**Brief of ACC policy recommendations on red tape and regulatory reduction**

**June 24, 2020**

**Notes –**

1. ACC policies are listed in alphabetical order by ministry, and have been abbreviated here with an issue statement and recommendations. Full policies for the relevant background can be found be either clicking on the hyperlinked policy titles or found in the appendix at the noted page. Policies referred to in the appendix were proposed policy resolutions to be debated at the ACC annual general meeting in May which was postponed due to COVID-19. ACC executive committee has been granted the ability to advocate these resolutions in the interim. These resolutions will be debated by the network as such time as the AGM can be rescheduled and debated by the network, and are subject to revision at that time.

2. ACC recognizes Alberta government may have addressed, or are currently in process of addressing, recommendations and issues identified with policies listed below. (i.e. [Provide a Pathway to Permanent Residency for Entrepreneurial Immigrants](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2017_Policies/Provide-a-pathway-to-permanent-residency-for-entrepreneurial-immigrants.pdf) or [Ensure road-weight restriction reflect technology and economic needs](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2019_Policies/Ensure-road-weight-restriction-reflect-technology-and-economic-needs.pdf)). In these instances, ACC would appreciate an update to identify where the ACC network can be of assistance to moving the associated recommendations forward.

**Agriculture**

Grown-in-Canada Label: Marketing Alberta’s Agri-Food Industry (see Appendix Pg. 4)

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

*Recommendations*

1. Work with the Government of Canada to expand on “Canada Brand” to create a voluntary, “Grown-in-Canada” label that would identify with 100% Canadian-grown product that would include a single unified label, logo, image, and theme.
2. Ensure the Next Agricultural Policy Framework works to develop branding skills, knowledge and awareness of opportunities in the agri-food industry.
3. Work with the Government of Canada to develop a unified public education strategy showcasing the agri-food industry’s practice of environmental stewardship resulting in reliable, sustainable and high-quality agri-food and value added products.

The Application Process and Farmer Involvement in the Wetland Policy (See appendix Pg. 16)

Alberta’s current wetland policy has been in place for over 25 years and the application process is burdensome for farmers. This has implications not only for our agriculture sector, but also the other sectors which rely on agriculture for production.

*Recommendation*

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

[Higher Standards for Animal Welfare](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2018_Policies/Higher-Standards-for-Animal-Welfare.pdf)

Support ranchers and farmers by implementing a provincial video inspection to provide greater access to options for dealing with animals that succumb to injury that deems the animal as unfit for

transport under the legislation, reducing costs to industry and overall costs to the system.

*Recommendations*

1. Amend the Meat Inspection Act Section 4 to read: (1) Except as provided in the regulations, no person

shall slaughter an animal unless (a) the animal has been inspected by an inspector immediately before

the time of slaughter, or (b) the animal has been clearly identified by method of video inspection

immediately before the time of slaughter.

2. Amend the Meat Inspection Regulations Part 5 section 32 (3) to read: The mobile butcher shall identify the carcass and all other portions of the animal by affixing tags on them stating (a) “uninspected – Not for resale on all carcasses retuning back to the location of slaughter or (b) “Held” – to remain held

in the mobile butcher’s designated cooler until the carcass is released by an inspector or accredited

veterinarian.

3. Work with the Alberta Meat Inspection Department to update all documents regarding the approval

*of a video inspection program and maintain that it remains in compliance with existing regulations*

already in place.

[Promote Agribusiness Growth Opportunities by Reducing Barriers to Interprovincial and International Trade](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2017_Policies/Promote-Agribusiness-Growth-Opportunities-by-Reducing-Barriers-to-Interprovincial-and-International-Trade.pdf)

Implementation of Canadian Food Inspection Agency (CFIA) regulations and licensing requirements is cost prohibitive to many small to mid-sized processors and constitute a major barrier to interprovincial and international trade. Current federal legislation does not allow for meat, poultry, eggs, dairy products, fruits and vegetables to cross provincial/territorial borders, or to be exported out of Canada unless these products are processed in a federally licensed facility. The new Safe Food for Canadians Act will expand this to include all foods shipped out of province/territory.

*Recommendations*

1. Work collaboratively with provincial/territorial and federal inspection agencies to effect positive changes to food safety outcome inspections, enabling processors to compete more efficiently in both domestic and international markets:
   1. To support a single industry outcome that can be implemented with consistency and cost-effectiveness across Canada by the provinces/territories, with each provincial/territorial regulator subject to Canadian Food Inspection Agency oversight;
   2. The food safety regulations need to be reviewed for relevancy and modified/broadened if current criteria are unnecessarily restrictive and insensitive to sound business interests;
   3. The implementation must be consistent and cost-effective throughout the food distribution chain, without compromising Canada’s reputation for high food safety standards; and,
   4. To encourage the Canadian Food Inspection Agency and provincial/territorial agencies to shift away from a rules-based regulatory regime to an outcomes-based food safety discipline, with the onus on the processor to meet targeted safe food standards;
2. Reassess inspection and regulatory costs and how they are allocated, to enable processors to trade across provincial or national borders, without being at a competitive disadvantage.

**Education**

[Educate and Foster Entrepreneurship Through MicroSociety](The%20MicroSociety%20program%20is%20underutilized,%20yet%20incredibly%20effective%20learning%20tool%20that%20helps%20students)

The MicroSociety program is underutilized, yet incredibly effective learning tool that helps students develop financial literacy, civic, and soft skills resulting in higher student engagement and grades. Recommendation 6 of the MacKinnon Report on Alberta’s Finances encourages the Alberta government to “completely review and revise the current education [K-12] funding formula and provide incentives for sharing services and achieving better education outcomes.”

*Recommendations*

1. Work with MicroSociety to develop and distribute a guide and toolkit for schools that want to have a MicroSociety; and

2. Encourage Alberta school boards to create MicroSocieties in k-8 schools across the province with the goal of at least 1 per district by 2025.

Highlighting the Importance of Ag Education (See appendix Pg. 18)

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

*Recommendations*

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

**Energy**

Investment Attraction for Industrial Zones (See appendix Pg. 21)

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

*Recommendations*

1. Provide investment attraction support programs that are open-ended, predictable and transparent;

2. Provide clear, up-front criteria for any support programs in order to qualify for and receive investment supports;

3. Provide fair and equitable opportunity to any company that meets the eligibility criteria;

4. Provide investment supports that address the unique circumstances of each investment;

5. Consider a contractual agreement approach that provides longer-term certainty on carbon regulatory compliance costs;

6. Ensure collaboration between various economic development agencies to create an effective "concierge service" for large industrial projects to remove barriers and guide them through the permitting and regulatory processes while requiring high standards for safety and environmental performance and reduce bureaucracy; and,

7. Work with municipalities to facilitate pre-approved industrial zones to streamline regulatory approvals and decision-making.

Progressive Regulations to Promote Clean Technology and District Energy (See appendix Pg. 23)

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

*Recommendations*

1. Implement an industrial, commercial and residential regulatory framework that allows customers to install district energy sources for the sharing of electricity and heat between tenants and neighboring buildings. Such a framework would include checks and balances to ensure cost controls are in place to protect end use customers.

