Alberta Chambers of Commerce

2024 PROPOSED POLICY BOOK

Contents

The policies in this book have been proposed for consideration at the 2024 Annual General Meeting and Policy Session. They are for discussion purposes only and have not been approved by the Alberta Chambers of Commerce.

If you have any questions, contact Dana Severson at dseverson@abchamber.ca.

About the ACC Policy Process

The 2024 Proposed Policy Book contains the policy resolutions to be discussed at the Alberta Chambers of Commerce's 86th Provincial Conference and Policy Session, which will take place in Red Deer from May 24th to 25th, 2024.

The proposed policies were developed by our member chambers of commerce and submitted prior to the deadline of February 25th, 2024, for review by the ACC's Policy Committee, which is responsible for ensuring they meet the criteria for proposed policies, as set out in the policy development guidelines.

The policies contained in this book have been approved for discussion at the 2024 Policy Session. The proposed policies appear in the order they will be discussed during the session.

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

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

Preparing for the Policy Session

Review policies within your organization

Upon receiving the 2024 Proposed Policy Book, distribute it to your board of directors and those who will represent your chamber's interests at ACC's policy session.

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

Networking

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

A word about late resolutions

Late resolutions are permitted in accordance with ACC's bylaws, but the onus is on the submitting chamber to convince voting delegates that the resolution could not have been submitted by the February 25th policy deadline. The procedure for bringing a late resolution forward to the policy session is as follows:

1. Chambers seeking the introduction of a late resolution should gain the attention of the Alberta Chambers' Policy Committee, which must give permission for it to go to the floor of the session for further consideration. Please contact Dana Severson at dseverson@abchamber.ca should your chamber have a late resolution it wishes to bring forward.

2. Near the end of the policy session, voting delegates will be asked whether the late resolutions meet the criteria for their acceptance. A two-thirds majority is required for the resolutions to come to the floor.

Preparing for the policy session

1. Ensure the timely distribution of proposed policies to your chamber's delegates and your board of directors.

2. Decide in advance how your chamber plans to vote.

3. The policy session is conducted on the assumption that all delegates are familiar with the issues to be discussed.

Policy session guidelines

1. The policy session uses Robert's Rules of Order as its authority on any questions of procedure; however, the policy session is not a test on parliamentary procedure. The purpose of using some form of parliamentary procedure is to ensure orderly discussion and the protection of the rights of the minority while allowing the majority to rule. We encourage everyone to participate in open and frank debate on each of the proposed policies brought before the delegates so don't hesitate to ask a question if you're unsure of the procedure or what might be "in order" at any time.

2. Anyone wishing to speak should proceed to one of the floor microphones. Once recognized by the Chair, the individual should indicate their name as well as the name of their chamber.

3. Once the chair has repeated that the motion has been moved and seconded, it is considered to be "on the floor" and is open for discussion by anyone.

4. While everyone attending the policy session is encouraged to participate in the discussion, only accredited representatives are permitted to make a motion, second a motion, or vote on a motion.

5. The mover of a motion (i.e., the sponsoring chamber) is provided the first opportunity to speak to the motion or amendment. If requested, the seconder (generally a co-sponsoring chamber) is given the opportunity to speak next. Then, any person may speak on (for or against) the motion or amendment.

6. Only the recommendations of each resolution are debatable. Staff will ensure the background is appropriately maintained and adjusted to support the recommendations.

7. No delegate should speak more than once to any motion or amendment without first asking for and receiving permission of the chair, and then only after all other delegates wishing to speak to that particular motion or amendment have spoken.

8. All amendments must, before being spoken to, be presented to the meeting, seconded, and repeated by the chair. Participants are reminded that discussion on an amendment should relate to the amendment and not to the main motion. We also use an informal procedure known as the "editorial amendment" whenever there is a minor change in the wording of a resolution, motion, or amendment. These amendments are often used to correct errors of grammar, typography, or fact. Editorial amendments may come from the floor or be introduced by the chair. They are accepted informally only if there is no objection.

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

Tips for voting delegates

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

Community & Social Services

Renewal A Pathway to Fixing Housing Affordability Crisis in Alberta

Sponsored By: Lethbridge Chamber of Commerce

Co-Sponsor(s): Red Deer & District Chamber of Commerce

Issue

Housing is an integral part of economic growth. The connections between affordable housing investment and economic growth have been well recognized in literature.[1,2,3] And yet investment in affordable housing has been insufficient to meet demands. To ensure long-term community sustainability, local and regional economic development and growth plans must consider the role of affordable housing in the growing economy.

Background

Housing affordability has been top of mind for all Canadians. Housing is considered "affordable" when a household spends no more than 30% of its gross income on shelter.[4]

In Alberta, as of 2021 there were approximately 57,000 households in government-subsidized housing, and more than 24,000 households are waiting for suitable subsidized accommodation. In order to meet growing demand, Alberta will need to use a variety of tools to support another 25,000 households.[5]

It is widely accepted that housing exists on a spectrum, generally referred to as *The Housing Continuum*:

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[1] Skaburskis, A. "Decomposing Canada's Growing Housing Affordability Problem: Do City Differences Matter?" Journal of Urban Studies. Vol 41. Issue 1. 2004.

[2] Mao, F. "The Innovation Economy and the Housing Crisis." Master of Arts in Planning. 2017.

[3] Pinki, D. "Housing Affordability in Toronto: Low-Income Earners and Recent Immigrants." Master of Arts in Political Science. University of Windsor. 2017.

[4] Final Report of the Alberta Affordable Housing Review Panel – Government of Alberta (https://open.alberta.ca/dataset/26b06d34-4b03-488d-bed8-da5316b8b95c/resource/0fd7ae4e-568b-43d5-8480-c8d765b1e514/download/sh-final-report-of-alberta-affordable-housing-review-panel-2020-10-05.pdf)

[5] Stronger Foundations Alberta's 10-year strategy to improve and expand affordable housing – Government of Alberta (https://open.alberta.ca/dataset/d17f3af6-fa5a-4cb0-b36e-248823cddff1/resource/d11b4795-763a-4221-b6f9-2f5769df50a5/download/sh-stronger-foundations-albertas-10-year-strategy-affordable-housing-2021.pdf)

Market rental rates are not affordable for a large number of Alberta households. Housing market changes do not align with shifts in household income or demographics, with housing prices and rental rates often lagging behind shifts in the economy and unique local conditions.[1]

Areas with job growth often experience population growth: adults stay in the area, migrants come to the area, and workers form families and have children. Workers need places to live, so demand for housing increases, either stimulating production or increasing market rates for housing.

Alberta's population continues to grow. In the 12 months preceding October 1, 2023, the province's population expanded by about 194,000 people, or 4.3%.[2] In the same time period, Alberta had approximately 37,000 new housing starts with about one third being single-detached units, meaning an average of one new home built for every five people coming to the province.[3] By comparison, for the 12 months preceding October 1, 2022, Alberta saw over 39,000 housing starts,[4] with a population increase of only 79,000.[5]

The new stock of available homes has not kept pace with the increase in population, and have priced many working people out of market home rental or ownership.

Developing one residential unit is estimated to generate between two and two-and-a-half new jobs.[6] In other words, each $1 million invested in residential housing development generates between 10 and 12 jobs. These jobs are overwhelmingly local, with most in the area where the unit is built.

In addition to the direct effects of housing investment on job creation, access to an affordable home means that Albertans will be healthier, more productive, and able to spend money in their local economies. There is strong evidence that quality affordable housing also generates improved social and economic outcomes for low-and-moderate income households.[7] It stands to reason that good quality affordable housing yields positive health and education outcomes by lowering household stress, enabling the purchase of nutritious food and supporting family stability.

Steve Douglas, Chief Executive of the Housing Corporation stated: "Housing is often viewed as a barometer for the state of the economy . . . The type and quality of the housing offer can have a significant impact on the health and wealth of places. Their ability to attract and retain people and provide support for those who need it relies on good housing and attractive and inclusive neighbourhoods."[8]

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[1] Ibid

[2] Current provincial population estimates – Government of Alberta (https://www.alberta.ca/population-statistics)

[3] Canada Mortgage and Housing Corporation, housing starts, under construction and completions in centres 10,000 and over, Canada, provinces, selected census metropolitan areas – Government of Canada (https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410014301)

[4] Statistics Canada. Table 34-10-0143-01 Canada Mortgage and Housing Corporation, housing starts, under construction and completions in centres 10,000 and over, Canada, provinces, selected census metropolitan areas

[5] Statistics Canada. Table 17-10-0009-01 Population estimates, quarterly

[6] Zon, N, Molson, M and Oschinski, M. Building Blocks: The Case for Federal Investment in Social and Affordable Housing in Ontario. Mowat Centre. Ontario's Voice on Public Policy. 2014.

[7] Mueller, E and Tighe, R. "Making the Case for Affordable Housing: Connecting Housing with Health and Education Outcomes. Journal of Planning and Literature. Vol: 24. Issue 4. 2007.

[8] Housing and economic development: Moving forward together – Centre for Cities (https://www.centreforcities.org/wp-content/uploads/2014/09/08-11-06-Housing-and-economic-development.pdf)

A healthy and educated workforce can attract employers and job-related investment in communities.

Investments are no longer being evaluated strictly based on potential financial returns. Increasingly, investors are seeking to work with companies and jurisdictions that demonstrate a genuine and actionable commitment to responsible ESG policies. Investors considering Alberta for business opportunities are looking for evidence that managing ESG risk and identifying solutions is integrated into the province's overall strategy and operations.[1]

Major national and foreign business investors want to invest in jurisdictions where their employees can afford to live and raise a family.

While companies seldom base their site-selection decisions solely on quality-of-life issues - housing, schools, healthcare, amenities, crime - these factors do play an increasingly important role in this decision-making process, especially for those dependent on the talents of highly educated workers.[2]

For children living in inadequate or unaffordable housing, a secure home improves their likelihood of academic achievement and the completion of post-secondary education. Post-secondary graduates earn nearly $5000 more annually than those with a high school education – a number likely to increase as workers advance their careers. The result of this increased earning potential is greater contributions to economic growth.

A final connection between housing affordability, investment and job creation is the economic effect that results from increased renter income. When renter households move from unaffordable to affordable housing, the percentage of their income that they spend on housing decreases. This results in more spending on goods and services and because low-income households and because low-income households tend to spend their discretionary income primarily within their community, they can help stimulate the local economy and spur job creation.

Reducing barriers to accessing borrowing for buyers – particularly first-time buyers – and assisting in developer financing could help as a way to reduce the housing affordability gap. This could be accomplished by improving access to finance for low-income households by reducing the cost of mortgage funding and the risk of lending, as well as leveraging collective saving. Governments could help by cutting costs for developers by making affordable housing projects less risky and guaranteeing buyers or tenants for finished units.

When it comes to housing, there is little alignment between the three levels of government. The municipal, provincial, and federal governments need to get better at listening to each other and finding ways to collaborate.

It is very evident how each level of government has a perspective on this issue and is doing what they believe is best to address the challenges. There doesn't seem to be a desire for intergovernmental conversation and action to address this challenge with piecemeal band-aid solutions being implemented on a project-by-project basis with little consideration and overall strategy that sees alignment from all levels of government.

The Lethbridge Chamber is a proponent of innovative solutions to address the housing supply and affordability crisis. Promising practices from other jurisdictions in Canada and abroad should be

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[1] Invest Alberta 2022-2023 Annual Report (https://investalberta.ca/2022-annual-report/dist/files/investalberta2022-23-annualreport.pdf)

[2] Area Development. Quality of Life Factors into Business Location Decision (https://www.areadevelopment.com/siteselection/dec08/quality-of-life-business-location017.shtml)

balanced, identified, and considered. Any housing policy options identified through this exercise must balance the needs of communities, while ensuring public safety.

