regular wage rate. The employer will average an employee's hours of work over a period to determine overtime pay or time off with pay. Employers would use an hours of work averaging agreement (HWAA) for any averaging agreement between 1 and 12 weeks. HWAAs can be between groups of employees and an employer or an individual employee and employer. Conversely, FAAs between the employer and employee can be entered into only at the employee's request and can only be used for a two week period. FAAs also can only be entered into if the employee works at least 35 hours per week.

While HWAAs and FAAs provide more flexibility than was originally anticipated under the revised employment standards, there are still gaps and a lack of clarity that exists in the employment standards regulations, in addition to increased regulatory and administrative burden for business to interpret and implement these changes.

Currently there is uncertainty around the term limit of two years for HWAAs. If an averaging agreement can only be over 12 weeks, there is uncertainly if this can be a repeated cycle of agreement that cannot exceed 2 years unless it is part of a collective agreement and if a predetermined scheduled must be set up for each of the 12 week periods. There is also uncertainty around when overtime would actually apply in an averaged period and how an HWAA is applied for employees whose regular work week is less than a typical 40 or 44 hour work week. The Code is also silent regarding how time is earned and given if an employee works a standard typical work week that is less than 8/44, but wishes to bank time that would still fall under the typical overtime threshold. For example, if an employee regularly works 6 hours per day, but some days works 7 or 8 hours and wishes to bank those additional hours at straight time to be used at a later date, there currently isn't any information that clarifies if this is permissible under the Code.

Within FAAs, the same confusion exists with employees who work under 40 or 44 regular hours or even those under a 35 hour per week work week and whether they are able to have flexible hours banked up to the 8/44 threshold. Additionally the website states that the daily overtime threshold cannot exceed 10 hours, yet it states that the daily and weekly hours of work must not exceed 12 hours per day or an average of 44 hours per week under the same FAA section.

Clarity is also needed to define whether or not the "normal" overtime rules of 8/44 are presumably ignored in an averaging agreement situation, whether an HWAA or FAA.

Concern has also surfaced regarding Employment Standards silence on the issue of how general holiday pay is treated on a day that is typically not a regular work day, when an employer would typically provide an employee with a paid day off in lieu of the general holiday. It can be standard practice for many employers to provide employees a paid regular work day off in lieu of a general holiday falling on a weekend or non-regular work day, whereas under the Employment Standards currently, that employee must be paid on that general holiday regardless of whether it is a work day. The code remains silent on an employer's ability to provide a paid work day off in lieu of the general holiday when it falls on an unscheduled work day.

In the labour survey conducted by Employment and Social Development Canada in 2016[75] Canadians and stakeholders alike indicated that flexible work arrangements are available in many workplaces across Canada through employer human resource policies, informal workplace practices and collective agreements. Over 73 percent of those who responded to the survey question about whether they had asked for flex work in the past five years, said that they had and flexible scheduling and flexible work locations were said to be the top two types of flex work requested. Survey respondents and stakeholders recognized that flex work is—and should be—part of today's workplace reality. They generally agreed that flex work has advantages for employees and employers and pointed to a wide variety of benefits including reduced absenteeism and "presenteeism" (i.e. a drop in work activities while at work); workers who are healthier and feel they are better able to support their families and friends; more effective recruitment and retention, especially among millennials, workers with care responsibilities and older workers; more diverse, inclusive, engaged and healthy workplaces; increased labour market participation by workers with chronic illnesses, disabilities and mental health issues; and greater productivity and more innovative, more effective ways of working.

There was also general agreement that flexible work arrangements have real, positive impacts for many different types of workers (e.g. workers with care responsibilities, millennial and older workers and workers with disabilities) and that realizing these benefits requires not seeing flexible working as a one-size-fits-all solution. Building on the theme of "one size does not fit all," several employer and labour organizations and at least one think tank highlighted that the need for flex work is often unpredictable and that it is important for workplaces to have flexible work arrangements that respond to episodic, short-term and longer-term flexibility requirements. It was also noted that it is important for employees, employers and policy-makers to recognize that flexibility in work arrangements is related to but distinct from flexibility to take leave from work.

Overall, stakeholders and survey respondents agreed that the process for making requests should be as simple and straightforward as possible; clear about the conditions under which a request can be made (and the reasons for which a request can be denied); well documented and transparent; and handled fairly and without reprisal.

As such, we recognize that there is still much work that can be done to ensure that both employers and employees have the flexibility and clarity to enter into work arrangements that are beneficial to both an employer and employee for their respective workplace situations and environments. A one-size fits all solution is not the best solution and any further amendments should be simple to understand and easy to administer. If policy on flexible arrangements is seen to be too much of a cost or administrative burden for employers, less flexibility for employees will ultimately be the result for many.

---

[75] Flexible Work Arrangements: What was heard Employment and Social Development Canada: http://www12.esdc.gc.ca/sgpe-pmps/servlet/sgpp-pmps-pub?lang=eng&curjsp=p.5bd.2t.1.3ls@-eng.jsp&curactn=dwnld&pid=51394&did=4875

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Evaluate the cost and administrative impact that legislated labour changes have on employers;
2. Evaluate how the legislated changes within averaging agreements will positively or negatively impact flexible work environments for employees by consulting with employer groups;
3. Work with employer and stakeholder groups to find a more flexible solution to averaging agreements that will not result in more cost and administrative burden for employers and result in more flexible work environments for employees;
4. Ensure there is clarity in the regulations so that changes are easy for employers to interpret and implement;

Revise the code to clearly indicate that employers can provide a paid work day off in lieu of the general holiday that an employee would not regularly be working.