**Environment and Parks**

[Domestic Reclaimed Water Use](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2019_Policies/Domestic-Reclaimed-Water-Use.pdf)

Many regions of Alberta are facing water shortages in the foreseeable future. Health Canada has guidelines for domestic reclaimed water use in toilet and urinal flushing but Alberta does not follow these guidelines as our province does not use reclaimed (grey) water.

*Recommendations*

1. Adopt guideline values as per Canadian Guidelines for Domestic Reclaimed Water for Use in Toilet and Urinal Flushing by Health Canada as a starting point with opportunity to move forward for additional recycle of water options in the future; and

2. Allow the use of domestic reclaimed water and storm water in toilet flushing, irrigation and industry in Alberta.

[Regulatory Approval for Soil and Water Technologies](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2019_Policies/Regulatory-Approval-for-Soil-and-Water-Technologies.pdf)

There are approval mechanisms in place for drinking water and wastewater plants, and for Alberta transportation usage as well as across Canada. However, there is currently no existing mechanism for product approval for industry in Alberta for water or soil chemical usages that supports best available technologies. Current acceptance only requires that a material safety data sheet and toxicology report be provided; however, there is no minimum/maximum threshold guidance, and there is broad acceptance of products that still pose significant risk.

*Recommendations*

With consultation from stakeholders, develop consistent requirements for regulations within the environmental sector;

2. Ensure that the regulations apply to any new products, processes and technologies, as well as all existing products, processes and technologies;

3. Ensure that toxicological studies have been performed on all products being used and are available on request (new and existing) in addition to the provision of MSDS sheets;

4. Work to ensure that regulations municipally, provincially and federally are streamlined, consistently applied and have a coordinated regulatory approval process; and

5. Implement a product-review standard between the various regulators. If the product or technology meets the criteria, then it passes for all the regulators.

**Finance and Treasure**

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

Alberta is one of two remaining jurisdictions in Canada that has not consolidated its corporate income tax with the federal government. Online filing has simplified certain tax compliance functions, but there remain nine schedules which cannot be filed electronically, resulting in added complexity since certain returns can be electronically reported while others must be mailed or faxed. From a tax compliance perspective, this continued duplication of functions, including reporting, auditing, and returns, is a source of frustration, additional costs and red tape for business.

*Recommendation*

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

Provincial Insurance Premiums Tax: A Barrier to Investment and Responsible Decisions (See Appendix Pg. 25)

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

*Recommendations*

1. Immediately remove the taxation of premiums on life, accident and sickness insurance;
2. Ensure that Alberta insurance premiums tax rates on property and casualty applicable to Canadian-controlled private corporations does not exceed the lowest tax rates in other Canadian provinces or territories; and,
3. Index insurance premium tax rates to the rate of premium increases so that increases in premiums do not inflate the burden of tax collected on those premiums.

Supporting Alberta’s craft liquor industry with fair AGLC markups for small producers (See appendix Pg. 27)

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

*Recommendations*

1. AGLC and Connect Logistics implement a markup rate per litre reduction for small scale distilleries, wineries, and meaderies.
2. AGLC and the Alberta Craft Distillers Association, and the Alberta Cottage Wineries and Meaderies Association open a dialogue to establish the appropriate definition of a small scale producer.
3. AGLC and the Alberta Craft Distillers Association, and the Alberta Cottage Wineries and Meaderies Association open a dialogue to establish the appropriate markup rate for small scale producers.
4. Allow liquor manufacturers who produce and sell product from the same facility to calculate AGLC deductions including deposit fee (if applicable), recycling fee (if applicable), markup, and GST and only remit this portion from the wholesale price.

**Health**

[Public Space for Public Good](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2019_Policies/Public-Space-for-Public-Good.pdf)

Public buildings utilized for the delivery of healthcare currently do not permit private advertising or sponsored art work on buildings. This underutilization is a lost opportunity to attract much needed revenues to support local delivery of healthcare while promoting community content and culture.

*Recommendations*

1. Permit private advertising on public Healthcare Services buildings or grounds managed by a third-party contractor or a hospital foundation with funds received going back to front line health care services and/or equipment required by the health foundations;

2. Develop clear guidelines on appropriate advertising or any restrictions while communicating advertising opportunities; and

3. Develop criteria such that only advertisers at arms-length to the health care profession would be eligible.

**Infrastructure**

[The Future of Public Private Partnerships (P3s) in Alberta](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2019_Policies/The-Future-of-Public-Private-Partnerships-(P3s)-in-Alberta.pdf)

Alberta is at a crossroads with respect to how it implements and administers infrastructure projects. The Province’s current fiscal deficit, infrastructure deficit, and growing population are exerting pressure on how Alberta will finance its future. Alternative financing arrangements such as P3s offer the Province a smart debt solution.

*Recommendations*

1. Promote public education and encourage the use of public private partnerships (P3s) as an alternative model for public infrastructure growth and maintenance; and

2. Provide guidance, information, and support to municipalities in the planning and administration of P3s.

NOTE – ACC members have cited issues that bundled P3 projects can preclude SME firms from bidding due to size and multiple locations.

**Justice**

[Increase Small Claims Court Limit and Increase Access to Justice](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2019_Policies/Increase-Small-Claims-Court-Limit-and-Increase-Access-to-Justice.pdf)

Lack of resources and infrastructure are proving to be an impediment to the average Albertans’ and Alberta businesses’ ability to resolve disputes in Small Claims Court. Increasing the jurisdictional limit to $100,000.00 will further aid the ordinary small business and Albertans being able to settle civil matters in cost effective and timely manner.

*Recommendations*

1. Implement a change in regulation of the Provincial Court Act to increase the maximum jurisdictional limit in Small Claims Court under Section 9 (1) (i) of the Provincial Court Act, R.S.A. 2000, c. P-31 to $100,000; and

2. Make a budgetary commitment to ensure the current resource allocation is sufficient to address backlogs appropriately, including the appointment of more Provincial Court Judges, Masters in Chambers, and the hiring of other support staff.

**Labour and Immigration**

Addressing the Impacts of Cannabis Legalization on Workplace Safety (See appendix Pg. 28)

The use of cannabis for recreational purposes became legal across Canada on October 17, 2018 under the Cannabis Act. Cannabis edibles, topicals, and extracts became legal on October 17, 2019. These legislative changes amplify the importance of a workplace drug and alcohol policy that is reasonable, clearly sets out expectations to employees, and is consistently enforced.

*Recommendation(s)*

1. Create a standard testing protocol to detect cannabis intoxication and impairment, with legal limits for both traffic safety and workplace safety;

[Canada Alberta Job Grant Needs to Allow for Family Business Applicants](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2019_Policies/Canada-Alberta-Job-Grant-Needs-to-Allow-for-Family-Business-Applicants.pdf)

In its current format, immediate family of company owners are ineligible to receive funding for any training through the Canada Alberta Job Grant. This includes adult second or third generation family members who are actively contributing to the business who may or may not already have a management role, or who intend to take over management or ownership in the future.