The sentiment "not in my backyard" often contributes to local opposition to new development which can lead to delays in approval timelines and slow down the construction of new builds. There is a role for the province to play to support municipal governments in gaining public appearance for new housing developments. Public culture can change this culture and support new developments.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Invest in existing housing assets to optimize the cost of housing operations;
2. Take a leadership role with regards to convening provincial governments, the federal government, and municipalities to develop a cohesive strategy to address housing affordability, clearly defining roles and responsibilities, and how each will work in tandem with the others;
3. Assist municipalities and housing authorities in identifying ways to make better use of existing homes, buildings, and neighbourhoods to increase supply of housing;
4. Collaborate with municipal governments to implement affordable housing best practices as observed in Alberta and other jurisdictions, and develop a "yes in my backyard" strategy to change public attitudes on new affordable and supportive housing developments; and
5. Assess the viability of publicly owned lands that could be deemed beneficial for affordable housing projects, and develop a strategy for attracting development.
6. Support increased productivity, including modular and factory-built construction.

Renewal A Tailored and Local P3 Approach to Affordable Housing

Sponsor: Grande Prairie & District Chamber of Commerce

Co-Sponsor(s): Red Deer & District Chamber of Commerce, Lethbridge Chamber of Commerce

Issue

Pressure on affordable housing across Alberta and Canada is growing. It is neither feasible nor sustainable for governments to address the issue on their own. P3 (Public-Private Partnership) models show the greatest potential to address the magnitude of the issue while creating a sustainable program. By activating the private development sector, more affordable housing units can be rapidly brought on stream to meet demand. This can be accomplished by incentivizing developers to participate in projects that combine affordable and market-value housing.

Background

Current situation in Alberta

Over 690,000 Albertans spend more than 30% of their before-tax household income on housing costs[1] and 9.9% of households are in core housing need[2], which is unaffordable according to the standard for affordability. As of April 2021, more than 110,000 low-income Albertans live in affordable housing and more than 24,000 are on a waitlist.[3] Waitlists are growing due to population increase and demographic changes. Additionally, the economic impact of COVID-19 is challenging the financial sustainability of Alberta's affordable housing system.

Lack of sufficient affordable housing contributes to homelessness and has socio-economic costs for communities. These include, but are not limited to, health issues and educational disadvantages for vulnerable individuals and families, increasing household debt, poorly maintained properties, crime, addictions, challenges attracting labour, and more.

A Sustainable and Innovative P3 Model

Municipal housing authorities currently use a number of housing acquisition models to address affordable housing needs. These include new construction, purchase of existing building, long-term leases, direct-to-consumer subsidies and landlord subsidies linked to specific units. More recently, P3 models are being undertaken for construction projects of new and refurbished housing units.[4]

Regardless of the strategies employed, municipalities need the flexibility to decide which model works best for them and, more importantly, need access to funding from the provincial and federal governments who have the responsibility of addressing affordable housing needs.

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[1] https://ascha.com/assets/advocacy/current/KeyMessagesHousingSupportsAlberta.pdf Census 2021

[2] https://www12.statcan.gc.ca/census-recensement/2021/as-sa/fogs-spg/alternative.cfm?topic=7&lang=E&dguid=2021A000248&objectId=4g Core housing need: Does not meet one or more standards for housing adequacy (repair), suitability (crowding), or affordability, and has to spend 30% or more of its before-tax income to pay the median rent (including utilities) of appropriately sized alternative local market housing.

[3] Stronger Foundations: Alberta's 10-Year Strategy to Improve and Expand Affordable Housing, 2021.

[4] The Canadian Council for Public-Private Partnerships defines P3 as public-private partnerships that include arrangements where development is undertaken with a combination of not-for-profit, private and public participations of programs.

P3 models show the greatest potential to address affordable housing needs in a sustainable way. Private sector developers can move more rapidly to construct affordable housing units to meet the rate at which the core needs housing problem is growing. This is accomplished by incentivizing the developer to participate in projects that combine affordable and market-value housing. Benefits of a blended model also include improved geographic distribution of housing and better mixed-income models that provide dignity for those in need of affordable housing.

The proposed P3 model offers an easy-to-implement solution that can help address affordable housing demand. It includes an incentive for developers to construct additional market-value housing units to temper future inflation and contribute to the municipality's tax base for municipal services. In addition, this P3 model is scalable, transferable to other regions, and sustainable in the long-term while leveraging partnerships and reducing risks for the municipalities and all government partners.

A key element of the proposed P3 model is that housing projects that receive grants under these programs remain fully taxable to the municipality and the province because the property is not government or not-for-profit owned and operated.[1] Development incentive grants created by municipalities can be in the form of cash, land, waiver of fees or other incentives that directly reduce the cost of development. In situations where cash incentives are required, municipalities should have the ability to borrow from the province at a zero-interest rate with the understanding that the Province will receive its return through taxes on the full assessed value of property. A return on investment for the province is therefore realized through a combination of repayment of principal by the municipality and property taxes by the developer.

Sample Analysis

- Developer receives a municipal affordable housing incentive totaling 10% of a $10 million construction project. The actual program may vary from municipality to municipality.
- Municipality borrows the $1 million from the Province to incentivize the development.
- Rental rates for the affordable housing units are set under the same guidelines as Canada Mortgage and Housing Corporation (10% below revenue potential).
- Typical provincial mill rate is $2.44 and based on a $10 million assessment, this generates $24,400 in annual taxes to the Province. This is equivalent to a 2.44% annual rate of return to the Province.
- The rate of return for the municipality is dependent on the incentive program it creates, and based on its portion of property tax collected.

Conclusion

This proposed model of P3 demonstrates an alternative approach that is innovative, can be easily implemented, and is sustainable in the long-term while leveraging partnerships and reducing risks for the municipalities and all levels of government involved. It allows government to focus resources on higher level strategies, directing provincial and federal grants to the more immediate/acute need of supportive housing. These outcomes align with Alberta's 10-year strategy to improve and expand affordable housing (2021), which recommends expanding affordable housing through a range of models and capital contributions; flexibility; innovation; and partnerships among all orders of government, communities, non-profit organizations, and the private sector.[2]

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[1] Section 362(1)(n) Municipal Government Act Parts 1 and 3 of AR 281/98

[2] Stronger Foundations: Alberta's 10-Year Strategy to Improve and Expand Affordable Housing, 2021.

The Affordable Housing Review, which led to the strategy, supports government investment in affordable housing as "[the investment] is multiplied in economic returns because it creates jobs and supports tenants to stay in their community and obtain and maintain meaningful employment."[1] To engage private developers in affordable housing P3 projects, municipalities may require cash commitments. The Alberta government plays an integral role in this partnership and strategy by providing municipalities with access to a zero-interest rate loan. These loans give municipalities the flexibility to tailor solutions that work best within their respective communities and offer another tool to address the affordable housing crisis. Such an investment by the Province is low risk, has a negligible budgetary impact, will see value for P3 partners and better outcomes for all Albertans, and will help drive recovery of the Alberta economy.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Support a sustainable and locally tailored P3 approach to address affordable housing demand that actively engages private sector developers by giving municipalities the ability to borrow from the Province at a zero-interest rate, with the understanding that the Province will receive its return through taxes on the full assessed value of property.

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

Energy

Renewal Including Nuclear in Alberta's Energy Mix

Sponsored By: Sherwood Park & District Chamber of Commerce

Co-Sponsor(s): Camrose & District Chamber of Commerce

Issue

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

Background

As the second-largest producer and fourth-largest exporter, Canada made up 13% of global production of uranium in 2019, a key ingredient in producing nuclear energy. Nuclear energy in Canada dates back to 1942 and Canada has even developed a renowned nuclear reactor technology, *CANDU*, that is used on Canadian soil and internationally. In 2018, approximately 15% Canada's electricity grid was sourced by nuclear power.[1,2] Nuclear is a clean energy supply that does not emit carbon and has great potential to be increased within in Canada's energy mix to work towards our ambitious net-zero targets.

Small Modular Reactors (SMRs) have gained popularity in Canada as a smaller scale nuclear energy source. Regular-sized nuclear reactors used in Canada will usually produce about 800 megawatts of electricity which is "enough to power 600,000 homes at once", while Small Modular Reactors "can generate between 200 and 300 megawatts".[3] "The technology is also small enough to be transported on a truck, ship or train, and has been touted by the federal government as safer than traditional nuclear reactors".[4] The Canada Nuclear Safety Commission (CNSC) regulates SMR projects with the purpose of protecting the "health and safety of Canadians and the environment.[5]

Both the federal and provincial government have signaled strong support for SMRs. The Government of Canada has released their SMR Roadmap in partnership with Alberta Innovates, and their SMR Action Plan endorsed by the Government of Alberta and Alberta Innovates.[6,7]

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

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

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[1] https://www.nrcan.gc.ca/science-data/data-analysis/energy-data-analysis/energy-facts/uranium-and-nuclear- power-facts/20070

[2] https://www.atomicheritage.org/location/Canada

[3] https://www.cbc.ca/news/canada/calgary/nuclear-energy-alberta-ucp-small-scale-modular-reactors- government-of-canada-1.5677983

[4] https://www.cbc.ca/news/canada/calgary/nuclear-energy-alberta-ucp-small-scale-modular-reactors- government-of-canada-1.5677983

[5] https://nuclearsafety.gc.ca/eng/reactors/research-reactors/other-reactor-facilities/small-modular-reactors.cfm

[6] https://smrroadmap.ca/

[7] https://smractionplan.ca/

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

Over 90% of Alberta's electricity grid is powered by fossil fuels.[1] By contrast, Ontario's electricity grid is currently around 60% nuclear, which demonstrates nuclear's effectiveness and potential for expansion in Canada and Alberta.[2]

While nuclear projects have been attempted in the past in Alberta, there have been no successful builds to date. In August of 2020, Alberta signed onto an MOU with Ontario, Saskatchewan, and New Brunswick, supporting the "advancement and deployment" of SMRs. Premier Jason Kenney noted the potential to power remote communities, the opportunity for economic diversification, and the potential for job creation and reduced GHG emissions.[3]

We applaud the AB Government for their efforts to decarbonize energy production in the province, the Minister of Environment and Protected Areas, Rebecca Schulz, recently announced a $7 million investment in support of Cenovus Energy's SMR study. The study, expected to cost nearly $27 million, will evaluate the feasibility of utilizing SMRs to provide the energy inputs needed to support oil sands production via steam-assisted gravity drainage.[4]

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

One key challenge with implementing increased nuclear energy solutions will be public acceptance. Despite a very strong historical track record of safety, nuclear technology brings a level of public concern. Chris Varcoe of the Calgary Herald discussed nuclear in Alberta stating, *"Examining the case for small modular reactors makes sense, although there's a lot more work to do — and this will eventually include the need to educate Albertans about the merits and challenges about this form of energy…"*.[5]

New technologies are emerging in the UK to significantly reduce SMR production time, increase build quality for safety while reducing costs which should be considered for new SMR's to be built in Alberta.[6]

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[1] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-alberta.html

[2] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-ontario.html

[3] https://www.cbc.ca/news/canada/calgary/nuclear-energy-alberta-ucp-small-scale-modular-reactors- government-of-canada-1.5677983

[4] New funding to study small modular reactors | alberta.ca

[5] https://calgaryherald.com/opinion/columnists/varcoe-alberta-studies-nuclear-power-again-this-time-its-small-modular-reactors

[6] Nuclear SMR welding breakthrough: A year's work now takes a day (newatlas.com)

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

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

Renewal Market Access for Alberta Based Energy Products

Sponsor: Fort McMurray Chamber of Commerce

Co-Sponsor(s):

Issue

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

Background

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

When it comes to energy market access, our overwhelming reliance on the US market means that Canadian producers are often forced to sell their products at a discounted price. Bottlenecks in our infrastructure have exacerbated the price gap between Western Canada Select (WCS) and West Texas Intermediate (WTI) with the differential of WTI over WCS at US$13.85 in June 2023, and between approximately $7.00 and $45.00 in recent years.[1]

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.[2] This estimate suggests that lack of infrastructure contributes to an extraordinary transfer of wealth from Canada to the United States.