Impacts of Significant Minimum Wage Increases

Issue

In the Alberta NDP election Platform section 1.3 it was stated that the NDP Government "would ensure the benefits of better economic policies are more widely shared, by increasing the minimum wage to $15 per hour by 2018". However there are inconclusive studies regarding minimum wage in relation to the overall, long term economic benefit. The goal of poverty reduction is commendable and widely supported, but attempting to resolve this complex issue by simply implementing minimum wage increases is not the most effective solution. A more robust solution should be applied, taking into consideration living wage variances across the province, rates of taxation on low income earners, as well as recognizing the need for special minimum wage rates for workers such as students under the age of 18. By solely focusing on minimum wage as a solution to reduce poverty and a one size fits all solution, this type of public policy endeavor has the potential to result in unintended consequences to both employers and employees.

Background

All Alberta employers must pay their employees, including liquor servers, adolescents, youth and disabled persons, at least the minimum wage . The minimum wage in Alberta is set out in the Employment Standards Regulation and as of October 1, 2017 was set at an hourly minimum wage of $13.60 for most employees; a weekly minimum wage of $542 for many salespersons, including land agents and certain professionals; and a monthly minimum wage of $2,582 for domestic employees who live in their employer's home .

The table below shows the minimum wage rates across the provinces, including an after tax comparison. Interestingly, Alberta has a higher minimum wage by $2.25/hour at $13.60/hr compared to the next highest minimum wage earners in Canada in BC earning $11.35/hr. The before tax income of that difference based on 2,000 hours would result in a $4,500 difference, however in after tax income, minimum wage earning Albertans receive an extra $3098.76 per year from that amount compared to their counterparts in BC. This essentially means that nearly $1,500 in additional income from Albertans is actually going toward provincial and federal tax revenues.

	AB	BC	SK	MB	ON	QC	NB	NS	PE	NL
Minimum Wage Rate	**13.60**	**11.35**	**10.96**	**11.15**	**14.00**	**11.25**	**11.00**	**10.85**	**11.25**	**11.00**
Salary (2000 hrs)**	$27,200.00	$22,700.00	$21,920.00	$22,300.00	$28,000.00	$22,500.00	$22,000.00	$21,700.00	$22,500.00	$22,000.00
Monthly Salary	$2,266.67	$1,891.67	$1,826.67	$1,858.33	$2,333.33	$1,875.00	$1,833.33	$1,808.33	$1,875.00	$1,833.33
Federal Tax	$1,885.68	$1,255.32	$1,146.12	$1,199.28	$1,997.76	$1,008.84	$1,157.28	$1,106.76	$1,227.24	$1,157.28
Provincial Tax	$666.00	$192.60	$480.84	$1,254.72	$1,106.40	$0.00	$1,033.44	$782.52	$1,276.56	$998.04
CPP/QPP	$1,173.12	$950.40	$911.76	$930.60	$1,212.72	$1,026.00	$915.72	$897.96	$940.56	$915.72
EI	$451.56	$376.80	$363.84	$370.20	$464.76	$292.56	$365.16	$359.28	$373.56	$365.16
Personal Income Tax Rate*	10.00%	5.06%	10.50%	10.80%	5.05%	15.00%	9.68%	8.79%	9.80%	8.70%
Summary										
Before Tax Ranking	2	3	8	5	1	4	6	9	4	7
Total Tax & deducations	$4,176.36	$2,775.12	$2,902.56	$3,754.80	$4,781.64	$2,327.40	$3,471.60	$3,146.52	$3,817.92	$3,436.20
After Tax Salary	$23,023.64	$19,924.88	$19,017.44	$18,545.20	$23,218.36	$20,172.60	$18,528.40	$18,553.48	$18,682.08	$18,563.80
After Tax Ranking	2	4	5	9	1	3	10	8	6	7

Using the same modelling as above, if you kept minimum wage at $13.60 per hour and only increased by an estimated 2% per year, but eliminated personal income tax for wage earners under $30,000, workers would actually end up making more net income at a lower minimum wage rate, than if they earned $15.00 per hour with the current tax regime.

The law of demand dictates that when the price of labor rises, the quantity demanded will fall. That same law tells us that quantity demanded will decrease more in the long run than in the short run, as employers switch to labor-saving methods of production.

Workers who retain their jobs are made better off by increases to minimum wage, but only at the expense of unskilled or youth workers who either lose their jobs or can't find a job at the legal minimum. If the minimum wage exceeds the prevailing market wage (determined by supply and demand), some workers will lose their jobs or have their hours cut, as employers will not pay a worker $15 per hour if that worker cannot produce at least that amount. If a worker loses a job or can't find one, their earning income potential is zero. There is evidence that a 10 percent increase in the minimum wage leads to a 1 to 3 percent decrease in employment of low-skilled workers in the short run, and to a larger decrease in the long run.

The reduction in youth unemployment also has long term repercussions as low-skilled jobs are an important introduction to the workforce and, more important than the actual job skills that are learned, are the behaviours that are encouraged through being employed. Work can be seen as another extracurricular option that is developmental and educational in nature and is proven that youth who work are more likely apt in time management skills and can secure higher income jobs later on. First jobs teach important lessons such as punctuality, time management, handling competing priorities and responsibilities, and allowing youth to gain financial literacy. These crucial learning opportunities will be diminished leaving the workers of tomorrow at a disadvantage and unprepared in a job environment that is becoming more and more competitive.