*Recommendation*

1. Change the eligibility requirements to allow family members who are meaningfully employed and those who are self-employed in a business to access funding for training.

[Meeting Alberta’s Labour Needs by Attracting and Retaining International Students](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2018_Policies/Meeting-Albertas-Needs-by-Attracting-and-Retaining-International-Students.pdf)

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

*Recommendations*

1. Expand the Post-Graduation Work Permit Program to allow foreign graduates from Canadian Private Post-Secondary Institutions to immediately obtain a Canadian Work Permit upon completion of their degree, diploma or certificate program;

2. Improve the student visa procedure to make it quicker and easier for potential international students to receive study and work visas;

3. Speed up processing times for the overseas study permit application as well as for the permanent residency applications from all international students who graduated from recognized Canadian institutions and are currently employed in Canada.

4. Change the length of time for which a post-graduation work permit can be valid, from the current status of valid for no longer than three years, to five years regardless of the program of study, so long as obtained from a recognized public or private Canadian institution;

5. When considering applications for permanent residency, take into account the work experience that an international student gains through working off campus, working on campus and co-op and internship programs; and

6. Reduce the employer offer of employment requirement under the Alberta Provincial Nominee Program from one year to six months to qualify foreign graduates from recognized institutions for permanent residency.

[Provide a Pathway to Permanent Residency for Entrepreneurial Immigrants](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2017_Policies/Provide-a-pathway-to-permanent-residency-for-entrepreneurial-immigrants.pdf)

Alberta is unable to attract or retain immigrant entrepreneurs because there is no pathway to permanent residency.

*Recommendations*

1. Implement a pathway to permanent residency for immigrant entrepreneurs with clear criteria and expected outcomes.

**Municipal Affairs**

Clarity Required in Joint Use Agreements (See appendix Pg. 31)

Municipalities are now required to operate and maintain utility infrastructure on any private property which provides service to more than one parcel within a development versus entering into joint use agreements with developers.

*Recommendations*

1. Modify the Municipal Government Act to clarify that a municipality should not be responsible for the repair and maintenance of a portion of a “public utility” unless it is an owner of that portion of the “public utility” and to provide transitional provisions to address existing situations where infrastructure crosses parcel boundaries; and,
2. Restore the ability for industry to utilize joint-use agreements to manage privately-owned infrastructure that services more than one parcel of land by clarifying the long-standing common interpretation of the Municipal Government Act that municipalities have no obligations of operation and maintenance for privately-owned portions of utility infrastructure.

Predictable, Fair and Transparent Market Value Assessments (See appendix Pg. 33)

Non- residential property assessment values have often fluctuated, resulting in sudden, unexpected and significant increases of tax liabilities for some property owners. While changes are not uncommon, the lack of transparency, fairness, and predictability of non-residential property assessments impacts the ability of business to operate with a clear understanding of the value of their property and the expenses it incurs.

*Recommendations*

1. Provide clarity and direction in the creation of methodology reports including recommended metrics used, data collected, and application of rates which are reflective of local market conditions;
2. Require municipalities to consult with local industry experts and stakeholders to gain market information and local expertise and knowledge;
3. Provide specific criteria and guidelines for subjective metrics such as rental income quality and stratifications;
4. Require physical inspections of a property to determine accuracy of such metrics including changes to income quality classifications;
5. Require municipalities to flag irregularities and follow up with individualized consultation, education and information and applying corrections to the roll consistently for identified or similar properties with a 5% or greater error due to an error in data, calculations or incorrect assumptions;
6. Increase transparency in the assessment process by recommending municipalities provide advanced consultation and provide optimal information through a section 299 and 300 requests;
7. Recommend municipalities provide the provision of prior years’ assessments on assessment notices;
8. Make greater distinction of roles and responsibilities between the Province and municipalities to ensure consistent interpretations of policies and regulations; and,
9. Provide assessment departments with guidelines for best practice.

Transparent Utility Costs and Fees for Rate Payers (See appendix Pg. 36)

Market research conducted by the Alberta Chambers of Commerce (ACC) network indicates municipal franchise fees are a major barrier to business growth. According to a recent survey, 54 per cent of more than 1000 respondents cited these fees as a barrier to the growth of their business – more than any other direct municipal cost surveyed.

*Recommendations*

1. Review municipal utility rate rider cap limits established through the Alberta Utilities Commission to ensure the upper limits on franchise fees are in fact, reasonable, and do not place Alberta businesses at a competitive disadvantage to other Canadian regions;
2. Review and amend the *Municipal Government Act* to:
   1. Mandate all municipalities to use public sector accounting standards for both budgeting and financial reporting, including a consistent location for reporting revenues collected from utility rider fees with a dedicated line item;
   2. Replace “franchise fee” in Section 45 with the term “utility rider fee”, and require all public disclosure and related communications use this term and only this term;
   3. Require greater transparency and disclosure of utility rider fees collected on behalf of municipalities through:
      1. the monthly billing process for rate payers, including clear demarcation of the percentage municipal rider fees represent of the total bill; and,
      2. by including utility rider fee rates and any proposed rate increases in annual property tax assessments notifications.

**Service Alberta**

[Builder’s Lien Act Review](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2019_Policies/Builders-Lien-Act-Review.pdf)

Alberta Builder’s Lien Act needs to be reviewed. There needs to be modern mechanisms where disputes in the construction industry are resolved in a timely and expeditious manner so as to better protect the most vulnerable parties, being subcontractors and contractors who do not have privity of contract or the ability to bring a claim against a project owner.

*Recommendations*

1. Commission a comprehensive review of the Builder’s Lien Act with the view to:

a. incorporate the principles of ‘prompt payment’; and

b. incorporate changes to legislation which would enable liens to be enforced in both the Provincial Court of Alberta, where the value is within its jurisdiction, or the Court of Queen’s Bench, where the claims exceeds the jurisdiction of the Provincial Court.

**Transportation**

[Ensure road-weight restriction reflect technology and economic needs](https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/2087/CMS/2019_Policies/Ensure-road-weight-restriction-reflect-technology-and-economic-needs.pdf)

The size and scope of equipment and machinery being used for industrial and agricultural purposes has changed dramatically over the past number of years. Transportation laws need to strike the delicate balance between maintaining public roadways and facilitating business operations.

*Recommendations*

1. Identify and publish the standards to which roads and bridges have been built and their weight bearing capacity, ensuring that information is used to set weight restrictions. Ensure a legislative mechanism exists for municipalities and the provincial government to waive weight bearing restrictions on a case by-case analysis for roads that are a low priority for upgrading where the need is time sensitive;

2. Identify roads and bridges in need of upgrading to allow for a more efficient heavy load system and provide budgeting based on economic reliance on a particular road;

3. Undertake and continue in ongoing research to identify and ensure changes in vehicle and tire technologies reflect pressure transferred through to the roadway and update the legislative, permitting, and enforcement framework accordingly;

4. Take into account appropriate exemptions for agricultural and other necessary time-sensitive uses for public roadways;

5. Improve communication and education about how to obtain the proper permits; and

6. Ensure permit providers obtain the correct and necessary information to make the process standard with minimal red tape.