Investors have identified the transportation service being a concern in competitively accessing markets in a timely manner. Alberta has seen investors more inclined to invest in the US to hedge against logistical uncertainty and to guarantee access to tidewater than invest locally. As Alberta promotes further investment opportunities to build upon our existing industries, it will be critical to ensure that all pipeline, road, and rail transportation services are readily available and provide reliable and competitive service that supports the government's strategy for product and market diversification.

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

Conclusion

[1] Government of Alberta. "Alberta Economic Dashboard." https://economicdashboard.alberta.ca/dashboard/wcs-oil-price/. Accessed February 7, 2024.

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

New Regulatory Approval for Heat and Steam Recovery Technologies

Sponsored By: Red Deer & District Chamber of Commerce

Co-Sponsor(s):

Issue

Lack of consistency and collaboration between provincial governments are inhibiting the entrance of innovative technologies and lucrative business opportunities in the steam and heating recovery market. To attract new steam and heating technology into Alberta and to the rest of Canada, streamlining the provincial regulations around heat recovery steam generation is necessary.

Background

The global heat recovery steam generator market is projected to reach USD 1.2 billion by 2026, with North America expected to hold the largest market share[1]. Deployment of heat recovery steam generation provides opportunities for clean energy initiatives within the power industry, oil, and gas industry, chemical, and paper and pulp industries and others. Canada's significantly smaller market in comparison to the United States demands that the country be proactive in reducing barriers to new investments. Each province currently has separate approval mechanisms in place for the regulation of technology within the steam and heating industry. The differing safety codes regulations that exist within each province prevent technology from moving freely across the nation without rigorous and costly inspections and authorizations.

The Alberta Safety Codes Council[2] is "an independent regulatory body made up of industry stakeholders and staff." Formed in 1993 through the adoption of the Alberta Safety Codes Act, the organization delivers programs on behalf of the Government of Alberta and oversight is divided into unique authorities to guide specific industries. The Alberta Boilers Safety Association (ABSA)[3] is the pressure equipment safety authority for Alberta. The mandate of the Association is "to administer the Safety Codes Act and regulations and to deliver safety programs, as they relate to pressure equipment." ABSA's key activities include reviewing, accepting, and registering pressure equipment designs and construction procedures that relate to pressure equipment. ABSA is also responsible for issuing inspection permits and certification and authorizing and monitoring organizations that have been permitted to conduct activities that are subject to the Regulations.

Each province has similar legislation and authority bodies, and any modern technologies must apply to each province for consideration and approval before receiving the appropriate approvals to move products to market. The bureaucracy and red tape present in the compliance process is overwhelming. The investment to meet differing regulations is a substantial cost barrier for companies that have already met regulatory considerations for their own countries.

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[1] Fortune Business Insights. 2020. Heat Recovery Steam Generator Market Size, Share & Growth | Analysis Report [2030] (fortunebusinessinsights.com)

[2] Alberta Government. https://kings-printer.alberta.ca/1266.cfm?page=S01.cfm&leg_type=Acts&isbncln=9780779723652&CFID=191258327&CFTOKEN=17fb1d6430789b3e-EB638CE4-9E12-B81B-EF62EC7EF6350EE9

[3] Alberta Boilers Safety Association. 2022. https://www.absa.ca/about-absa/mandate/

In contrast to the provincial regulatory bodies across Canada, the Health, and Safety Executive (HSE)[1] is Britain's national regulator for workplace health and safety. Within Britain, technology is approved by the HSE and can move freely around the country. Technologies that are widely used across Europe and that meet or exceed Canadian safety requirements should undergo a regulatory process that accounts for the compliance measures already met to support expedient investment.

The opportunity for both clean energy alternatives and economic development across Alberta and the rest of Canada is hindered by onerous requirements to re-establish proof of compliance with safety regulations across national and provincial borders. The absence of a coordinated regulatory approval process also greatly hinders the development and use of advanced technologies that could improve our environment. The Government of Alberta's plan[2] to achieve carbon neutrality by 2050 by attracting "investment by creating a regulatory and investment climate that is predictable, agile and certain", should include steam and heat technology advancements. Streamlining Canadian safety compliance regulations within the industry should be included as a priority. Provincial leadership in the removal of government red tape would help to implement technology already widely used across Europe and the rest of the world and decrease reliance on non-renewable forms of energy. The Canadian bureaucratic approval process must have a greater focus on efficiency and effectiveness to support the import of overseas technologies.

The Alberta Chambers of Commerce recommends the Government of Alberta moves quickly to start:

1. With consultation from stakeholders, develop requirements that are supportive of the adoption of wet steam and waste heat conversion technologies for regulations within the steam and heating sector;
2. Ensure that the regulations apply to any new products, processes, and technologies, as well as all existing products, processes, and technologies;
3. Work to ensure that regulations provincially and federally are streamlined, consistently applied, and have a coordinated regulatory approval process; and
4. Implement a product-review standard between the various regulators. If the product or technology meets the criteria, then it passes for all the regulators.
5. Allow for a streamlined process for exemption approval as modern technologies are introduced.

[1] Health and Safety Executive. https://www.hse.gov.uk/aboutus/our-mission-and-priorities.htm

[2] Alberta Government. Emissions Reduction and Energy Development Plan | Alberta.ca

Renewal Small Scale Renewable Energy

Sponsored By: Lethbridge Chamber of Commerce

Co-Sponsor(s):

Issue

Literature has long suggested that Alberta has the natural assets and technical feasibility to support further renewable energy development. Alberta's renewable energy generation is low compared to the other provinces. Alberta's largest source of renewable energy is wind power, generated from turbines often built together at wind farms on rural land, producing roughly 20% of total electricity in the province.

Background

Despite the importance and potential of renewable energy as part of a low carbon future, Alberta generated 30% of its electricity in 2022 from renewable sources. This compares to British Columbia at 90%,[1] Ontario at 92%,[2] and Quebec at 99%.[3]

The Government of Canada has set the goal of achieving a net-zero power grid by 2050[4] and has been enacting legislation aggressively to see that goal through.

In addition to Government of Canada Net-Zero regulation, on January 14 and 15, 2024, Alberta Electric System Operator issued provincewide gride failure warnings due to increased demand caused by extreme cold. These warnings requested that residents and businesses limit their consumption and were not only disruptive, but they were also potentially economically costly due to possible lost productivity because of interruption to business operations.

Record low temperature brought record high demand for electricity. And renewable energy sources could not keep up. There was no wind on the weekend and the sun set before peak demand. To make matters worse, four natural gas-powered plants failed. Prior to the shortages, there was strong wind generation, backed by steady supply from natural gas-powered plants.[5]

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

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[1] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-british-columbia.html

[2] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-ontario.html

[3] https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-quebec.html

[4] https://laws-lois.justice.gc.ca/eng/acts/c-19.3/fulltext.html

[5] Alberta's electrical grid is overloaded. Here's what to know. (https://ppforum.ca/policy-speaking/whats-wrong-with-albertas-overloaded-electrical-grid/)

Business can assist the Governments of Alberta and Canada in reaching net-zero targets, reduce operating costs, and decrease their load on the grid by becoming small-scale renewable generators.

In October 2017, Flexahopper Plastics in Lethbridge brought online an array of 508 large solar panels which generate 212Mwh per year.

Solar panels remain a major capital investment, the cost of which or long-term credit burden may deter businesses.

The Government of Canada currently allows businesses to deduct up to 100% of total solar asset costs in the first year of purchase under the Capital Cost Allowance (CCA), section 43.2 of the Income Tax Regulation.[1] Alberta currently has no such incentive to business, leaving the opportunity on the table to stabilize our power grid by incentivizing industry to become producers rather than consumers.

By decreasing the cost barrier to business, the Government of Alberta can solve a number of problems at once – grid stability, meeting Government of Canada Net-Zero commitments, and catching up to the rest of Canada when it comes to renewable energy production.

It only makes sense to hedge our public bets by making it as easy as possible for businesses of all sizes to enter into the small-scale renewable energy market. Leveraging tax incentives to reduce barriers for renewable energy will help Alberta tap into the potential of its vast renewable energy resources, which will mean more jobs, more investment coming to the province and affordable electricity.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Set clear targets and make commensurate investments in energy storage projects to ensure Alberta can leverage its opportunities in renewable energy;
2. Develop outreach programs to attract students to relevant academic programs – with the aim of producing a diverse, highly skilled work force of post-secondary graduates and/or tradespersons;
3. Create a tax incentive to business to reduce capital cost barriers of installing wind and solar arrays; and
4. Engage in a united action with other levels of government, electricity employers, and academic institutions to support education and training or retraining to optimize the labour potential of current workers.

[1] https://laws-lois.justice.gc.ca/eng/regulations/c.r.c.,_c._945/fulltext.html

Renewal Strengthening Alberta's Electricity Transmission Intertie Infrastructure

Sponsored By: Lethbridge Chamber of Commerce

Co-Sponsor(s): Grande Prairie & District Chamber of Commerce

Issue

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

Background

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

On January 14 and 15, 2024, Alberta Electric System Operator issued provincewide grid failure warnings due to increased demand caused by extreme cold. These warnings requested that residents and businesses limit their consumption and were not only disruptive, but they were also potentially economically costly due to possible lost productivity because of interruption to business operations.

Record low temperature brought record high demand for electricity. And renewable energy sources could not keep up. There was no wind on the weekend and the sun set before peak demand. To make matters worse, four natural gas-powered plants failed. Prior to the shortages, there was strong wind generation, backed by steady supply from natural gas-powered plants.[1]

In addition, recent years have seen the AESO has imposed a significant reduction in import capacity (curtailment) for the Montana and B.C. interties, which is having a negative effect on transmission system operations and, more importantly, is leading to an estimated $300 to $500 million in additional costs annually for Alberta electricity consumers.[2]

These potentially disastrous situations could be avoided, and costs reduced with increased and more robust transmission intertie infrastructure.

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

The Montana Alberta Transmission Line (MATL) is a 344-kilometer, 230 kV 300 MW merchant transmission line connecting Great Falls, Montana and Lethbridge, Alberta. Analysis by Berkshire Hathaway Energy Canada shows that having a 450 MW back-to-back DC converter on the MATL

[1] Alberta's electrical grid is overloaded. Here's what to know. (https://ppforum.ca/policy-speaking/whats-wrong-with-albertas-overloaded-electrical-grid/)

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

intertie would increase transfer capacity for both the B.C. and MATL interties, optimizing the intertie system and improving grid reliability to help avoid future blackouts. With the support of the Canada Infrastructure BHE UST is developing a potential project to increase MATL's capacity from 300 MWs to 500 MWs. Upgrades have been discussed for several years, yet no action has been taken.[1]

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

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

Alberta's current intertie infrastructure limits access to hydropower produced in B.C. and Manitoba, as well as access to renewable power produced in southern Alberta and the United States. Interties complement high penetrations of variable renewable electricity by enabling jurisdictions to trade surplus renewable generation with other markets when output is high and to import electricity when output is low.[2] Finding ways to improve the transmission system's reliability, lower electricity costs for consumers, and improve access to renewable energy sources are critical objectives to enable a less carbon-intensive and more sustainable Canadian economy.