Governments continue to promise low-skilled workers a higher wage; however, that promise cannot be kept if employers cannot profit from retaining those workers or hiring similar workers. Jobs will be lost, not created; and unemployment will rise as more workers search for jobs but can't find any at the above-market wage. Additionally, most employers cannot simply raise prices to cover the higher minimum wage, particularly in the competitive services sector or in industries that are price-takers. Moreover, if the minimum wage cuts into profits, there will be less capital investment and job growth will slow.

Advocates of increasing the minimum wage rely on the idea that businesses are able but unwilling to pay higher wages to their employees. The hope is that these businesses will simply bear the increases in their profits, while employment and prices are negligibly affected. Unfortunately, most minimum wage earners work for small businesses, rather than large corporations. Small businesses face a very competitive market and often push profits as low as they can go to stay open. Minimum wage earners employed by large corporations would also be affected, because these corporations are under tremendous pressure from shareholders to keep costs low.

One of the primary reasons that minimum wage increases are typically considered by Governments, is to address living wage or poverty issues. Minimum wage is defined as the lowest amount employers can pay their employees by law, whereas living wage is an estimate of what workers need to earn to cover the actual costs of living in a specific community. However, minimum wage alone fails to alleviate poverty because it fails to address unemployment. Recent studies have shown that there is little to no relationship between an increased minimum wage and reductions in poverty. These studies find that, although some lower-skilled workers living in poor families see their incomes rise when the minimum wage increases, others lose their jobs or have their hours substantially cut.

Living wage rates in Alberta vary across the province with higher rates being found in large urban areas while smaller cities have lower rates. Interestingly, as an example, with the minimum wage increase on October 1, 2017, Medicine Hat has now achieved its living wage rate and yet poverty in the Southeast Alberta region is still a pressing issue and only highlights the need for a more robust and comprehensive strategy to address poverty reduction.

Most experts agree that a multi-pronged and multi-level process is needed to address and combat poverty, a task that cannot be addressed solely by increases to the minimum wage rate. Research and conclusions on the link between poverty and minimum wages are also highly contentious, with various arguments for and against a link. For this reason, any linkage between the minimum wage and poverty needs to be situated within the context of various other measures to address poverty, including but not limited to changes to taxation, social policy, housing, and skills training, etc. Additionally, the most recent Thrive7 report solidifies that minimum wage should not be tied to "living wage", as the living wage in each region in our province is drastically different, varying from $18.15 in Calgary to $13.65 in Medicine Hat.

As such, the minimum wage should be set to the minimum standard in Alberta to ensure a level playing field within all regions, so that our regions can remain competitive and that there isn't a disparity created in the province due to unfairly legislated costs to the regions. It is not reasonable to equate that the same minimum wage will result in the same net impact across jurisdictions, nor is it reasonable to embark on decisions under the supposition that all regions in the province operate under the same "living wage" standard. There are varying factors in costs of living, benefits, subsidies, and levels of taxation that are not accounted for in just a basic minimum wage comparison.

There must be a more robust conversation to ensure that a disproportionate burden on employers or other groups is not an unintended consequence of public policy and that a stronger framework for addressing low wages and poverty in Alberta is created.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Maintain the current minimum wage rate as of January 1, 2018 and only revise the rate by a maximum percentage equal to the percent change in the Alberta Consumer Price Index, after conducting an annual assessment based on employment and economic conditions in Alberta;
2. Recognize that each region has a different living wage rate by ensuring that minimum wage is not tied to living wage and set the minimum wage rate standard accordingly and fairly to all jurisdictions;
3. Implement special minimum wage rates for students under 18;
4. Review personal provincial income tax for Albertans earning less than $30,000 per year;
5. Continue to provide a minimum of one years' notice on any minimum wage changes implemented;
6. Establish an ongoing research program for data and information gathering and its subsequent analysis to address policy-relevant minimum wage issues, as well as alternative poverty reduction strategies.
7. Restore a wage differential for those earning tips and/or commissions.

Mandate the Worker's Compensation Board to Ensure Compliance

Issue

The Worker's Compensation Board does not currently have a mandate to ensure employers comply with registering for WCB Insurance. This leaves unaware businesses vulnerable to the back payment of premiums, administration fees, and penalties.

Background

Workers' compensation is the name of legislation designed to provide benefits, medical care and rehabilitation services to individuals who suffer workplace injuries or contract occupational diseases. Workers' compensation Acts now exist in all Canadian jurisdictions and provide medical rehabilitation services as well as financial benefits.

Legislation has stipulated that WCB Insurance is mandatory, however there is a list of exempt industries. Currently the only means that WCB uses to provide information to employers is a letter that goes out to the registered office after registration with provincial registries. Failing to register within 15 days of the first employee being hired leaves an employer liable for penalties effective that day.

As with any form of communication, there is a variety of reasons why an employer may not receive the appropriate information and be genuinely unaware of their responsibility to WCB. WCB's position that they simply trust employers to comply leaves uninformed businesses liable for all past premiums dues, hefty fines, plus administration fees. As WCB is a federally mandated insurance program their mandate should be to ensure compliance not to wait and punish unexpecting employers later on. If WCB has the information required to contact the business after corporate registration they should be able to follow up with non compliant businesses within a reasonable time frame.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Provide businesses with an initial notification letter including a specified timeframe of no less than 60 days for compliance and payment of existing premiums with non-compliance addressed after that timeframe through a secondary notification to the directors of the company together with their registered office if applicable setting out potential penalties and fees due.
2. Direct the Worker's Compensation Board to improve engagement with the business community with an intent to improve education and transparency related to employer obligations.