Road Signage to Promote Communities(See appendix Pg. 37)

Lack of foresight and red tape in placing road signage on highway infrastructure negatively impacts community commerce.

*Recommendations*

1. Decrease the steps required to obtain approvals for new road signage on highways; and,
2. Refer the signage applications process to the appropriate Red Tape Reduction committee.

Grown-in-Canada Label: Marketing Alberta’s Agri-Food Industry

**Renewal**

**Sponsor: Medicine Hat**

**Co-Sponsor(s): Greater Parkland Region**

**Issue**

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

**Background**

Country of Origin (COO) labelling is regulated by the Government of Canada and labelling standards must comply with the World Trade Organization Technical Barriers to Trade Rules[[1]](#footnote-1) and Codex standards which serves to prevent protectionist agendas and technical barriers to trade. Within this regulatory framework, it is particularly important for Alberta’s agri-food industry to champion a voluntary ‘Made in Canada’ brand in order to increase value and to provide a marketing link between grown-in-Canada product and the strong Canadian standards for food safety and environmental stewardship.

COO labelling is viewed as a critical mechanism to help ensure consumers can correctly connect with products, enable producers to adapt production to meet consumer demands and expectations and promote social or political economic objectives (e.g. health outcomes, growth in desirable sectors, increased exports).[[2]](#footnote-2) Informing consumers of the origin of food products via labelling is motivated by the recognition that geography is often correlated with a product’s overall quality, or, in the stronger case, geography may even be a determinant of a product’s ultimate realized quality.[[3]](#footnote-3)

‘Canada’s Economic Strategy Tables’ on Agri-food reports that Canada has the opportunity to be “recognized as the most trusted, competitive and reliable supplier of safe, sustainable, high-quality agri-food products and an innovator in value-added products to feed the dynamic global consumer” but requires a unified campaign focused on marketing the agri-food industry both domestically and internationally.[[4]](#footnote-4) The agri-food industry also includes value-added agriculture and agri-food processing which are often forgotten as a vital part of the industry. With the agri-food industry target set to increase by over 27% to $225 billion dollars in 2025[[5]](#footnote-5), all sectors must be given the opportunity to reach their full potential through a unified COO brand.

There is robust support from all levels of the supply chain for a unified ‘Grown in Canada Brand’. In a report by MNP on consumer demands for a Canadian Label, over 90 per cent of Canadian consumers felt Canadian-grown product should be easily identifiable in stores and 95 per cent of consumers would prefer to buy Canadian-grown product that is competitively priced. Similarly, in a report from the Next Agriculture Policy Framework (NAPF), there is also strong support from the agri-food industry in Alberta to enhance public perceptions about the quality, safety, and sustainability of the agriculture sector. Industry indicated that a priority for the NAPF should be to enable market access and develop market opportunities to foster growth.[[6]](#footnote-6) Given the importance of market development to the agri-food industry and the key priority set forth by the NAPF of “expanding domestic and international markets to seize key opportunities and address emerging needs” and “improving the growth of the value-added agriculture and agri-food processing sector”[[7]](#footnote-7), marketing the agri-food industry should be a priority for the Government of Alberta.

There are currently opportunities for marketing the agri-food industry. The Government of Canada is preparing a five year, multi-million dollar advertising campaign to better connect Canadians with their food.[[8]](#footnote-8) This includes between $1.5 million - $4 million dollars to refresh branding and developing ways to increase product of Canada stickers.

Given the size of the agriculture industry in Alberta, the provincial government should be partnering to promote locally grown and processed agriculture products to position the Alberta agriculture industry as a leading force in Canada. The NAPF also includes the AgriMarketing program, a federal-only program, which provides funding for market development and promotion activities.[[9]](#footnote-9) In 2019, the Federal government unveiled the ‘Canada Brand’ which includes a suite of tools including graphics, images and messaging that can help you brand your products and leverage consumers' positive perceptions of Canada. However, the qualifications for the brand include even more lax qualifications than “Made in Canada” and “Product of Canada” labels.[[10]](#footnote-10) While this is a step in the right direction, products that are ‘grown in Canada’ signify a supply chain, environment, standard, and identity that is uniquely and 100% Canadian.

The Alberta government has a responsibility to market Alberta’s agriculture, particularly when there is a very clear mandate from the agriculture industry in Alberta to promote locally grown, sourced, and produced food and demand for easily identified Canadian products. However, while there are various opportunities for marketing the agri-food industry, there is no distinct, recognizable, and unified brand. Products with a regulated COO can command between 21% - 39% higher price premiums compared with non-regulated regional labels. [[11]](#footnote-11) This serves to reinforce the importance of a distinct, recognizable, and unified ‘Grown in Canada Brand’. Therefore, because of the prominence of the agri-food industry in Alberta, Alberta is uniquely positioned to take the lead on creating a ‘Grown in Canada brand’ that reflects the safe, sustainable and high quality agri-food products.

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

**Recommendation(s)**

The Alberta Chambers of Commerce recommends the Alberta government:

1. Work with the Government of Canada to expand on “Canada Brand” to create a voluntary, “Grown-in-Canada” label that would identify with 100% Canadian-grown product that would include a single unified label, logo, image, and theme.
2. Ensure the Next Agricultural Policy Framework works to develop branding skills, knowledge and awareness of opportunities in the agri-food industry.
3. Work with the Government of Canada to develop a unified public education strategy showcasing the agri-food industry’s practice of environmental stewardship resulting in reliable, sustainable and high-quality agri-food and value added products.

The Application Process and Farmer Involvement in the Wetland Policy

**Issue**

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

**Background**

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

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

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

Farmers know and understand the ecological cycle of their land, which invariably involve a flux in precipitation and understand the difference between temporary standing water and an actual wetland. Despite this, they are not able to make this determination anymore and must wait to have it independently verified. This is a major issue as it causes prolonged delays with seeding, which is a critical time for farmers. Delays jeopardize the growing season and the viability of their harvest in any given year, as they must wait for a declaration that the land is not in fact a wetland. This regulation is inefficient, and the negative outcome for farmers is greatly disproportionate to the outcomes the regulation is trying to achieve.

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

**Recommendation(s)**

The Alberta Chambers of Commerce recommends the Alberta government:

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

Highlighting the Importance of Ag Education

**Issue**

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

**Background**

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

The 2016 Census of Agriculture found less than 1% of Canadians are farm operators, yet all Canadians participate in the agri-food sector when they go grocery shopping and make food choices[[12]](#footnote-12). Yet, farmers and ranchers feel increasingly under attack because of the public scrutiny and misinformation around the industry. The disconnect between the producers who grow the food we eat and consumers is widening due to urbanization[[13]](#footnote-13), growing misperceptions and a lack of factual information around this vitally important industry.