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

[1] 2023 Fixed-Income Investor Conference. Berkshire Hathaway Company (https://www.brkenergy.com/content/published/api/v1.1/assets/CONT9F21419F1BA744AEB8F28E5DF45C0A56/native?cb=_cache_41f1&download=true&channelToken=43656b04884643bc9fe334ad550d375f)

[2] Strategic Electricity Interties Report of the Standing Committee on Natural Resources 2017 (https://www.ourcommons.ca/Content/Committee/421/RNNR/Reports/RP9335660/rnnrrp07/rnnrrp07-e.pdf)

Renewal Upgrade Alberta: Fixing Alberta's Bitumen Valuation Methodology

Sponsor: Fort McMurray Chamber of Commerce

Co-Sponsor(s):

Issue

The oil sands resource is Alberta's largest economic asset, with proven reserves over 158.9 billion barrels.[1] While nearly two-thirds of oil sands production used to be upgraded, now only about one-third of oil sands production is upgraded. Currently, the Bitumen Valuation Methodology (BVM) is economically disadvantaging value-add opportunities for bitumen production, including upgrading. This is because the current BVM overestimates the value of bitumen relative to the actual market pricing. Revising BVM to reflect market value of bitumen is the most important long-term economic strategy the government can implement to enable market-based investment in technologies that add value to Alberta's resources and diversify Alberta's economy.

Background

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

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

Alberta's resource is being sold at lower prices instead of being upgraded to create higher-value products that yield a higher price. Planned new upgraders and expansions of existing upgraders have been shelved, while oil sands companies have invested more than $18 billion in value-added in the United States. Prior to the introduction of BVM, approximately 60 per cent of produced bitumen was upgraded in the province. That share has dropped to about 35 per cent.[2]

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[1] Government of Alberta. "Oil Sands Facts and Statistics." https://www.alberta.ca/oil-sands-facts-and-statistics.aspx. Accessed February 7, 2024.

[2] Oil Sands Magazine. "Bitumen Upgrading Explained." https://www.oilsandsmagazine.com/technical/bitumen-upgrading#:~:text=About%2035%25%20of%20Alberta's%20bitumen,being%20sold%20to%20downstream%20refineries. Accessed February 7, 2024.

Removing BVM and implementing a method that ensures the royalty for bitumen upgraded in Alberta is based on the same market value as the bitumen sold by producers to third parties, would lead to 50 per cent of bitumen being upgraded in the province in the next ten years. This aligns with Alberta Innovates goal of upgrading 20 per cent of in situ production (approximately 500,000 b/d of partial upgrading capacity) and the Government of Alberta's Recovery Plan.[1]

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Remove the existing Bitumen Valuation Methodology and design a method that ensures the royalty for bitumen upgraded in Alberta is based on market value, ensuring competitiveness and value for Albertans and restoring investor confidence; and
2. Adopt the target of upgrading at least 50 per cent of Alberta's bitumen in the province in the next ten years.

[1]Alberta Innovates. "Report on partial bitumen upgrading delivers key market insights." https://albertainnovates.ca/news/report-on-partial-bitumen-upgrading-delivers-key-market-insights/. Accessed February 7, 2024.

Environment and Parks

New Furthering Carbon Sequestration Efforts in Alberta

Sponsored By: Fort McMurray Chamber of Commerce

Co-Sponsor(s): Medicine Hat & District Chamber of Commerce

Issue

With the Canadian and Alberta governments stating a goal to achieve Net Zero carbon emissions by 2050 while global demand for energy rises, it is more important than ever to encourage and support carbon sequestration efforts in the Alberta energy sector.

This policy resolution supports the journey to net zero to ensure that Alberta's energy sector remains the world's most responsible producer as global demand increases.

Background

World demand for oil, gas, and other energy products is increasing.[1] Meanwhile, citizens and governments worldwide demand cleaner energy, emitting less carbon.

To this end, the Canadian[2] and Alberta[3] governments have set a net zero carbon emissions target by 2050. The Alberta energy sector is already producing the world's most ESG-responsible barrel of oil constantly becoming environmentally cleaner[4], and it will have a role to play for decades.[5] Despite this, it must still adapt to meet world energy demand while lowering emissions to ensure Canada and Alberta meet the 2050 net zero target.

One large lever the Alberta Government and energy industry can pull is to amplify its efforts around carbon sequestration. Carbon sequestration captures and stores atmospheric carbon dioxide to reduce the effects of climate change. Its use has been increasing in Alberta for over 8 years and has been an effective way for energy producers to reduce their carbon footprint.[6]

To meet rising demand and remain on track for Net Zero in 2050, the energy industry will need support from and collaboration with the government.

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[1] Reuters. "World oil demand next year to rise faster than expected, IEA says", accessed January 13, 2024, https://www.reuters.com/business/energy/iea-raises-2024-oil-demand-growth-forecast-despite-economic-gloom-2023-12-14/

[2] Government of Canada. "Net-zero emissions by 2050", accessed January 13, 2024, https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/net-zero-emissions-2050.html

[3] Government of Alberta. "Emissions Reduction and Energy Development Plan", accessed January 13, 2024, https://www.alberta.ca/emissions-reduction-and-energy-development-plan

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

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

[6] Government of Alberta. "Carbon capture, utilization and storage – Environmental safety", accessed January 13, 2024, https://www.alberta.ca/carbon-capture-utilization-and-storage-environmental-safety#:~:text=all%20of%20us.-,A%20history%20of%20success,of%20CO2%20since%20starting%20operations.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Create and improve tax exemptions available for carbon sequestration projects in Alberta, such as Carbon Capture and Storage;
2. Strategically co-invest in carbon sequestration projects that require funding assistance;
3. Collaborate with the energy industry to determine effective and efficient carbon sequestration methods that will make a meaningful difference to achieving Net Zero;
4. Continuously advocate to the federal government for efficient and effective carbon sequestration regulatory processes, red tape minimization, and funding and incentive programs, and;
5. Grant permits as required to move carbon sequestration projects and ideas forward in a timely and effective manner.

New Supporting Plastics Innovation in Alberta

Sponsored By: Sherwood Park & District Chamber of Commerce

Co-Sponsor(s):

Issue

Biodegradable plastic beverage containers present an opportunity within the existing recycling infrastructure to enhance sustainability and promote effective waste management.

Background

Alberta has made significant strides in waste management and recycling initiatives, aiming to mitigate the environmental impacts of plastic waste including through circular economy initiatives. In February 2023, the Province announced investments of $58 million for circular economy projects through Emissions Reduction Alberta (ERA) to projects across Alberta that are worth a total combined investment value of $528 million.[1]

Single use plastic beverage containers remain a challenge due to their slow decomposition rates and adverse effects on ecosystems. Biodegradable plastic offers a promising alternative by decomposing under the right conditions.

There are several agencies that service beverage container recycling in Alberta, including the Beverage Container Management Board (BCMB), the Alberta Bottle Depot Association (ABDA) and the Alberta Beverage Container Recycling Corporation (ABCRC). According to the BCMB they are "responsible for regulating Alberta's beverage container recycling system, and leads the development of policy and programs that enable the recycling of beverage containers in Alberta."[2] BCMB's mandate is to "To regulate and enhance a leading beverage container system that protects Alberta's environment."[2] The ABCRC "oversees the collection and recycling of more than 150,000 different types of regulated, non-refillable beverage containers sold in Alberta."[3] The ABDA has "over 200 Bottle Depot Members serving all areas of the province – these independently owned and operated businesses are part of a regulated system that ensures all types of beverage containers sold in Alberta are returned for recycling."[4] These agencies play a crucial role in managing beverage container recycling, providing an ideal platform to introduce biodegradable plastic beverage containers.

In 2020, the governments of Alberta and Canada, along with other partners, announced investment dollars into additional capacity for product development at TerraVerdae. This capacity is to be used for "fully biodegradable, high-performance bioplastics."[5]

There is an opportunity for the provincial government to work with the BCMB, ABCRC, and ABDA, as well as beverage manufacturers, waste management companies, and other relevant stakeholders to support and integrate biodegradable plastic beverage containers within the recycling system.

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1 https://www.bcmb.ab.ca/about/

2 https://www.abcrc.com/

3 https://www.blg.com/en/insights/2021/01/local-resource-recovery-drives-bioplastics-standards-globally

4 https://www.abda.ca/about

5 https://albertainnovates.ca/news/new-investment-boosts-bioplastics-product-development-capacity-at-terraverdae/

This will allow Alberta to take an innovative step towards addressing the environmental challenges posed by traditional plastics.

The Alberta Chambers of Commerce recommends that the Government of Alberta work with relevant stakeholders and industry including the BCMB and ABCRC to:

1. Jointly develop strategies for identification, collection, transportation, and processing of biodegradable plastic beverage containers to ensure a seamless integration within the recycling system.
2. Launch public awareness campaigns to educate citizens about the benefits of using biodegradable plastic beverage containers and how to properly dispose of them within the existing recycling system.
3. Consider the use of biodegradable plastic alternatives for single use items.

Finance and Treasury Board

Alberta Chambers of Commerce

Renewal Employee Share Ownership Plans: Harnessing Alberta's Entrepreneurial Spirit

Sponsored By: Leduc, Nisku & Wetaskiwin Regional Chamber of Commerce

Co-Sponsor(s): Beaumont Chamber of Commerce

Issue

Alberta's small businesses are struggling to recover from both rising supply chain costs and increasing overhead costs including utilities, leasing, and wages. Compounding this problem for some businesses is their inability to pay back CEBA and other Covid-19 business assistance loans before interest began to accrue. There is a unique opportunity to have Albertans, and the many thousands of newcomers to the province, invest in their employers and stabilize businesses. However, unlike other provinces, no personal tax incentives exist in Alberta for employees looking to invest in their employers.

Background

The lingering effects of the Covid-19 crisis have unevenly impacted Alberta's small businesses. Statistics Canada's Impact of COVID-19 on Small Businesses in Canada, Third Quarter 2020 shows that small businesses were more likely to experience a decrease in revenue and have less liquidity, and were more likely to be unable to take on more debt and to be considering bankruptcy in the current economic environment.[1] And, while half of all Canadian businesses reported a revenue decrease, it was more likely for smaller businesses to report a revenue decrease of 40% or more.[2]

Despite an end to Covid restrictions, businesses face rising operating costs as inflation soars and lease rates increase. Inflation in Canada reached a high of 8.1 percent in June of 2022[3], the highest in forty years, and the national inflation rate isn't expected to reach the Bank of Canada's target rate until sometime in 2025[4]. In particular, Edmonton and Calgary suffer from inflation rates that are the highest in Canada. In January 2024, the Consumer Price Index for these two cities sat at 3.4 percent, well above the national rate of just 2.8 percent[5]. This increase is due in large part to rising electricity prices, which jumped 119.9 percent in January 2024 over December 2023[6]. These operating costs are strongly impacting Alberta employers' bottom lines.

With declining revenues, and the CEBA loan now due, some small businesses are being forced to borrow. However, small businesses are less likely to have the ability to take on debt[7]. In fact, close

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[1] Impact of COVID-19 on small businesses in Canada, third quarter 2020. Statistics Canada: https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00088-eng.htm

[2] Ibid.