Municipal Affairs

Municipal Funding

Issue

Businesses across Alberta are growing increasingly concerned about municipal tax burden and the state of municipal infrastructure. Municipal governments are heavily reliant on transfers from the provincial and federal governments to cover the cost of replacing local infrastructure, which businesses rely on for transportation, water services and drainage services. Alberta's primary infrastructure funding to municipalities, the Municipal Sustainability Initiative (MSI), is currently set to end in March 2019. Without a replacement, Alberta's municipalities are more likely to rely on local property taxes to fund the replacement of infrastructure or not do the work at all.

Background

According to a 2016 survey completed by the Canadian Federation of Municipalities (FCM), municipal governments own nearly 60 percent of Canada's core public infrastructure[76]. The value of these core municipal infrastructure assets is estimated at $1.1 trillion[77].

Municipally owned infrastructure assets include but are not limited to[78]:

- water systems;
- roads and bridges;
- buildings;
- sport and recreation facilities; and
- public transit.

FCM estimates that the backlog of upgrade and expenditure of the existing municipally owned infrastructure in Canada will exceed $123 billon[79].

Communities also face financial challenges from increasing standards and regulations without adequate financial mechanisms to pay for them. The primary revenue resource at the municipal level is property tax. Canadian businesses pay a much higher property tax rate than residential taxpayers. Significant increases in property taxes are not affordable either for Canadian businesses or for residents.

Today communities only collect eight cents on every tax dollar collected by all levels of government, significantly down from 24 cents a decade ago. Communities, industry and businesses rely on utilities, transportation and power systems to sustain business operations. Business interruptions due to broken

---

[76] Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 5

[77] Federation of Canadian Municipalities (2016) Informing the Future: Key Messages, page 2

[78] Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 5

[79] Federation of Canadian Municipalities (2015) Policy Statement Municipal Infrastructure and Transportation Policy, page 2

water mains, poor roads, inadequate transit and other disruption causes economic loss to businesses and limits our ability to attract new businesses to communities.

Municipal built environment or infrastructure is critical to the economic capacity and livability of communities and the viability of Canadian businesses within them. Government support at all levels is required to renew public infrastructure as well as assist with paying for new and increased regulations and standards[80].

In Alberta, beyond property taxes, municipalities are reliant on MSI to fund capital infrastructure. MSI was launched in 2007 to deliver $11.3 billion to municipalities over ten years. At the end of ten years, the province had only delivered $7.53 billion of MSI funding and opted to extend the program two more years to end in March 2019.

The Alberta Urban Municipalities Association (AUMA) has been calling on the province to develop a new model for municipal funding. AUMA emphasizes the importance of predictable and adequate funding to address municipal infrastructure needs, and the recognition that funding levels must be responsive to the growth and realities of the province's own revenue streams. Predictability is particularly important since the new *Municipal Government Act* (MGA) requires municipalities to adopt three-year financial plans and five-year capital plans. As well, the new MGA outlines requirements for Intermunicipal Collaboration Frameworks (ICF) which will have a component relating to cost-sharing for common infrastructure. As such, a new funding model must allow municipalities to forecast their funding levels on a rolling five-year period.

The Federal Government is currently committed to providing $180 billion over the next 12 years for five key infrastructure priorities: public transit, green infrastructure, social infrastructure, trade and transportation infrastructure, and rural and northern communities' infrastructure. The Federal Government is currently proposing a 40/33/27 federal/provincial/municipal split on projects under the funding. AUMA and FCM have both advocated for a 40/40/20 federal/provincial/municipal split. This split is based on municipalities collecting a significantly smaller percentage of taxes and are responsible for considerably more infrastructure. The province is currently in bilateral negotiations with the federal government on what that split will look like and how funding will be decided.

Given municipalities would have to turn to property taxes to cover their share of infrastructure funding, it's important that the province meet the 40 per cent commitment proposed by AUMA and FCM.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Develop a new overall funding formula for municipalities that is dependent upon rigorous budgeting principles that produce transparent, accountable, long term, predictable, and sustainable funding for municipalities.
2. Maintain municipal funding at such a level that municipalities can fully take advantage of the Investing in Canada money being made available by the Federal Government.
3. Support the 40/40/20 federal/provincial/municipal funding split proposed by the Alberta Urban Municipalities Association for the Investing in Canada fund.

[80] Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 6

Transportation

Transportation

Investing in Market Access for Southern Alberta Business

Issue

Global commerce is increasingly reliant upon the ability for goods to reach local, regional and international markets. As such, it is imperative to consider the crucial role that transportation networks play in economic development. Current infrastructure in and around Southern Alberta requires serious upgrades and advancements to maintain and leverage a competitive edge in advancing business success in Southern Alberta.

Background

Recent refocusing of economic priorities within the province of Alberta, combined with a growing international demand for high-quality foods and agri-food products, has positioned Southern Alberta to be a global leader in the distribution of products to local, regional, and international markets. Moreover, the relative economic stability of the region, combined with low infrastructure and land costs, and the proximity for major producers and distributors to raw agricultural products, has cast an attractive light on Southern Alberta as a place to invest. The opportunity currently exists to leverage these advantages to help diversify and grow the Canadian economy by improving local transportation infrastructure.