To emphasize the importance of our agribusiness industry, based on 2017 annual estimates, 75,100 Albertans were employed in agri-food industries, representing 3.3 per cent of the total provincial workforce with Alberta having one of the world’s most productive agricultural economies and a total farm area of 50.3 million acres.[[14]](#footnote-14) Despite the decline in farms since 2011 in our province, Alberta continues to rank second, behind Ontario and had the highest number of cattle ranching in the country, representing one third of Canada’s beef cattle ranching farms. In addition, Alberta has seen increases in wheat farms, oilseed and grain farms in addition to other grains.[[15]](#footnote-15)

In 2018, Alberta’s real gross domestic product for agri-food industries totaled $8.5 billion, increasing from $5.5 billion in 2011[[16]](#footnote-16). In 2018, Alberta agri-food exports remained strong at $11.6 billion, exceeding the 2017 record by 3.2 per cent[[17]](#footnote-17) and exporting to nearly 140 countries. Even though this industry plays a critical role in our eco-system, there is no requirement to educate our youth or public about the facts and information around the role the industry plays in our economy, or to provide education around the sustainability of our agri-food sector.

The Government of Alberta has identified that teaching students where their food comes from and how it is produced is increasingly important as urban students become more disconnected from their rural neighbours[[18]](#footnote-18). In recognizing this need, there have been various efforts to develop resources and plans to integrate agriculture into the curriculum, including Alberta Agriculture Lesson plans[[19]](#footnote-19), various education resources and programs[[20]](#footnote-20), as well as funding for agriculture education and literacy[[21]](#footnote-21). There have also been not for profit and private organizations who have taken a leadership role in Agriculture Education, including Agriculture for Life[[22]](#footnote-22) and the Classroom Agriculture Program[[23]](#footnote-23), as well as Nutrients for Life[[24]](#footnote-24), 4-H[[25]](#footnote-25) and programs such as Journey 2050[[26]](#footnote-26) and Farmers 2050[[27]](#footnote-27).

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

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

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

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

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

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

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

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

**Recommendation(s)**

The Alberta Chambers of Commerce recommends the Alberta government:

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

Investment Attraction for Industrial Zones

**Issue**

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

**Background**

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

Five main petrochemical regions have been developed in Alberta to support our petrochemical industry across the province, with the Alberta Industrial Heartland, Central Alberta and Joffre, Medicine Hat, Grande Prairie and Yellowhead County.[[28]](#footnote-28)

In addition, industrial manufacturing is a foundational industry that supports infrastructure development as well as energy and natural resource production in Alberta. With world-class expertise and access to global supply chains, Alberta’s industrial manufacturing sector delivers high-value products and services across Canada and around the world. Alberta’s industrial manufacturing industry has key strengths that make the industry competitive and positioned for growth with $2.6 Billion in GDP and $1.3 B in exports, there is opportunity to expand this sector[[29]](#footnote-29).

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

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

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

In addition, if investment attraction support programs had clear up-front criteria to qualify for and receive investment supports, a company that successfully meets the requirements could be assured of investment attraction support once the investment project is operational. Receipt of the support upon project completion minimizes government liability and provides a potential net gain through construction and early operations (i.e. self-funding) in addition to providing longer­ term economic development, jobs, and taxation benefits. Criteria could include value-add to the natural gas resource, level of capital expenditure, job creation, etc.

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

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

As an example, the Province of British Columbia signed an Operating Performance Payments Agreement with LNG Canada[[30]](#footnote-30), which is intended to encourage investment from the LNG industry. One of the key components of this agreement is compensation for the carbon tax that may apply above a specific threshold, where the facility maintains best-in-class status. The compensation in this scenario would come from the PST re-payment schedule. The BC agreement illustrates the effective use of a program that is outside, but complementary to existing GHG regulations, and which incentivizes investment in large best-in-class industrial facilities.

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

**Recommendation(s)**

The Alberta Chambers of Commerce recommends the Alberta government:

1. Provide investment attraction support programs that are open-ended, predictable and transparent;

2. Provide clear, up-front criteria for any support programs in order to qualify for and receive investment supports;

3. Provide fair and equitable opportunity to any company that meets the eligibility criteria;

4. Provide investment supports that address the unique circumstances of each investment;

5. Consider a contractual agreement approach that provides longer-term certainty on carbon regulatory compliance costs;

6. Ensure collaboration between various economic development agencies to create an effective "concierge service" for large industrial projects to remove barriers and guide them through the permitting and regulatory processes while requiring high standards for safety and environmental performance and reduce bureaucracy; and,

7. Work with municipalities to facilitate pre-approved industrial zones to streamline regulatory approvals and decision-making.

Progressive Regulations to Promote Clean Technology and District Energy

**Issue**

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

**Background**

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

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

*What is district energy*District energy systems use a central energy plant to provide efficient heating, cooling, hot water, and power to a group of buildings. Modern (climate-resilient and low-carbon) district energy systems are one of the least-cost and most efficient solutions in reducing emissions and primary energy demand.[[31]](#footnote-31) These systems use alternative energy sources, such as wood waste, sewer heat or waste heat, captured from other processes.Typically, district energy is almost fully consumed by the consumers within that compound, building or subdivision; any excess electricity is sold to the grid.

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

**More cost effective**. Because a district energy system serves many customers from one location, these systems have **lower operations and maintenance costs than buildings with** in-building heating systems. Buildings connected to district energy systems also have lower capital costs and **smaller footprints** as they require less space (i.e. fewer infrastructure requirements for metering, boiler rooms, etc.) and, as such, do not have additional associated costs such as insurance, maintenance, upgrade, etc. This is particularly beneficial for office towers, commercial buildings, condos, municipal entities, institutions, etc.   
  
**Reduced carbon footprint.**District energy systems use alternative energy sources and have greater efficiency, producing fewer greenhouse gas emissions than what is produced by fossil fuel-based systems.  
  
**Viable, reliable and readily available technology.** District energy systems are proven technologies, and are already in place in other parts of Canada and around the world.[[32]](#footnote-32)

**Reliable access to energy.** Increasingly, consumers are experiencing interruptions on the grid due to external risks such as electricity brownouts or blackouts from ice, snow and wind storms, floods and fires. Using low carbon technologies like district energy systems provide an opportunity to add to Albertan’s energy security.[[33]](#footnote-33)

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

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

In 2017, the Alberta Utilities Commission submitted the Alberta Electric Distribution System-Connected Generation Inquiry, discussing the role of district energy sources. The inquiry identified the need for regulatory change to accommodate growth in this sector in Alberta.[[34]](#footnote-34)

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

**Recommendation(s)**

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

1. Implement an industrial, commercial and residential regulatory framework that allows customers to install district energy sources for the sharing of electricity and heat between tenants and neighboring buildings. Such a framework would include checks and balances to ensure cost controls are in place to protect end use customers.