[3] https://www.theglobeandmail.com/topics/inflation/#:~:text=What%20is%20the%20inflation%20rate,highest%20in%20nearly%20four%20decades.

[4] Impact of COVID-19 on small businesses in Canada, third quarter 2020. Statistics Canada: https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00088-eng.htm

[5] https://www150.statcan.gc.ca/n1/daily-quotidien/240220/dq240220a-eng.htm

[6] Ibid

[7] Impact of COVID-19 on small businesses in Canada, third quarter 2020. Statistics Canada: https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00088-eng.htm

to half of businesses with 1 to 4 employees (47.2%), and around two-fifths of businesses with 5 to 19 employees (43.4%), do not have the ability to take on more debt[1].

This decline in revenues combined with difficulties in borrowing inevitably leads to employment reduction. While small businesses are less likely to lay off staff, when layoffs are made, small businesses are more likely to layoff all of their staff[2].

Of note, however, these businesses are also most likely to rehire all staff back[3].

Yet, despite these layoffs, in large part due to government programs like the Canadian Emergency Response Benefit (CERB), Canadians' household savings were $90 billion more than expected in the second quarter of 2020 and household savings are the highest in our country's history[4].

Additionally, as newcomers come to the province, they bring with them the opportunity to invest in their employers. In the past 12 months, more than 180,000 people moved to Alberta[5].

There exists now a unique opportunity to have household savings and newcomer capital invested in Alberta's businesses to help them overcome rising costs and loan repayments.

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

According to the ESOP Association of Canada, ESOPs are also an excellent tool to help recruit and retain talent, improve productivity and employee engagement, assist with succession planning, and allow participating employees to build long term wealth while acting as a source of capital for the company[6].

Only two provinces in Canada offer government programs that incentive employees to participate in share ownership plans, however. The province of British Columbia offers a 20 percent tax credit for employees making investments in their employers' businesses[7] and Manitoba offers employees a partially refundable 45 percent tax credit[8].

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

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[1] Ibid

[2] Ibid

[3] Ibid

[4] Household savings in Canada skyrocket during pandemic as Ottawa doles out billions in emergency benefits. National Post: https://nationalpost.com/news/politics/household-savings-in-canada-skyrocket-during-pandemic-as-ottawa-doles-out-billions-in-emergency-benefits

[5] https://globalnews.ca/news/10305854/alberta-calgary-inflation-rates-jan-2024/

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

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

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

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

New Small Business Rental Tax Rates

Sponsored By: Red Deer & District Chamber of Commerce

Co-Sponsor(s): Airdrie Regional Chamber of Commerce

Issue

To encourage small businesses to invest in residential real estate and to increase the available housing supply in Canada, income earned by a Canadian-Controlled Private Corporation (CPCC) for rental income should be taxed at the active business rate instead of the high investment tax rate.

Background

The federal government is encouraging large multinational corporations to build housing units and to supply inventory for the rental market. Grants which are available to large organizations are not available to smaller companies. Businesses wanting to invest in their local economies and to support housing needs are de-incentivized from building affordable housing options for Albertans.

Current federal income tax rules require that income earned on rental housing by a CCPC is taxed at a high-investment tax rate of around 50%. Because of this, the risk associated with the provision of rentals is higher than the incentive to provide housing options. The Small Business Deduction is not available for investment income, only for active business income. A change to current tax rules to permit rental income taxation at a lower rate could help to increase new builds as well as renovations that would increase the overall housing supply and to provide additional revenue for businesses.

Canada is experiencing a housing crisis and has reached a record high in rental costs[1]. In December of 2023, there was an 8.6 increase in rental costs over December 2022. In that time, Alberta has seen a 16.8% increase in rental costs.[2] Alberta had the fast-growing rents for purpose-build and condominium apartments across 2023. There are several reasons leading to the increases in cost, including population increases and lack of available inventory. In 2023, Alberta's population expanded by 194,000 people (4.3%)[3]. Growth in the third quarter of 2023 was 61,118 residents, which represents the highest growth in a single quarter since 1980. Alberta has seen interprovincial migration of more than 10,0000 residents in over five consecutive quarters for the first time in recorded history. Vacancy rates have decreased from approximately 11.5% in 2022 to 5.4% across Alberta[4].

The impacts being seen across the province could be eased by supporting small business owners to invest in housing opportunities across Alberta. As the population is projected to grow into the future, the province must consider all options to support new investments. Not only would this provide additional revenue for businesses, but it could improve the quality of life of Albertans by supporting options in housing.

In conclusion, to tackle the housing crisis in Canada, especially in Alberta, it is crucial to rethink tax policies and encourage small businesses to invest in residential real estate. The current 50%

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[1] Urbanation Inc. rentals.ca Network Data. 2024. National Rent Report

[2] Urbanation Inc. rentals.ca Network Data. 2024. National Rent Report

[3] Government of Alberta. 2023. Current provincial population estimates | Alberta.ca

[4] Government of Alberta. 2023 Apartment Vacancy and Rental Cost Survey. 2023 Apartment Vacancy and Rental Cost Survey (alberta.ca)

investment tax rate on rental income for Canadian-Controlled Private Corporations (CCPCs) acts as a deterrent for local businesses to contribute to housing supply. If we shift to taxing rental income at the active business rate, it could motivate small businesses to participate in new builds and renovations, boosting housing availability and generating extra revenue. This adjustment is pressing, given the soaring rental costs, with a 16.8% increase in Alberta in 2023 alone, driven by population growth and limited housing options. As the province faces reduced vacancy rates and unprecedented interprovincial migration, supporting small businesses in investing in housing becomes a vital strategy to ease the housing crisis and improve the quality of life for Albertans.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with other provincial governments to remove tax penalties faced by small businesses entering the rental market by allowing some portion of the rental income generated at a passive rate to support community investment efforts by small businesses and to help alleviate the housing crisis in Alberta.

Health

Renewal Increasing Access to Mental Wellness Workplace Supports

Sponsored By: Medicine Hat & District Chamber of Commerce

Co-Sponsor(s): Red Deer & District Chamber of Commerce, Redwater & District Chamber of Commerce

Issue

There is a need for integrated, effective, and efficient mental wellness support in the workplace for Alberta businesses. Mental health issues and concerns continue to cost businesses and the economy in both financial and human terms. Traditional solutions are not addressing the increasing need, and new and innovative approaches are needed to assist in dealing with the acceleration of mental health issues.

Background

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

According to the TELUS Mental Health Index,[1] 33 percent of workers have a high mental health risk; 43 percent have a moderate mental health risk. According to the Mental Health Commission of Canada, psychological health problems are costing the Canadian economy around $51 billion per year, $20 billion of which results from work-related causes[2]. About 30 percent of short- and long-term disability claims in Canada are attributed to mental health problems and illnesses.[3] In 2011, mental health problems and illnesses among working adults in Canada cost employers more than $6 billion in lost productivity from absenteeism, presenteeism and turnover.

One in every five Canadians experiences a mental health problem or illness within a given year. This figure equates to 20% of the Canadian population, approximately 7.1 million individuals, or the population of the 15 largest Canadian cities combined. We also know that one in two Canadians under the age of 40 will experience a mental health problem or illness by the time they turn 40 years of age. These numbers also directly impact the workplace, as every week, 500,000 Canadians are unable to work due to mental health problems or illnesses.[4]

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

Considering the economic loss that untreated mental health issues like absenteeism and presenteeism cost the economy, in addition to long-term health impacts on the economy, an

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[1] Telus Mental Health Index, December 2023: https://go.telushealth.com/hubfs/MHI%202023/Canada_MHI_December_English.pdf

[2] Mental Health Commission of Canada: Envisioning the future of workplace mental health:

https://mentalhealthcommission.ca/blog-posts/50927-envisioning-the-future-of-workplace-mental-health/

[3] Mental Health Commission: https://mentalhealthcommission.ca/what-we-do/workplace/

[4] Morneau Shepell: *Mental Health in the workplace*: https://www.mentalhealthcommission.ca/wp-content/uploads/drupal/2018-06/Monreau_White_Paper_Report_Eng.pdf

investment in mental health treatment, access and support would provide a significant return on the investment of public dollars allowing the individual to be more present and focused on their work, resulting in greater productivity for the business, the economy and reducing long-term health care costs.

The Government has invested in workforce development and training through programs like the Canada-Alberta Jobs Grant Program, realizing that an investment in an employee will benefit the individual, the employer and the larger economy. Additionally, the provincial Government has recognized the importance of addressing mental health and addiction by creating a dedicated Ministry and including it as one of four specialized areas in the new Health Care system.

The Government of Alberta has also provided more services through Alberta Counselling. However, many programs are reliant on someone reaching out for mental health treatment. An Ipsos study in 2021 showed that more than half (54%) of those currently living with mental health issues say they haven't sought medical support, whether in the form of counselling, psychological support, medication, or something else. The survey points to some important barriers – like affordability and stigma – preventing many from seeking the help they need. [1] In addition, mental health support is not a one-size-fits-all solution, and varied support and flexibility in programs are often limited by benefit programs or existing services such as those through Alberta Counselling or 211 referral services.

Using a proven model like the Canada-Alberta Jobs Grant Program and creating an Alberta Workplace Wellness Grant would allow these recognized benefits of workplace training and addressing mental health and addiction to be combined into a viable workplace solution. It would assist employers in finding financial support and customize mental health support for their employees. A critical feature should also ensure that owners, self-employed, and their families can access the program.

The limitations within the current Canada-Alberta job grant create unintended restrictions for wellness training and programs by limiting the hours to a minimum of 21 hours and limiting eligibility for the program. Numerous reports point to the impacts of mental health on businesses, including entrepreneurs and business owners. Business owners must also address their own mental wellness to support their workforce.

If a more flexible program could be implemented through a Workplace Wellness Grant, local health providers and entrepreneurs could provide solutions and support within the workplace and community. Building a wellness network with ties within the community could create a trusted and preventative support system that could identify individuals needing more intensive mental health therapy and intervention and provide support closer to home, allowing for variable hours of support, training, and mental health resources.

As prevention can be the first line of defence, identifying and managing stress factors, promoting psychological safety, and strengthening resilience among employees is an important step. Allowing employers to offer mental health training to equip their teams and leaders with the knowledge to recognize signs of distress, report concerns, and have the mental health resources to provide within the workplace can create a culture where mental well-being is addressed proactively and before issues worsen.

We also recognize that for businesses to become invested in mental health support for themselves and their employees, there must be a demonstrable benefit. In a study conducted by Deloitte, the

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[1] Ipsos: https://www.ipsos.com/en-ca/news-polls/six-in-ten-canadians-currently-experiencing-mental-health-issues-but-more-than-half-havent-sought-treatment

median yearly ROI on mental health programs was CA$1.62 among seven companies that provided at least three years' worth of data. For three or more years, companies whose programs had been in place had a median yearly ROI of CA$2.18. Programs are more likely to deliver greater returns as they mature rather than yield immediate financial benefits. Indeed, achieving positive ROI can take three or more years.[1]

Mental health solutions will take time to establish; however, programs in the workplace help create a culture within participating companies that values employees' overall well-being and results in employees becoming more productive and dedicated to their workplace.

Tracking the success of support initiatives should be an essential part of mental health initiatives. Employers can measure increased productivity and worker retention. Healthcare providers can track increased referrals as a preventative treatment and not during or after a mental health crisis has occurred. The government can gauge the popularity and uptake of wellness grant funding and an increase in overall economic productivity.