Located at in Southern Alberta's agricultural heartland, is a growing network hub for the export and import of large quantities of goods. Goods flow east and west through the region via Highway 3, and connect to Highway 1. Additionally, several major north-south corridors (Highways 6,2,62,4,889, 41 and Interstate 15) move goods through the region, particularly into the United States thru the twenty-four hour Coutts/Sweetgrass border crossing. Furthermore, an extensive rail network (Canadian Pacific) exists, with lines moving goods both east/west and north/south.

Yet despite this not-inconsiderable network, there is the distinct impression amongst the business community of Southern Alberta that clear opportunities will be missed by not investing now, at this crucial time in redirecting the Province's economy, in improving or expanding local transportation networks to encourage the growth of key industries. The development of Lethbridge and region as an agricultural and manufacturing hub would be encouraged by the accelerated twinning of major highways that pass through the region (eg. Highway 3), the development of an inland, intermodal port, which would open new possibilities for producers and industry stakeholders, and significant development to local airports, which would enable new opportunities for international and inter-regional trade and commerce.

These possibilities are real, and are highlighted by several recent large investments in the region, including an expansion by Richardson Oilseed ($120 Million), and by Cavendish Farms ($350 Million). Lethbridge is a growing centre, with a population of almost 100,000, and a larger catchment area of almost 500,000. (EDL Study). Moreover, the recent crash in commodity prices left Southern Alberta largely unaffected, due to the diversified nature of the local economy. Stability, in uncertain economic times, encourage investment, and a commitment from public sources to expand local transportation networks could easily tip the scales for major stakeholders who may be considering this region as a viable option.

The Government of Alberta's 2016 Capital Plan has earmarked approximately $4.6 billion for roads and bridge networks across the Province – with a clear lack of expenditure on these vital networks in Southern Alberta. Compounding this, five-year funding projections do not show distribution of funds to large-scale development in the region's road network. It is the Lethbridge Chamber of Commerce's view that this represents a critical oversight, which if corrected, would immensely aid the Government of Alberta's clearly stated mission to invest in the diversification of the provincial economy.

In short, Southern Alberta is well positioned to become a major Agri-food and Manufacturing center, and a global leader in the distribution of goods to local, regional and international markets. With access to major highway infrastructure, extensive rail infrastructure, and growth potential to localized airports, Southern Alberta is ready to become a leading economic force in a retooled and refocused economy.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Work with rail operators to ensure open and fair access to rail transportation, through the reduction in regulations affecting wider usages of rail as a preferred form of transportation for Canadian goods to:
    a. National and International Markets,
    b. Shipping Ports; and,
    c. Transportation Hubs.

The Alberta Chambers of Commerce recommends the Government of Alberta:

2. Expedite the twinning of Highway 3, considering the economic impact and growth-potential of opening up access to Highway 1 and national markets across Canada.
3. Work towards a plan for sustainable growth in local airports as a portion of local economic progression, with an eye to growing international and inter-regional opportunities

A Systems Approach for Provincial Transportation Systems

Issue

That transportation systems are intrinsically linked to economic development is a self-evident truth. However, there is a growing trend in the transportation planning literature, and in the developed plans of both national and provincial organizations, to consider best-practice for this discipline in terms of multimodal transportation planning. A cost-effective and efficient transportation network in Alberta requires a systematic planning approach collaboratively directed by a provincial body. Specifically, it requires all key public and private sector organizations in the province to work together in coordinating a holistic transportation system where long-term development objectives that provide an equitable, cost-effective, and reliable means of moving people and goods are examined.

Background

Transportation has long been recognized as playing a critical role in the overall prosperity of a society. It is one of the systems that virtually all Albertans utilize and depend on daily. In a very competitive and integrated world economy, most businesses require access to efficient and cost-effective transportation services to export their merchandise to the market or to access imported goods. More than 2,000 Alberta businesses export goods and services around the world, which means most of Alberta's Gross Domestic Product (GDP) is dependent on international trade in one fashion or another. Thus, remaining competitive in international markets is essential for maintaining and enhancing the standard of living in Alberta, particularly as our province attempts to diversify our economic base and move away from our long dependence on crude oil exports.[81]

The opportunities are there. Almost every expert predicts that there are significant opportunities for Canada to increase agri-food exports in response to a growing global demand for high-quality food products, and Alberta is well-positioned agriculturally and industrially for rapid expansion to meet this demand. However, unless significant changes are made, the transportation system in Alberta could be ineffective in meeting the needs of citizens, communities, and businesses to take advantage of this growth. Inefficient transportation means a reduction in competitiveness, and there is a real possibility of our region being sidelined while economic development progresses in more accessible locations with lower transportation costs. The cost of not proactively improving our transportation system could be very high.

[81] Source: http://www.transportation.alberta.ca/Content/docType56/Production/AEDA2004.pdf

In Western Canada, roughly "40 to 45 percent of the unfunded infrastructure needs are in transportation—roads, bridges, interchanges, traffic control devices and public transit."[82] Most of these transportation projects fall under provincial and municipal jurisdiction. Municipal jurisdictions on their own have limited resources: they are expected to meet the unique infrastructure demands of their constituency through a system of competition for limited infrastructure funds between transportation and other municipal projects.[83] If the province were to pursue a combined, multimodal approach to transportation planning, whereby all the relevant stakeholders, modes of transport, and resources are included, it may be possible to alleviate the financial burden faced by individual jurisdictions through the increased efficiency of a centralized, collaborative process.