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

**Issue**

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

**Background**

Market research conducted by the Alberta Chambers of Commerce (ACC) network indicates the provincial insurance premiums tax (IPT) is a major barrier to business growth. According to a recent survey, 69 per cent of more than 1000 respondents cited this tax as a barrier to business growth – more than any other provincial or municipal costs ACC surveyed. Only 3 per cent indicating this tax benefited their growth, signaling it provided the lowest value proposition as a cost for doing business in Alberta.[[35]](#footnote-35)

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

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

Taxing Albertans and businesses for seeking (or providing) the protections afforded through these types of insurance coverage is counterintuitive. According to the C.D. Howe Institute, one percentage point in the provincial IPT rate leads to a 10 per cent decrease in the number of life insurance contracts sold. Reduced insurance coverage for natural disasters [and pandemics such as COVID-19], or relief of the financial burden of illness and disability, may also increase cost pressures on future provincial budgets.[[36]](#footnote-36)

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

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

**Recommendations**

The Alberta Chamber of Commerce recommends that the Alberta government:

1. Immediately remove the taxation of premiums on life, accident and sickness insurance;
2. Ensure that Alberta insurance premiums tax rates on property and casualty applicable to Canadian-controlled private corporations does not exceed the lowest tax rates in other Canadian provinces or territories; and,
3. Index insurance premium tax rates to the rate of premium increases so that increases in premiums do not inflate the burden of tax collected on those premiums.

Supporting Alberta’s craft liquor industry with fair AGLC markups for small producers

**Issue**

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

**Background**

The craft distillery business represents an exciting area of growth throughout North America. The lure of diversifying local economies has led many jurisdictions to create distillery friendly regulations and tax relief to attract entrepreneurs. This has led to the establishment of over 700 new North American craft distilleries in the past decade, including 60 in Canada[[37]](#endnote-1). Alberta is home to nearly 30 producers. The past fifteen years has also seen rise to a cottage fruit wine and mead industry that is ready to expand its horizons.

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

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

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

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

Craft spirit distillers, wine and mead producers must pay the full markup rate for their products. This markup adds from $10.36 to $18.33 per litre sold for distillers and from $3.91 to $6.56 for fruit wineries[[38]](#endnote-2). This is a standard rate applied to all spirits and wines, whether produced by major international corporations or by small local small businesses. Craft distillers, wine and mead producers can access a lower rate, but only if the product is sold from their manufacturing site or at artisan markets.

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

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

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

Some craft alcohol producers manufacture and distribute their products in the same facility with production facilities and a retail space within the same building. They are in essence acting as both a manufacturer and a licensee. When moving product, either on paper or physically, from production to retail a craft distiller is considered a licensee that is buying their own product and is required to send payment to AGLC for the whole sale price. This payment is capital that is then unavailable to the manufacturer. When the AGLC receives this payment, they will then deduct a deposit fee, recycling fee, markup and GST.[[39]](#footnote-37) Once they have collected these deductions the difference is then sent back to the manufacturer, which can take weeks. The solution for this is simple. Allow producers who both manufacture and sell their product in the same building to calculate the deductions required by AGLC and remit only this portion instead of the entire wholesale price. This is especially important for craft distillers who are in the start up phase of their business where access to capital and having cash flow available is imperative. It will also enable them to move their product more freely from production floor to retail space, allowing them to meet the demand for their product without impeding their cash flow.

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

**Recommendation(s)**

The Alberta Chambers of Commerce recommends:

1. AGLC and Connect Logistics implement a markup rate per litre reduction for small scale distilleries, wineries, and meaderies;
2. AGLC and the Alberta Craft Distillers Association, and the Alberta Cottage Wineries and Meaderies Association open a dialogue to establish the appropriate definition of a small scale producer;
3. AGLC and the Alberta Craft Distillers Association, and the Alberta Cottage Wineries and Meaderies Association open a dialogue to establish the appropriate markup rate for small scale producers; and
4. Allow liquor manufacturers who produce and sell product from the same facility to calculate AGLC deductions including deposit fee (if applicable), recycling fee (if applicable), markup, and GST and only remit this portion from the wholesale price.

1. <https://www.wto.org/english/tratop_e/tbt_e/tbt_e.htm> [↑](#footnote-ref-1)
2. Consumers’ Preferences for Geographical Origin Labels: Evidence from the Canadian Olive Oil Market [↑](#footnote-ref-2)
3. (Barham, 2003; Josling, 2006). In consumers preference [↑](#footnote-ref-3)
4. Canada’s Economic Strategy Table: Agri-food’: 2 <https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDC_Agri-Food_E.pdf/$file/ISEDC_Agri-Food_E.pdf> [↑](#footnote-ref-4)
5. Canada’s Economic Strategy Table: Agri-food’: 3 <https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDC_Agri-Food_E.pdf/$file/ISEDC_Agri-Food_E.pdf> [↑](#footnote-ref-5)
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7. Calgary Statement <http://www.agr.gc.ca/eng/about-our-department/public-opinion-research-and-consultations/consulting-on-the-next-agricultural-policy-framework/calgary-statement-towards-the-next-policy-framework/?id=1468864509649> [↑](#footnote-ref-7)
8. <https://globalnews.ca/news/6435463/buy-canadian-promotional-campaign/> [↑](#footnote-ref-8)
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    Addressing the Impacts of Cannabis Legalization on Workplace Safety

    **Issue**

    The use of cannabis for recreational purposes became legal across Canada on October 17, 2018 under the *Cannabis Act*. Cannabis edibles, topicals, and extracts became legal on October 17, 2019.

    **Background**

    Cannabis is a substance with complicated effects on the body, and legal substances like alcohol do not provide useful comparisons. Testing for alcohol impairment is straightforward—the quantity of alcohol in the bloodstream is a reliable indication of how intoxicated an individual is at the moment of testing. Tetrahydrocannabinol, or THC for short, is the primary psychoactive component of cannabis and can remain in the blood stream of users for days or weeks after the intoxicating effects have worn off.

    The limits of testing technology have significant impacts on Canadian workplaces. A breathalyzer can reliably prove current alcohol impairment, but existing cannabis testing techniques cannot. There is no “breathalyzer” equivalent for cannabis, which would provide a clear indication of current intoxication and impairment. A major step in innovation is needed—we recommend accelerated research and development regarding legal impairment limits and roadside testing protocols.

    Current Jurisprudence

    While the legalization of recreational cannabis is a relatively recent development, Canadians have had legal access to medicinal cannabis for 20 years. As a result, employers are well versed in balancing their duty to protect worker health and safety under applicable occupational health and safety legislation with the duty to accommodate under applicable human rights legislation. This balancing act becomes even more relevant when an employee occupies a safety-sensitive position. The legal framework on workplace impairment policies is shaped by case law, namely *Everitt v. Homewood Health*, *IBEW Local 1620 v. Lower Churchill Transmission Construction Employers Association*, and *Stewart v. Elk Valley Coal Corp*.