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

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Implement an Alberta Workplace Wellness Grant to provide at least two-thirds of funding for mental health and wellness services for employees, employers, owners and those who are self-employed with the minimum time eligibility requirement being set to no greater than six hours.
2. Support community-led, collaborative, and entrepreneurial approaches for service delivery and psycho-social education to address early detection, prevention and treatment to avoid duplication and reduce service delivery costs, as well as increase the understanding and importance of developing a system of wellness.

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

Infrastructure

Alberta
Chambers
of Commerce

New Initial Capital Expenditure (ICE)

Sponsored By: Red Deer & District Chamber of Commerce

Co-Sponsor(s):

Issue

Alberta must reconsider its reliance on Initial capital expenditure (ICE) as the primary decision on the approval and advancement of built environment projects in Alberta. Initial Capital Expenditure is very shortsighted. While ICE is certainly an important consideration, the importance of life cycle costing and results in poor value for investment, with higher resultant long-term costs.

Background

In Alberta, decision-makers most often focus on ICE and not the life cycle costing, quality of the space, or long-term investment. The true economics of a built environment project are rarely considered. Considering the short lifespan of a building at 75 years, the ICE is a minor investment in the full capital expenditure to operate, general maintenance, and staff the building.

Change is needed in the way that projects in Alberta and Canada are funded and approved. Taxpayers are not getting the best value for investment when ICE is the primary decision point. Operational and users' quality must be considered in the ICE and factored into the selection criteria. Items such as energy usage, carbon reduction, lighting levels, and air quality are all global issues that without a government policy and approach process change in direction, Alberta and Canada will be left further behind.

A wider range of approaches to the approval of projects is required. Initial Capital Expenditure is very shortsighted and results in poor value for investment.

There are currently 575 private and public sector projects in Alberta that are valued at $5 million or greater, a total value of approximately $177.6 Billion[1]. These projects represent a significant investment by the provincial government and the longevity of the construction and overall value should be represented in the overall Capital Expenditures.

The provincial government allocates federal funds to municipalities through the Canada Community Building- Fund (CCBF). The program will receive $266 million in 2023-24, for a total of more than $2.8 Billion in spending since 2014-2015[2]. The program provides conditional grants for capital related- projects that meet the program eligibility criteria[3]. Municipalities (excluding Summer Villages) receive a minimum of $50,000 per year. There is substantial investment into Alberta for capital investments and the longevity of the projects should drive the process.

The program eligibility requirements state that project costs "must be associated with construction, renewal, or material enhancement of municipal infrastructure; eligible expenditures are those associated with acquiring, planning, designing, constructing, or renovating a tangible capital asset"[4]. While basic asset management practices are required through a written plan, there is no requirement that long-term operational considerations of costs have been included within the

[1] Alberta Government. Alberta Major Projects

[2] Alberta Government. Canada Community-Building Fund | Alberta.ca

[3] Alberta Government. CCBF – Funding allocations and eligibility | Alberta.ca

[4] Alberta Government. Canada Community-Building Fund Program Guidelines (alberta.ca)

projects. This can result in an inefficient management of funds because future upgrades and enhancements that are required are not being considered within the process.

The separate consideration of capital construction costs and operating costs can lead to situations where lower-cost construction elements are included at the detriment of long-term use. When large-scale projects and buildings are developed, long-term costing responsibility should be included in construction costing to ensure the ideal use. Short-term thinking will result in additional costs for all three levels of government and overall project design with a long-term focus should be a priority.

The prevalent emphasis on Initial Capital Expenditure (ICE) as the primary decision-making factor for built environment projects in Alberta undermines the true economics of these endeavors. While ICE is crucial, the oversight of life cycle costing, quality of space, and long-term investment implications diminishes the holistic assessment needed for optimal project outcomes. The current approach reflected in programs like the Canada Community Building Fund, prioritizes short-term financial considerations over comprehensive evaluations that include energy usage, carbon reduction, lighting levels, and air quality. To maximize value and efficiency, it is imperative to integrate long-term operational considerations into the initial decision-making process, ensuring sustained savings, improved project outcomes, and better value for taxpayer investments. Moving away from the short-sighted focus on ICE is essential for fostering the longevity and functionality of built environment projects in Alberta and Canada.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Review the decision process of the approval and advancement of built environment projects within the province to consider lifespan and future requirements for upgrades.

Jobs, Economy, and Trade

New Importance of the Partnership Between the Government of Alberta and Regional Economic Development Alliances as Economic Drivers of Our Province

Sponsored By: Lethbridge Chamber of Commerce

Co-Sponsor(s): Redwater & District Chamber of Commerce

Issue

The partnership between the Government of Alberta and The Regional Economic Development Alliances (REDAs) is aimed at achieving Provincial economic development priorities by leveraging local expertise, knowledge, and funding from municipalities, businesses, and the federal government. The Government of Alberta's role is to enable and support partnerships, set strategic direction, and collaborate on specific regional projects. The aim is to empower rural regions to identify and pursue opportunities that align with Provincial goals. However, challenges arise when changes in leadership occur, occasionally considering budget cuts or even terminating the partnership. Effective communication of the partnership's outcomes and benefits becomes crucial in such instances to ensure the continued success of the collaboration.

Background

The Regional Economic Development Alliances (REDAs), municipally owned non-profits have engaged in a partnership with the Government of Alberta since the early 2000s. These organizations were initiated by the Provincial Government with the objective of achieving economic development outcomes. The rationale behind this initiative was the recognition that partnering with groups of municipalities in economic regions of the province, due to their shared interest in advancing local opportunities, would be an effective approach. The Government of Alberta sought these partnerships to leverage local expertise, knowledge, and contributions from municipalities, businesses, and the federal government to achieve provincial outcomes. The collaboration has proven successful, with nine thriving REDAs producing notable outcomes for the province with minimal investment from the Provincial Government.

Nevertheless, the continuity of this collaboration has encountered challenges. In 2011, funding for the REDAs was abruptly canceled, leading to persistent difficulties until the 'REDA Renewal'[1] in 2014, marking a crucial moment in revitalizing the partnership. Notably, additional funding initiatives like REDA-CARES from 2016 to 2018 played a pivotal role in contributing to the success of regional projects during this period. Despite budget cuts in 2019-2020, resulting in reduced commitment, REDAs successfully demonstrated their value, garnering increased support in 2022-2023. The trajectory of these events underscores the resilience and positive outcomes achieved by REDAs despite various challenges in the partnership's history.

Example of Success

In 2022, Alberta had 44,705 electric, hybrid, or plug-in cars, constituting 1.2% of the total vehicles. Electric vehicle (EV) sales rose by 63.7% that year, and projections indicate that Calgary may host

[1] https://www.albertacounselnews.com/thenews/80prc8fe6x17k9ixrq257mvd6cau7a

300,000 EVs by 2030. To address the growing need for charging infrastructure, the Government of Canada offered $2 million in rebates for EV charger projects in 2020. Only two Alberta organizations, Alberta Municipalities and SouthGrow, applied, with SouthGrow playing a crucial role. SouthGrow expanded its funding program to the provincial level, securing federal funding and leveraging additional funds from participants. By 2024, SouthGrow aims to build 188 charging stations across Alberta, with a total project value of $4,421,112.55, showcasing the success of their strategic approach in collaboration with the Government of Alberta. This success is only one example of the significance of this relationship.

Recent Developments

The Ministries of Energy and Finance have both voiced robust support for the partnership between the GOA and the REDAs, emphasizing their commitment to rural economic development. Their endorsement underscores the significance of collaborative efforts in fostering economic growth in rural regions. Furthermore, the ***Economic Development in Rural Alberta Plan (EDRAP)***[1] published in December 2022, serves as a key document, highlighting the importance of regional collaboration as a fundamental pillar for sustainable economic development.

On July 5, 2023, the Ministry of Economy & Trade, in a notable development, received a mandate[2] to actively collaborate with REDAs on initiatives related to wayfinding services and business attraction. ***In the letter*** it asks the Minister to collaborate "with partner organizations, including Regional Economic Development Alliances, to enhance wayfinding services and other business-attraction initiatives for investments under approximately $50 million". This mandate reflects a strategic commitment to leverage the expertise and capabilities of REDAs in enhancing regional economic development efforts. Together, these expressions of support and specific mandates underscore the government's recognition of the pivotal role REDAs play in advancing economic development goals in rural Alberta.

Current Proposal and Identified Issues

The current proposal from the Ministry dated ***January 19, 2024,*** presents several critical concerns for the partnership between the Government of Alberta and the REDAs. Firstly, the Ministry suggests an exit from the partnership after three years, a proposal that goes against the ongoing mandate and commitments established in previous agreements. Secondly, the introduction of matching requirements poses a potential challenge for small REDAs, making it difficult for them to meet these requirements and potentially leading to their closure. Additionally, the Ministry's assertion of making funding more equitable and competitive raises questions, particularly as REDAs predominantly represent the smallest and most underserved communities in the province. The proposed "exciting tools" and consultant support are viewed as unnecessary by REDAs, which already possess their own tools and expertise. Lastly, the Ministry's concerns about municipalities not being part of REDAs should be addressed by further supporting and strengthening REDAs rather than considering discontinuation. These concerns collectively highlight potential pitfalls in the proposed changes and emphasize the need for a more collaborative and supportive approach to ensure the continued success of the partnership.

Conclusion

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[1] https://open.alberta.ca/dataset/b3cb4a52-e3fb-4aeb-a69f-0d32a5a14eec/resource/b4342f56-6762-4fdb-85c0-2856ae599d77/download/agi-economic-development-in-rural-alberta-plan.pdf

[2] https://open.alberta.ca/dataset/bf7f9a42-a807-49b3-8ba3-451ae3bc2d2f/resource/799fdfaa-43b9-4dff-a9da-33d2c3d94bab/download/jet-mandate-letter-jobs-economy-trade.pdf

The partnership between the GOA and REDAs has a proven track record of success. To continue achieving positive outcomes for the Province of Alberta, it is crucial to address the identified issues and implement the recommended policy changes. This will ensure sustained collaboration, equitable support, and the realization of shared economic development goals.

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

1. Maintain Partnership Commitment with the REDAs: The Government of Alberta should reaffirm its commitment to the partnership, aligning with its mandate and recognizing the positive outcomes achieved.
2. Equitable Funding Model: Revise the funding model to ensure equitable support for both small and large REDAs, with a matching requirement that accommodates the smaller regions.
3. Multi-Year Certainty: Establish a multi-year agreement spanning provincial elections to provide certainty for long-term planning and project implementation.
4. Strategic Consulting: Use the consultant support to enhance REDA potential, focusing on regional growth and identifying opportunities for improved outcomes.
5. Collaborative Tool Development: Prioritize consultation with REDAs on tools needed for regional work, ensuring that investments align with actual needs and enhance existing capabilities.

Municipal Affairs

New Establishing Community Safety and Wellbeing Strategies in Alberta's Municipalities

Sponsored By: Sherwood Park & District Chamber of Commerce

Co-Sponsor(s):

Issue

Albertans are concerned with rising crime levels and safety issues within their local communities, and areas outside of Edmonton and Calgary feel left out of government supports. Ensuring the safety and well-being of its citizens is a fundamental responsibility of any government, and it is important to find equitable, effective, and collaborative solutions that consider various regional differences and needs.

Background

Recently, the province of Ontario set out to deal with municipal safety concerns by legislating that Community Safety and Well-Being (CSWB) plans be created by every municipality in the province through the 2019 Comprehensive Police Services Act (Bill 68). According to the Government of Ontario website, "the goal of this provincial mandate is to establish a proactive and collaborative approach to community safety and wellbeing planning, in which the municipalities will take the lead in identifying and responding to local needs alongside other community service providers." In Alberta, municipalities including Strathcona County, Lethbridge, Morinville, Edmonton, and others have also undertaken CSWB work to date.