The Government of Alberta recognizes that a good transportation system is vital to the prosperity of Alberta;[84] however, the province also recognizes that a cost-effective means of improving transportation networks cannot be efficaciously accomplished through project-based planning approaches, since singular projects tend to be an inefficient means of addressing the larger goal of fostering economic growth. Both the province and the federal government have enshrined this thinking into their strategic plans, and consequently all stakeholders can expect the Provincial and Federal governments to favor proposals that take a systems-view of transportation projects and which respond to productivity objectives, consider cross-impacts on land use, urban and community development, and the environment, and demonstrate the capacity to coordinate the disparate goals of individual communities.

In summation, an efficient provincial transportation system, based on multimodal transportation planning, could improve competitive access to global markets, link communities and enable economic growth. A partnership between representatives of public and private sector organizations in the province would pave the way for addressing shared challenges and opportunities while working collaboratively to transform the existing transportation system to foster tangible economic and social benefits.[85]

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Adopt a multimodal systems planning approach for a cost-effective and efficient means of transportation in Alberta.
2. Encourage the establishment of collaborative regional organizations to conduct regional transportation planning for the inclusion of a provincial plan and explore appropriate funding models to support this initiative.
3. Plan and select transportation projects with greater emphasis on their potential economic impacts and their fit within a network that lowers the cost and improves the efficiency of supply chains.

[82] Western Canada Transportation Infrastructure Strategy for an Economic Network: A time for vision and leadership. (March, 2005). Retrieved from http://www.transportation.alberta.ca/Content/docType56/Production/WTM-Strategy.pdf

[83] Western Canada Transportation Infrastructure Strategy for an Economic Network: A time for vision and leadership. (March, 2005). Retrieved from http://www.transportation.alberta.ca/Content/docType56/Production/WTM-Strategy.pdf

[84] Business Plan 2016-2019 Transportation. (March 17, 2016). Retrieved From https://open.alberta.ca/dataset/9d234882-5822-4e06-8e08- b00faa488647/resource/6b517f10-2c7b-45a1-b6f1-b088e78b09cd/download/transportation-2016-19.pdf

[85] Dixson, E. (2017). Access to Markets: Commercial Transportation Issues in Southern Alberta. Retrieved from file:///C:/Users/user/Downloads/Transportation%20Issues%20Final%20Report%20Sept%2014%20(1).pdf

Federal Policy Resolutions

Finance

Securities Regulation

Issue

Since the Supreme Court of Canada ruled that the Federal Government does not have the jurisdiction to implement a National Securities Regulator, vast opportunity has emerged for implementation of an inclusive and harmonized passport system of securities regulation that includes all provinces and territories.

Background

On December 22, 2011 the Supreme Court of Canada released its unanimous decision in the Federal Government's reference on the constitutionality of the proposed legislation to create a National Securities Regulator. The legislation was found to be in pith and substance legislation relating to "property and civil rights" and therefore ultra vires the federal Government's powers.

While ruling that the proposed legislation was not constitutional, the Supreme Court of Canada did not completely close the door to a role for the Federal Government in a cooperative scheme of securities regulation. The Court stated:

> *[130] While the proposed Act must be found ultra vires Parliament's general trade and commerce power, a cooperative approach that permits a scheme that recognizes the essentially provincial nature of securities regulation while allowing Parliament to deal with genuinely national concerns remains available.*
>
> *[131] The various proposals advanced over the years to develop a new model for regulating securities in Canada suggest that this matter possesses both central and local aspects. The same insight can be gleaned from the experience of other federations, even if each country has its own constitutional history and imperatives. The common ground that emerges is that each level of government has jurisdiction over some aspects of the regulation of securities and each can work in collaboration with the other to carry out its responsibilities.*
>
> *[132] It is not for the Court to suggest to the governments of Canada and the provinces the way forward by, in effect, conferring in advance an opinion on the constitutionality on this or that alternative scheme. Yet we may appropriately note the growing practice of resolving the complex governance problems that arise in federations, not by the bare logic of either/or, but by seeking cooperative solutions that meet the needs of the country as a whole as well as its constituent parts.*
>
> *[133] Such an approach is supported by the Canadian constitutional principles and by the practice adopted by the federal and provincial governments in other fields of activities. The backbone of these schemes is the respect that each level of government has for each other's own sphere of jurisdiction. Cooperation is the animating force. The federalism principle upon which Canada's constitutional framework rests demands nothing less.*

Following the decision, former Federal Finance Minister Jim Flaherty stated his desire to make arrangements with the provinces to proceed with a Canadian securities regulator to deal with those aspects of the securities market that are interprovincial and global. Mr. Flaherty also stated it was clear in the Supreme Court of Canada judgment that the day-to-day regulation of securities will remain with the provinces.

As the Supreme Court of Canada recognized:

[42] …. Since 2008, all provincial and territorial jurisdictions except Ontario participate in a "passport regime" based on harmonized rules that allow issuers and market intermediaries to engage in activities in multiple jurisdictions while dealing with a single principal regulator.