    In *Everitt v Homewood Health Inc*, the complainant, Brad Everitt, alleged that the respondent discriminated against him when it refused to register him in the Rapid Site Access Program (RSAP), a voluntary program that provides pre-qualification to workers for access to safety-sensitive workplaces. In Everitt’s situation, he had been a heavy recreational cannabis user for about 25 years and had used cannabis for medical purposes for more than ten of those years to manage pain related to arthritis. He applied to participate in the RSAP administered by Homewood and failed the pre-enrolment test when his test results measured 1,200 nanograms per milliliter for THC when the permissible threshold level was 50 nanograms per milliliter. As a result, Homewood did not permit Everitt to participate in the RSAP. He was still eligible to be dispatched to safety-sensitive worksites but would need to go through the standard pre-access testing protocol. He filed a human rights complaint that he had been denied a service customarily available to the public on the basis of a disability. Ultimately, Everitt’s complaint was dismissed because Everitt posed an unacceptable safety risk and Homewood could not have accommodated him without incurring undue hardship.

    In the 2018 arbitration decision *IBEW Local 1620 v. Lower Churchill Transmission Construction Employers Association*, the grievor, Scott Tizzard, failed a pre-employment drug and alcohol screening test due to a medical cannabis authorization to treat chronic pain arising from Crohn’s disease and osteoarthritis. Tizzard disclosed his medical cannabis use before the testing and to the sample collection technician at the time of testing. The union subsequently grieved when the employer ultimately refused to hire Tizzard for the position, alleging the employer failed to accommodate Tizzard’s disability contrary to both the collective agreement and human rights legislation. The arbitration found that there was a lack of reliable resources to allow an employer to accurately, effectively, and practically measure impairment and that the inability to manage risk of harm due to residual impairment in the performance of safety-sensitive duties arising from medical cannabis use created hazard and undue hardship. The arbitration also found that the employer carried out the necessary assessment of accommodation possibilities on the basis of Tizzard’s disability; Tizzard’s disability required cannabis to effectively treat and there were no non-safety-sensitive positions available. The grievance was therefore dismissed. In its judicial review application, the union argued that the arbitration decision was unreasonable, but the Court disagreed and dismissed the union’s application.

    In *Stewart v. Elk Valley Coal Corp*, the appellant, Ian Stewart, filed a complaint claiming that his employer discriminated against him on the basis of a physical disability after he was involved in an accident and was subsequently terminated after failing a drug test. He admitted to having a crack cocaine addiction after the incident. The workplace policy required that employees disclose any dependency or addiction issues *before* a significant drug-related incident occurred; and if they did, employees would be offered treatment without fear of discipline or reprisal. The policy also stated that employees who did not disclose dependency or addiction issues in accordance with the policy, or sought assistance *after* an accident occurred, could be terminated from their employment if involved in an incident and testing positive for drugs. Stewart attended a training session with respect to the policy and confirmed in writing that he had received and understood the policy. The Supreme Court upheld earlier decisions that an employee was not wrongfully terminated due to his drug addiction but rather terminated due to his breach of a workplace drug policy. The Court relied on the fact that Stewart had the capacity to comply with the company policy.

    These cases demonstrate the importance of a workplace drug and alcohol policy that is reasonable, clearly sets out expectations to employees, and is consistently enforced. The Edmonton Chamber strongly encourages adoption of workplace drug and alcohol policies.

    **Recommendation(s)**

    The Alberta Chambers of Commerce recommend that the Government of Alberta and the Government of Canada:

    1. Create a standard testing protocol to detect cannabis intoxication and impairment, with legal limits for both traffic safety and workplace safety;
    2. Require the adoption of workplace drug and alcohol policies in safety-sensitive workplaces and encourage the adoption of workplace drug and alcohol policies in all workplaces; and,
    3. Ensure the appropriate agencies are sufficiently staffed and resourced by increasing the funding allocated to Health Canada and the Alberta Ministry of Health for the purposes of coordinating, improving, expanding, and extending the reach of public education campaigns and awareness activities which communicate facts about the health and safety effects, risks, and harms associated with cannabis use in an effort to support Canadians in making informed choices.

    ## Clarity Required in Joint Use Agreements

    **Issue**

    Municipalities are now required to operate and maintain utility infrastructure on any private property which provides service to more than one parcel within a development versus entering into joint use agreements with developers.

    **Background**

    On August 1, 2019, the Alberta Court of Appeal issued a decision which requires municipalities to operate and maintain privately owned utility infrastructure on private property which provides service to more than one parcel within a development. Many municipalities have utilized joint use agreements effectively in a number of scenarios and developments in the past. Concerns are now arising that this decision has eliminated opportunity to use these types of agreements, resulting in significant impacts on municipalities and private industry throughout Alberta. This will likely result in municipalities and private development experiencing increased costs for operation and maintenance of utility infrastructure, with more stringent conditions on subdivisions, which will ultimately increase costs for taxpayers and property owners. This decision has the potential to impose a chilling impact on development, which is why municipalities and private development must be able to utilize joint-use agreements to manage privately owned infrastructure that services more than one parcel of land.

    As a result of the Alberta Court of Appeal decision on August 1, 2019 [Citation: Condo Corporation No. 0410106 v Medicine Hat (City), 2019 ABCA 294] an enduring precedent has been established, requiring municipalities to take responsibility for the operation and maintenance of privately-owned water, sewer and storm infrastructure located on multiple parcels that service more than one parcel (i.e. shared infrastructure) previously considered the responsibility of a private owner. This decision affects all Alberta municipalities resulting in significant financial and administrative impacts.

    The decision was based on a specific example whereby a condo community comprised of five adjoining parcels of land, each registered under separate titles with four parcels registered as Condominium Corporations. Four of the five parcels (one parcel is currently undeveloped) share some water, sewer and storm infrastructure. However, joint servicing agreements did not exist amongst the various Condominium Corporations. Shared services, such as found in the five-parcel development, is not uncommon in Alberta municipalities and has been a long-standing interpretation of allowance through the Municipal Government Act. In this instance, the applicant Condominium Corporations applied to the Court to require the City to operate and maintain the privately-owned water, sewer and storm infrastructure that was on privately owned lands. At the Court of Queen’s Bench, the court held the City was not responsible for private infrastructure, but the decision was overturned by the Alberta Court of Appeal. As a result, the City has been directed to operate and maintain those privately-owned parts of the water, sanitary and storm infrastructure that service more than one parcel. As the Appeal Court decision is an interpretation of the duty to provide a utility service under the Municipal Government Act, the decision has implications beyond this one development, to other existing and future developments in all municipalities in Alberta.

    MGA Chapter M-26 does state that the Government of Alberta recognizes that Alberta’s municipalities have varying interests and capacity levels that require flexible approaches to support local, intermunicipal and regional needs.

    Going on to state in 37(1) The owner of a parcel of land is responsible for the construction, maintenance and repair of a service connection of a municipal public utility located above, on or underneath the parcel. (2) If the municipality is not satisfied with the construction, maintenance or repair of the service connection, the municipality may require the owner of the parcel of land to do something in accordance with its instructions with respect to the construction, maintenance or repair of the system or works by a specified time

    Restoration and costs

    Within 39(1) After the municipality has constructed, maintained or repaired the service connection located above, on or underneath a parcel of land under section 37 or 38, the municipality must restore any land entered on as soon as practicable. (2) The municipality’s costs relating to the construction, maintenance or repair under section 37 or 38 and restoration costs under this section are an amount owing to the municipality by the owner of the parcel.