The Canadian Municipal Network on Crime Prevention (CMNCP) released a "Practitioner Guide on Crime prevention and Community Safety & Well-Being Planning" that reviewed Community Safety & Well-Being Plans (CP/CSWB) that have been undertaken in various municipalities across Canada and published best practices from the review. There are some important learnings from this document that can be used.

First, collaboration from various community stakeholders is an important foundation. CMNCP document notes that, "ideally, a CP/CSWB plan requires community collaboration at all stages. Input and feedback from local stakeholders, residents, people with lived and living experience, as well as others within the community is vital to effectively identifying and addressing priority areas."

Next, a holistic approach should be taken when collecting community data. The CMNCP document notes that, "measuring crime rates exclusively does not offer a full picture of well-being and as a result, other aspects such as community connectedness and civic engagement should be evaluated to determine the impact of a CP/CSWB plan." A strong CSWB assessment would encompass a range of factors such as crime rates, social determinants of health/justice, economic disparities, and community dynamics. With a broader set of information, targeted interventions can be developed, addressing the root causes of safety risks, and enhancing overall well-being. It is also important to have a strong research foundation for a successful CSWB plan. By having municipalities answer the same set of baseline questions, the Government of Alberta can get an aggregated view of municipal performance and needs and respond accordingly.

Finally, recognizing regional differences is crucial when developing effective strategies to enhance community safety and well-being. By conducting CSWB assessments, municipalities can gather data and insights that inform the development of tailored interventions. This data-driven approach helps policymakers identify priority areas, allocate resources effectively, and evaluate the impact of interventions over time.

By having municipalities work with their local stakeholders, and in turn with the province, Alberta can facilitate a comprehensive understanding of local challenges, develop tailored plans to improve municipal safety. Through these initiatives, Alberta can create a province where every community thrives, and its residents enjoy enhanced safety, well-being, and quality of life.

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

1. Mandate municipalities to conduct Community Safety and Well-Being (CSWB) assessments to create strategies that promote safer communities, recognize regional differences, and ensure funding is equitable and fair across the province;
2. Provide expertise, training, and support throughout communities of practice through CMNCP and the local police service, and;
3. Provide base funding to each municipality to ensure all CSWB Strategies are submitted on time and complete.

New Integrating Industry Standard Contracts into Municipal Construction Procurement

Sponsored By: Fort McMurray Chamber of Commerce

Co-Sponsor(s):

Issue

At present, Alberta's municipalities employ separate construction procurement processes and practices. In several jurisdictions, this has led to unclear, unnecessarily inefficient procedures and payment schedules not being followed. The result is an unneeded difficulty for local businesses and credible contractors choosing not to bid on construction projects critical to our communities.

The Government of Alberta should institutionalize municipal construction procurement to align with industry-standard contracting processes to remedy this situation.

Background

Currently, municipal construction procurement processes need to be more consistent across municipalities in Alberta. This is resulting in the following:

- Inefficient, ineffective, unclear procurement processes that prolong the time it takes to complete critical infrastructure;
- Local construction businesses not being able to sustain operating in our communities; and,
- Potential highly qualified proponents refrain from bidding on construction opportunities in our municipalities.

The Municipal Government Act does not currently mandate construction contracts and procurement processes that meet Canadian Construction Documents Committee (CCDC) standards, resulting in insufficient controls, 2-way accountability, inefficiency, and red tape.[1]

For example, a recent mechanical review of a construction contract from the Regional Municipality of Wood Buffalo presented approximately 35 recommendations to improve construction contracts and procurement processes in that municipality.[2]

There are challenges with on-time payment, with some municipalities paying over 45 days after invoice due dates without a late payment penalty. This practice violates the Alberta Prompt Payment and Construction Lien Act and makes it difficult for smaller local businesses to stay afloat without knowing when or how they will be paid.

Some municipalities also use a process whereby work cannot commence until a Purchase Order (PO) is issued despite the contract being executed. POs often take months to receive after that, leaving the contractor in limbo and the project needlessly delayed. Some municipalities then request the work to proceed with a PO forthcoming; however, this can cause the PO to take longer and for the contract and process to be contravened. Removing the requirement for PO to start work would remove unnecessary red tape once a contract is agreed to.

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[1] Government of Alberta. "Municipal Government Act", accessed January 14, 2024, https://open.alberta.ca/publications/m26

[2] Fort McMurray Chamber of Commerce. "2021 Construction Contract Mechanical Review Results", accessed January 14, 2024, available upon request.

Some municipalities also use tendering processes for budgeting purposes without the intention to ultimately award the work. This practice wastes the time and resources of proponents and disincentivizes businesses from bidding on future tenders. There are other methods municipalities can employ to determine the costs and budgets of projects.

Creating a standard construction contract and procurement process that meets CCDC standards and directly addresses the abovementioned issues will speed up the construction process and attract more qualified proponents to complete these critical infrastructure projects.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Leverage the Municipal Government Act to standardize municipal construction procurement by requiring Alberta's municipal governments to adopt CCDC-standard contracts to ensure consistency, legal integrity, and public contracting efficiency, including:
    a. Enforcing the Alberta Prompt Payment and Construction Lien Act on municipal contracts and ensure compensation for late payment when the act is violated;
    b. Requiring municipalities to only create tenders that will be awarded, eliminating the practice of tendering work for the purposes of building internal budgets; and,
    c. Permitting work to commence upon execution of contract and eliminating the time-consuming process of waiting for a Purchase Order before work commences.

       – or -

       Requiring Purchase Orders to be included with contracts to ensure timely delivery of both contract and Purchase Order number.

Transportation

Renewal A Systems Approach for Provincial Transportation

Sponsored By: Lethbridge Chamber of Commerce

Co-Sponsor(s): Medicine Hat & District Chamber of Commerce

Issue

Transportation systems are intrinsically linked to economic development. 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. Alberta exported $206.42 billion worth of all products to all markets in 2022[1], which means most of Alberta's $331.5 billion 2022 GDP was 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 minimize the impact of crude oil market fluctuations.

The opportunities are there. Almost every expert predicts that there are significant opportunities for Canada to increase agri-food exports in response to a growing global demand for high-quality food products, and Alberta is well-positioned agriculturally and industrially for rapid expansion to meet this demand.

However, unless significant changes are made, the transportation system in Alberta could be ineffective in meeting the needs of citizens, communities, and businesses to take advantage of this growth. Inefficient transportation means a reduction in competitiveness, and there is a real possibility of our region being sidelined while economic development progresses in more accessible locations with lower transportation costs. The cost of not proactively improving our transportation system could be very high.

The Government of Alberta recognizes that a good transportation system is vital to the prosperity of Alberta, as is evidenced by the Transportation Business Plan 2019–23[2] which includes a multi-modal transportation. However, the province must also recognize that a cost-effective means of

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[1] Export Tool – Government of Alberta (https://export.alberta.ca/export-tool/)

[2] Transportation Business Plan 2019–23 – Government of Alberta (https://open.alberta.ca/dataset/9d234882-5822-4e06-8e08-b00faa488647/resource/a8b67194-f49a-4f30-af5f-7d591237da8c/download/transportation.pdf)

improving transportation cannot be effectively 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.

While Provincial and Federal governments have made significant investments towards transportation, including developing an increasingly integrated system of traditional rail, subway, light-rail transit, and buses. However, the small and medium sized municipalities continue to lack adequate transportation infrastructure and often wait years for strategic projections to be approved or funded. This reality puts these communities at a disadvantage when it comes to attracting and retaining industry, talent, and investments, as well as limits the everyday mobility of residents.

An efficient provincial transportation system, based on multi-modal 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.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with the federal government to ensure the specific needs of transportation are economically significant and merit a proportional share of investment;
2. Work together with other levels of government to improve transportation and mobility throughout the province. Opportunities for collaboration beyond funding partnerships should be explored;
3. Plan and select transportation projects to promote an awareness of the importance of transportation and transportation choices to the economy, the environment and social lives of Albertans and Canadians;
4. Commit to an integrated and multi-modal approach to transportation infrastructure policy and planning; and
5. Create a policy and regulatory environment that incentivizes technological advances in the transportation sector.

Finance (Federal)

Alberta
Chambers
of Commerce

New Consolidated Income Tax Filing for Corporate Groups in Canada

Sponsored By: Sherwood Park & District Chamber of Commerce

Co-Sponsor(s):

Issue

The current approach to taxation of corporate groups in Canada ignores the commonality of ownership principles and requires that owners undertake costly and complicated planning to allow for consolidation or transfers of losses and/or credits between members of a common corporate group.

Several countries in the Organization for Economic Co-operation and Development (**OECD**) allow for taxation of corporate groups on a consolidated basis and it is past time for Canada to join its peers in this practice.

Background

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

- *The Duke of Westminster (1936)*[1]

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

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

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

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

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

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

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

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

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

New Increase to the Canada Workers Benefit Tax Credit

Sponsored By: Red Deer & District Chamber of Commerce

Co-Sponsor(s):

Issue

Alberta is experiencing labour shortages in different industry sectors which are adversely impacting businesses and the overall economy by limiting operations and growth. The federal government should increase Canada's Worker Benefit Tax Credit and the provincial government should implement an Alberta tax credit to encourage lower-income individuals in the workforce.

Background

Alberta is experiencing labour shortages across a variety of different industry sectors. In 2023 Q3, Alberta had a 4.1% Job Vacancy rate with the highest level of job vacancy in accommodation and food services (8.3%) and construction (6.7%). Individuals who are not currently present in the workforce could be further incentivized by increasing Canada's Worker Benefit Tax Credit and implementing an Alberta tax credit that would cover more of the expenses incurred to go to work.

The Canadian government explains that "The Canada Workers Benefit is a refundable tax credit to help people and families who are working and earning a low income. It is a sizeable tax refund for workers"[1]. However, the maximum tax credit provided to individuals making between $32,244 (single Canadians without children) is $1,400 and $56,197 (double-earner families) is $2,400. These amounts should be increased to reflect the rising costs that individuals are facing.

Alberta has a younger median age (38.9) than across Canada (41.7)[2] and should have a significantly lower rate of job vacancy than other provinces, but this is unfortunately not the case. Many in Alberta struggle to manage current expenses and would benefit from an incentive to stay in the workforce.

The Government of Alberta does not have a provincial Workers Benefit Tax Credit. Alberta had an annual inflation rate of 3.55% in 2023[3] and the rising cost of living has made it difficult for lower-income individuals to continue working. Alberta businesses would certainly see gains from a tax benefit provided directly to workers that helps make life more affordable and encourage engagement in the workforce. The province should support lower-income workers to get and stay employed and should encourage the federal government to increase the tax benefit available to workers.

The Alberta Living Wage Report[4] defines the living wage as, "the hourly wage a worker needs to earn to cover their basic expenses and participate in their community". The focus on contribution through work and participation in the community should be promoted and supported. The report notes that shelter costs are the driving force behind rising costs and that the shelter crisis is a main

[1] The Government of Canada. 2021. Government expands Canada Workers Benefit to support one million more Canadians | Deputy Prime Minister of Canada

[2] Statistics Canada. 2021. Analysis: Population by age and sex (statcan.gc.ca)

[3] Inflation Calculator. 2023. 2023 CPI and Inflation Rates for Alberta | Inflation Calculator

[4] Alberta Living Wage Report. 2023. Copy of Alberta Living Wage Report (squarespace.com)

reason Albertans are seeing such rising living wages. The Provincial Government[1] recorded growth of 194,000 people (4.3%) from October 2022 to October 2023. This is the highest annual growth rate recorded since 1980. While the increased population could be a benefit to the workforce, support for those attaining employment and filling job vacancies should be a central focus to ensure continued contribution to Alberta communities and the economy.