The passport model has been a confidence-building step towards a complete and expanded fully national version of the system. Previous arguments to the Wise Persons' Committee that reviewed the issue still hold true: *"Local securities regulators tend to be well attuned to the strengths, weaknesses, needs and resources of their local capital markets and local market participants (issuers, investors and intermediaries). Just as our economy exhibits strong regional characteristics, with certain industrial or economic sectors being particularly prominent in some provinces and territories and much less so in others, so our securities commissions have developed strong and complementary local expertise.*

The reformulation and harmonization of policy instruments, a process now well advanced, has considerably diminished differences in the legal framework between jurisdictions"

Given the Supreme Court of Canada's rejection of the proposed National Securities Regulator, a renewed effort should be made to bring Ontario into the Passport System and to continue to harmonize provincial regulation through National Instruments developed in that system. The Passport System should be the model for harmonization of Canada's securities regulatory regime into a coordinated national system.

Sound and effective securities regulation is critical to fostering investor confidence and attracting capital. Access must be as cost effective and convenient as possible while providing an exemplary level of investor protection. To date, the passport system appears to be effective in achieving these goals for participating provinces and territories.

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

1. Work with the provinces and territories to maintain and support the Passport Agreement, build on securities passport improvements that have already been made by participating provinces and territories, and move towards national harmonization by way of a well-designed, well monitored, nation-wide passport system for securities regulation that includes all provinces and territories.

The Alberta Chambers of Chamber of Commerce recommends that the Government of Alberta and the Governments of all Provinces:

2. Cooperate with the federal government to provide a role for the federal government in the enforcement of securities regulation and in other areas of federal jurisdiction, in order to enhance the functionality of a nation-wide passport system.

Immigration, Refugees and Citizenship

Immigration, Refugees and Citizenship

Meeting Alberta’s Labour Needs by Attracting and Retaining International Students

Issue

Current immigration legislation and the supporting models to facilitate economic migration create barriers to the attraction and retention of the highly educated and specialized workforce available to meet Alberta’s and Canada’s labour needs through international education.

Background

By 2025, Alberta is forecast to experience a labour shortage of nearly 49,000 workers.[86] International students represent a significant and currently underutilized opportunity for meeting the needs of the Alberta and Canadian economy and supporting an economic driver for Alberta and Canada in the long term.

Many initiatives to engage underrepresented communities in the labour market are underway to help mitigate the challenges associated with the massive shortage. Even with high levels of engagement the new participants would not be sufficient to fill the needs of the labour market nor would it provide access to the highly educated or specialized workforce that international students represent.

International education in Canada is estimated to produce approximately $11.4 billion to the economy annually, which support 122,700 jobs across the country.[87] Alberta’s well-regulated public and private post-secondary institutions can thrive in the international education market. A 2014 report published by the Canadian Council of Chief Executives (CCCE), *Canada’s International Education Strategy, Time for a fresh curriculum* states that:

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

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

[86] Alberta Labour, *Alberta’s Occupational Demand and Supply Outlook, 2015-2025*, Pg. 4

[87] Global Affairs Canada, *Economic Impact of International Education in Canada – 2016 Update*

adjusting the international student offer of employment restrictions imposed by the Alberta Provincial Nominee Program.

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

With a coherent provincial strategy that includes advocacy to the federal government and implementing changes within provincial jurisdiction, the Government of Alberta can offset federal policy barriers to attracting and retaining international talent and position international education as a key long-term economic driver for Alberta.

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

1. Expand the Post-Graduation Work Permit Program to allow foreign graduates from Canadian Private Post-Secondary Institutions to immediately obtain a Canadian Work Permit upon completion of their degree, diploma or certificate program;
2. Improve the student visa procedure to make it quicker and easier for potential international students to receive study and work visas;
3. Speed up processing times for the overseas study permit application as well as for the permanent residency applications from all international students who graduated from recognized Canadian institutions and are currently employed in Canada.
4. Change the length of time for which a post-graduation work permit can be valid, from the current status of valid for no longer than three years, to five years regardless of the program of study, so long as obtained from a recognized public or private Canadian institution;
5. When considering applications for permanent residency, take into account the work experience that an international student gains through working off campus, working on campus and co-op and internship programs; and
6. Reduce the employer offer of employment requirement under the Alberta Provincial Nominee Program from one year to six months to qualify foreign graduates from recognized institutions for permanent residency.

Infrastructure & Communities

Supporting Canada's Growth and Access to Markets by Developing a Northern Infrastructure Corridor

Issue

Dedicated funding to advance the development of a feasibility study and proposed implementation plan for a Northern Transportation Utility Corridor (TUC) would support Canada's long term economic development and strategic trade interests.

Background

Canada's birth, growth and development is interwoven with major infrastructure projects including trans-continental railways and highways. Going forward, establishing Transportation Utility Corridors (TUC's) will be critical to the effective long-term planning and infrastructure development to support continued prosperity for Canadians. TUC's reduce land-use conflicts, reduce environmental impacts, and provide development certainty to attract private sector investment and reduce infrastructure costs to the public.

Currently, the oil and gas industry is realizing lower prices because current infrastructure limits exports to destinations outside of the United States, which receives 99% of Canada's oil exports[88]. Scotiabank reported delayed oil pipeline construction will cost the Canadian economy $10.7 billion in 2018.[89] The benefit of better access to markets and regulatory streamlining for major projects is clear, but Canada has struggled to overcome obstacles such as regulatory red tape and obstruction by local political interests.

In June 2017, The Standing Senate Committee on Banking, Trade and Commerce published a report "National Corridor: Enhancing and Facilitating Commerce and Internal Trade" after studying and consulting on the topic. The report highlights some significant challenges Canada faces in optimizing trade opportunities and long term economic development: limited access to tidewater to export goods, a lack of ports and routes in Canada's North and regulatory approval processes that are a significant impediment to development, particularly for large projects that cross provincial boundaries.[90]

One of the key recommendations of the Senate Committee was to fund research intended to provide public decision-makers with evidence-based analysis and proposals to overcome systemic barriers to growing Canada's internal and foreign trade. Specifically, the committee recommended that the federal government fund research being conducted by the University of Calgary School of Public Policy and the Centre for Interuniversity Research and Analysis of Organizations (CIRANO) which published a paper in

[88] http://www.nrcan.gc.ca/energy/facts/crude-oil/20064

[89] http://business.financialpost.com/commodities/energy/scotiabank-says-pipeline-constraints-to-cost-economy-10-7-billion-in-2018

[90] https://sencanada.ca/content/sen/committee/421/BANC/reports/CorridorStudy(Final-Printing)_e.pdf

May 2016 proposing the development of a Northern Corridor right-of-way in Canada's north and near-north reaching all three Canadian coasts.

The proposed 7,000 km Transportation Utility Corridor (TUC) right-of-way could accommodate road, rail, pipeline, electrical transmission and communication infrastructure, enhancing opportunities for geographically distributed economic development and access to new markets.[91] In addition to improving the movement of goods and market access for Canadian products, a northern infrastructure corridor could significantly benefit Canada's North by lowering the cost of living, providing new business and employment opportunities, and possibly allow northern communities to access higher-efficiency and more cost-effective electricity grids in the south. Studies have shown that the cost of living in Yellowknife and Whitehorse is 33% higher than the average in Canada, with transportation costs contributing significantly.[92]

The Senate report noted that an initiative on this scale requires strong leadership and multiple in-depth studies to support what would likely be decades of investment. For this reason, the Committee recommended the federal government: provide a grant of $5 million to the School of Public Policy and CIRANO for their research program, ensure that Indigenous groups are involved in the research program, receive an interim report on the research within 18 months, and establish a Task Force to conduct consultations following the submission of the final report.

Broadly shared economic growth and future development will be determined by our ability to recognize and undertake visionary plans which support the continual improvement of transportation, movement of goods, communications and energy infrastructure. The business community believes the federal government can provide strong leadership by acquiring all the right-of-ways needed for the kind of farsighted planning and infrastructure investment needed to enable Canadians' long-term prosperity.

The Alberta Chambers of Commerce recommends the federal government, along with provincial, territorial, municipal and First Nations governments:

1. Implement the Standing Senate Committee on Banking, Trade and Commerce recommendation in its June 2017 report to fund the University of Calgary School of Public Policy and the Centre for Interuniversity Research and Analysis of Organizations to undertake further research into the proposed northern infrastructure corridor.
2. Establish an integrated, national Transportation/Utility Corridor network plan with the aim to enable efficient market access for goods and services from all provinces and territories to any Canadian coast.
3. Coordinate and secure the appropriate right-of-ways to enable an integrated, national TUC network, consistent with the principles and objectives outlined by the Northern Corridors Initiative.
4. Ensure that the processes for moving forward follows best practices for consultation with Indigenous communities, existing landowners, municipalities and businesses.

[91] https://www.policyschool.ca/wp-content/uploads/2016/06/northern-corridor-sulzenko-fellows.pdf

[92] https://lop.parl.ca/Content/LOP/ResearchPublications/prb0866-e.htm

National Revenue

Tax Agency Accountability

Issue

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

Background

As small business accounts for 98 per cent of business in Canada, employing 71 per cent of the labour force in the private sector, it is apparent that small businesses are the backbone of Canada's economy[93].

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

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

The CRA has held a number of consultations through 2012, 2014, and 2016 with the goal of reducing red tape and improving service for small and medium businesses. Across the country and through the years the feedback provided to the CRA has remained remarkably consistent. Businesses want to:

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

In the fall of 2017 the Auditor-General tabled a report in the House of Commons that found the CRA actively blocked calls from taxpayers in order to falsely say it met its service standards of keeping people waiting less than two minutes. Between March 2016 and March 2017 the CRA answered only 36 per cent of calls. The report also found that the number of errors made by CRA agents was drastically

---

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

underreported. The CRA reports an 6.5 per cent error rate compared to the 30% error rate observed by the Auditor-General's office[94].

Despite ongoing efforts at reducing red tape and improving service, frustration and complaints about dealings with the CRA and TRA remain. Reports of significant administrative burden, lack of timeliness, professionalism and predictability when dealing with regulators, lack of coordination between regulators, and a lack of fundamental understanding of the realities of small business continue to hamper business prosperity and growth[95].

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

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

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

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

---

1 Industry Canada Key Small Business Statistics July 2010. http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/eng/h_rd02488.html

5 Canada Revenue Agency Form RC4483. http://www.cra-arc.gc.ca/formspubs/pbs/rc4483-ctntmspdt-eng.html

6 CRA maintains regular updates of "ongoing action items" which it updated in November of 2009. No further updates have been published since that time.

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

---

94 2017 Fall Reports of the Auditor General of Canada to the Parliament of Canada. http://www.oag-bvg.gc.ca/internet/English/parl_oag_201711_02_e_42667.html

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