Alberta's widespread labor shortages pose a significant challenge to businesses and the province's overall economic growth. Addressing this issue requires a dual approach: enhancing the Canada Workers Benefit to better reflect the rising costs faced by individuals and implementing a dedicated Alberta tax credit to alleviate the financial burden of work-related expenses. As the province experiences rapid population growth, supporting lower-income workers and incentivizing workforce engagement is paramount to fostering continued contribution to Alberta communities and a thriving economy. Collaborative efforts are needed between the provincial and federal governments to bolster worker benefits, creating a more sustainable and inclusive labour landscape in Alberta.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Remove barriers for individuals to enter the workforce to help alleviate the current labour shortage crisis by:
2. Implementing an annual earnings Workers Benefit exemption to address the rising cost of living in Alberta.

The Alberta Chambers of Commerce recommends the Government of Canada:

3. Remove barriers for individuals entering the workforce to help alleviate the current labour shortage crisis by:
4. Increasing the current annual earnings exemption limit of $32,244/$56,197 to address the rising cost of living in Canada.

[1] The Government of Alberta. 2023. [Current provincial population estimates | Alberta.ca]

Renewal Joint Filing of Spousal Personal Income Tax Returns

Sponsored By: Sherwood Park & District Chamber of Commerce

Co-Sponsor(s): Camrose & District Chamber of Commerce

Issue

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

Background

Prior to the issuance of the "Report of the Royal Commission on Taxation" more commonly referred to as the "Carter Commission" in 1966, the unit of taxation in Canada had been the individual. More specifically, income taxation was directed at the individual or "person" receiving the income, irrespective of marital status. In his report, Mr. Kenneth Carter pointed to the inequity of this approach and stated "Because the individual is the tax unit, serious inequity and enforcement problems arise"[1].

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

- *In most families, incomes are pooled, consumption is collective, and responsibilities are shared. It should be an objective of the tax system to reflect this fact, by considering families as taxable units. The ability to pay of the family, as distinct from the individual members of the family, must be recognized.*[2]

And,

- *The tax system must also recognize that the special responsibilities and non-discretionary expenditures of unattached individuals and families affect their ability to pay. Unusually heavy medical expenses, certain education costs and the number of dependent children, for example, should be taken into account in allocating tax liabilities.*[3]

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

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1 Report of the Royal Commission on Taxation, op. cit. n.1, Vol. 3 at p.127

2 The Family and the Income Tax Act in Canada, McGill Law Journal, Volume 18:4, 1972, David W. Beaubier, p.1

3 Ibid, p.1

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

Under the schedule, to be known as a "family unit rate schedule", family units would pay less tax than individuals with the same income;

- Family units would be granted a "basic exemption" that would essentially be double that of an individual; and
- Non-refundable tax credits would be granted to the family unit for children of the family.[1]

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

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

We believe that the time is right to address the inequity that has resulted from the reluctance of successive Canadian governments to adequately recognize the "family unit" as the appropriate unit of taxation. The introduction of legislative provisions that will allow for the filing of a joint personal income tax return by married persons will address the inequality that is inherent in our system of taxation and can eliminate the administrative and compliance burden that is imposed by TOSI regime introduced in 2018.

Arguments have been advanced that the introduction of a method of taxation that does not singularly recognize the "female worker" and her contribution to the *fisc* by representing a unit of taxation bears any validity whatsoever. On the contrary, we believe that the introduction of provisions to allow for the filing of joint spousal returns will not have any adverse impact upon female labor participation rates and will only serve to provide greater after-tax resources to the family unit, thus ensuring greater financial security for female participants of the workforce.

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

1. Establish a framework within the Income Tax Act, Canada, to address the importance of the family unit as the appropriate unit of taxation;
2. Introduce legislation to provide for an appropriate "family unit rate schedule" to address taxation of the family unit;
3. Review and address current non-refundable tax credits to ensure their appropriate application to the taxation of the family unit; and
4. Introduce legislation to provide for the ability for families to file a Joint Spousal income tax return to report the aggregate family income of the family unit.

[1] Report of the Royal Commission on Taxation, op. cit. n.1, Vol. 3 at p.173

Innovation, Science and Economic Development (Federal)

Renewal Water for Sustainability

Sponsored By: Lethbridge Chamber of Commerce

Co-Sponsor(s): Medicine Hat & District Chamber of Commerce, Okotoks & District Chamber of Commerce

Issue

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

Background

Alberta's agri-food industries are an important part of the Alberta economy, contributing $10.3 billion in gross domestic product and employing approximately 69,000 Albertans in 2022.[1]

In recent years, industry is becoming subject to high water costs and water shortages, challenging them to do more with less water. This restriction on water uses and resources has direct implications to business and the Canadian economy. Water scarcity has a direct impact on rain-fed irrigated agriculture as well as livestock, and an indirect impact on food processing industries.

In 2021[2], 2022[3], and 2023[4] Southern Alberta experienced drought conditions, leading to lower crop yields and livestock feed shortages in both 2022[5] and 2023[6].

Without water, businesses ranging from family farms to major corporations will face problems, including higher costs and long-term viability.

With water supply experiencing below average runoff and precipitation for several years, and higher demand for water, this has led to worries about having enough water to support ecosystems, particularly in Southern Alberta. Together, this underscores the need to develop an effective water policy and strategy along with comprehensive information on water use.

In addition to knowing the value of water and its contribution to the Canadian economy, reporting on water impacts, uses and return flows is an essential part of adopting a watershed approach to water resource management.

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1 Agri-food Investment and Growth Strategy – Government of Alberta (https://www.alberta.ca/agri-food-investment-and-growth-strategy)

2 Southern Alberta Experiencing Drought as Bad as 2002 — Alberta Seed Guide (https://www.seed.ab.ca/southern-alberta-experiencing-drought-as-bad-as-2002/)

3 Canadian Drought Monitor — Government of Canada (https://publications.gc.ca/collections/collection_2022/aac-aafc/A27-39-2022-9-eng.pdf)

4 Current drought conditions — Government of Canada (https://agriculture.canada.ca/en/agricultural-production/weather/canadian-drought-monitor/current-drought-conditions)

5 Feed shortages reaching crisis levels for Canadian cattle producers —Global News (https://globalnews.ca/news/8529897/canadian-cattle-feed-shortages-crisis/)

6 Hot, dry summer leaves ranchers, farmers in southern Alberta with tough decisions — CBC (https://www.cbc.ca/news/canada/calgary/alberta-drought-hay-producers-1.6927341)

Historically and economically, Canada has been shaped by our waterways and infrastructure. The benefits we have derived from water are diverse. Canada has more lakes than any other country. We have more water per capita than any other large country. Unfortunately, we take water for granted and undervalue it. Canada's per capita water withdrawals are the second highest per capita of any OECD country[1].

Even though Canada possesses nine per cent of the world's fresh water supply, Canada is not necessarily a water-rich country. Viewed globally, Canada's land mass is proportional to its water supply.

Approximately 60 per cent of Canada's fresh water drains north, while 90 per cent of our population lives within 300 km of the 49th parallel. Recent droughts and shortages indicate the relative scarcity of water in some regions at certain times of the year and demonstrate the importance of developing strategies to minimize the adverse effects of potential future shortages.

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

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

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

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

Examples include the following:

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

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

[1] Canada second among OECD countries with most significant water resources per capita — Ground Water Canda (https://www.groundwatercanada.com/canada-second-among-oecd-countries-with-most-significant-water-resources-per-capita)

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.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Instigate a national initiative that brings the provinces, territories, and First Nations together in addressing water issues of national importance. This initiative should be led by the Canadian Council of Ministers of the Environment;
2. Work with other levels of government to create and mobilize the knowledge needed to predict and respond to water problems and opportunities by providing centralized and harmonized collection and dissemination of water information;
3. Improve collaborative river basin planning by building durable partnerships for water management and decision-making with the federal government, municipal government, and Indigenous governments, with clear outcomes that include building resilience to extreme events, identifying priority areas for watershed restoration, and ensuring effective environmental flow regimes are in place across all levels of jurisdiction and authority;
4. Encourage federal government departments responsible for water management to collaborate on the development of a Canada-wide water management strategy and work towards alignment in regulations; and
5. Collaborate with the governments of British Columbia, Saskatchewan and Montana on regional strategies to plan and manage watersheds where jurisdiction allows.

Late Policies

Alberta Chambers of Commerce

New Exceptions from Restraints of the Federal-Provincial Childcare Agreement Necessary for Childcare Entrepreneurs.

Sponsor(s): St. Albert & District Chamber of Commerce

Issue:

Affordability grants for licensed childcare programs, though a temporary formula in an ongoing process, contain glaring fiscal issues that must be addressed with guidance from the childcare industry.

Background:

The Federal-Provincial Childcare Agreement was created to create accessible, affordable, and high-quality childcare. Through the agreement, $3.8 billion will be invested in childcare for children up to kindergarten-age. Over the course of a five-year agreement the government pledged to:

- Reduce licensed childcare fees by an average of 50% for families with children up to kindergarten-age (in kindergarten and attending childcare during regular school hours) (early 2022)
- Lower average licensed childcare fees to $15 per day for families with children up to kindergarten-age (in kindergarten and attending childcare during regular school hours) (by 2023-2024).
- Lower average licensed childcare fees to $10 per day for families with children up to kindergarten-age (in kindergarten and attending childcare during regular school hours) (by 2025-2026)

Other goals included expanding childcare accessibility and supporting high-quality childcare with the creation of new spaces (both non-profit and for-profit) and professional development training and certifications for the early childhood educator workforce.[1]

It becomes increasingly more apparent that the agreement the Government of Alberta signed with the Government of Canada (without input from the childcare sector and forcefully imposed upon the industry) is falling short of their promises.

Association of Alberta Childcare Entrepreneurs (AACE) research shows that the financial burden placed on childcare centers is becoming increasing unsustainable (despite additional funding provided by the Government of Alberta), and the consequences will include bankruptcies, lower childcare quality among operators forced to operate with sever financial constraints, and a lack of meaningful choices for parents as the industry transitions from a competitive mixed-market system to a state controlled and funded system.

In their letter to the Government of Alberta, the AACE shared that access to $10/day funding simply is also not equitable as it is only available to families choosing care via licensed, state-funding programs. Many rural families do not have such centers nearby, and many of those centers are already full and have growing waitlists.

[1] https://www.alberta.ca/federal-provincial-child-care-agreement

The allotted 3% increase intended to help cover the increased cost of doing business to ensure fees increases are not passed onto parents is insufficient to keep pace with the inflation index. Fixed fee caps do not adequately account for rising operational costs and operators find themselves needing to make cutbacks like any other business or household facing financial constraints. These cutbacks can include reduced staffing and limited resources that impact on the overall quality of care provided.

Additionally, administration costs are underfunded. The one-time administration grant covers less than 47% of the estimated increased administrative costs as childcare centers are required to do more financial reporting and act as the middleman for grant eligibility communication with parents.

The result of the current grant model over the last two years is childcare operators with depleted savings and securing loans to sustain the Affordability Grant program; a precarious path towards financial ruin and the closure of centers or withdrawal from the program altogether. The current funding model is unsustainable and evidence of that is becoming more prevalent across the country – not just Alberta.

Recommendations:

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Implement a 'Fund the Parents' model to provide financial support for childcare expenses directly to the parents.

   or

2. Allow childcare centers to increase fees in alignment with inflation rates and -
3. pass on additional administrative costs as a separate fee.