    References such as these within MGA Chapter M-26 give pause to why this decision was overturned in the court of appeal with the decision now resulting in new standards of interpretation being implemented.

    Many municipalities have utilized joint use agreements effectively in a number of scenarios and developments in the past. Concerns are now arising that this decision has eliminated or significantly minimized the opportunity to use these types of agreements.

    While the decision dealt with water, sewer and storm water, it likely applies to all municipal public utilities servicing more than one parcel and impacts whether municipalities agree to permit joint use agreements.

    This decision will have significant impacts on municipalities and private industry throughout Alberta and is likely to result in municipalities and private development experiencing increased costs for operation and maintenance of utility infrastructure. Municipalities will start imposing more stringent conditions on subdivisions, ultimately driving up costs for taxpayers and property owners and resulting in a chilling impact on development.

    **Recommendation(s)**

    The Alberta Chambers of Commerce recommends the Alberta government:

    1. Modify the Municipal Government Act to clarify that a municipality should not be responsible for the repair and maintenance of a portion of a “public utility” unless it is an owner of that portion of the “public utility” and to provide transitional provisions to address existing situations where infrastructure crosses parcel boundaries; and,
    2. Restore the ability for industry to utilize joint-use agreements to manage privately-owned infrastructure that services more than one parcel of land by clarifying the long-standing common interpretation of the Municipal Government Act that municipalities have no obligations of operation and maintenance for privately-owned portions of utility infrastructure.

    ## Predictable, Fair and Transparent Market Value Assessments

    **Issue**

    Non- residential property assessment values have often fluctuated, resulting in sudden, unexpected and significant increases of tax liabilities for some property owners. While changes are not uncommon, the lack of transparency, fairness, and predictability of non-residential property assessments impacts the ability of business to operate with a clear understanding of the value of their property and the expenses it incurs.

    **Background**

    The *Municipal Government Act (MGA)* requires all properties to be assessed by the municipal assessor and prepared using mass appraisal methodology, to reflect the market value of the property. Assessment notices for non-residential properties are then sent to taxpayers who have the ability to file a complaint heard by composite review board panels (CARBs) if the taxpayer feels the assessed value on the notice does not reflect the market value of the property.

    Market value is the price a property might reasonably be expected to sell for, if sold by a willing seller to a willing buyer, after appropriate time and exposure in an open market. There are three approaches to determine the market value assessment of a property: the sales comparison approach which examines sale price of similar properties; the cost approach which is used for unique or new properties and reflects estimated replacement cost for the asset; and the income approach which evaluates properties based on their earning potential. The accuracy and reliability of an income approach analysis will depend on the availability of market data and the degree of comparability of the subject to other properties.

    As per the Municipal Affairs Detailed Assessment Audit Manual, the assessor is expected to apply the appropriate valuation approach based on the availability of market information and property type. Although factors such as location and municipality size affect markets, assessors must value similar properties in the same manner (not necessarily to the same amount). However, over 5 properties in the same stratification are required with at least 15 properties being ideal for adequate market comparisons.

    For properties evaluated using the income approach, it is expected that appropriate income and expense data is collected and maintained, leading to development of a valuation model. Without the appropriate data, assessors are to time-adjust older sales followed by examining other municipalities for supporting information.

    If the data used to develop metrics is not reflective of the market, then the assessment values of properties will be inaccurate and can cause gross variation of assessment values year over year. This lack of predictability can have a damaging impact on business and property owners who expect their assessment value to be reflective of the property’s market value. To maintain a predictable and fair assessment system, when a miscalculation due to an error in data, calculations or assumptions has been identified under section 305(1) of the MGA, corrections should be applied consistently and to other similar properties.

    Because the accuracy of an assessment value depends on accurate data, rates used in the assessment process should be determined by utilizing local knowledge, expertise and consultation. The results should be checked by an industry expert prior to the assessment roll being finalized to flag any irregularities and ensure that assessment values used resulted in a reflection of market value.

    Similarly, providing an advance consultation period can prevent or potentially realize discrepancies before the assessment roll is finalized and subsequently reduce the number of complaints needing to be arbitrated through CARB. A comparison between Edmonton and Calgary suggested that savings as a result of a non-residential advance consultation process and a focus on pre-trial negotiation could be approximately $2 million dollars per year of Calgary’s review board budget. While not every municipality would see such large savings, providing steps which promote fairness and cooperation in the assessment process will also create fiscal responsibility. Advance consultation also provides business the ability to potentially resolve any disputes early rather than waiting for the arbitration process, thus giving a reasonable period of time to prepare for changes in expenses.

    Additionally, subjective metrics such as visual appeal, and interior finish are often used to calculate rates such as rental income quality and are not based on a standard set of guidelines. Without clear criteria for assessors to follow, subjectivity used to calculate certain metrics harms the fairness of the valuation process. Moreover, assessors are able to change the classifications within metrics without physically inspecting a property. Because of the subjective and unpredictable nature of rental income equality, there is value in creating detailed standards to establish the assessment process as one which is predictable and equitable for all involved.

    While it is understood that each year’s assessment is independent of the previous year and is not sufficient enough to draw a conclusion that an assessment is too high, it is reflective of the level of transparency and perceived trust that an assessment department has in its assessment process. The BC Assessment Authority provides free online access to assessment data, including previous years’ assessments and comparable property assessments to increase transparency of the assessment process. Making previous assessments available for non-residential commercial comparable listings indicates willingness for municipalities to work with the business community and increase transparency.

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

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

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

    **Recommendation(s)**

    1. Provide clarity and direction in the creation of methodology reports including recommended metrics used, data collected, and application of rates which are reflective of local market conditions;
    2. Require municipalities to consult with local industry experts and stakeholders to gain market information and local expertise and knowledge;
    3. Provide specific criteria and guidelines for subjective metrics such as rental income quality and stratifications;
    4. Require physical inspections of a property to determine accuracy of such metrics including changes to income quality classifications;
    5. Require municipalities to flag irregularities and follow up with individualized consultation, education and information and applying corrections to the roll consistently for identified or similar properties with a 5% or greater error due to an error in data, calculations or incorrect assumptions;
    6. Increase transparency in the assessment process by recommending municipalities provide advanced consultation and provide optimal information through a section 299 and 300 requests;
    7. Recommend municipalities provide the provision of prior years’ assessments on assessment notices;
    8. Make greater distinction of roles and responsibilities between the Province and municipalities to ensure consistent interpretations of policies and regulations; and,
    9. Provide assessment departments with guidelines for best practice.

    ## Transparent Utility Costs and Fees for Rate Payers

    **Issue**

    Market research conducted by the Alberta Chambers of Commerce (ACC) network indicates municipal franchise fees are a major barrier to business growth. According to a recent survey, 54 per cent of more than 1000 respondents cited these fees as a barrier to the growth of their business – more than any other direct municipal cost surveyed. Only five per cent indicated the fees provided a benefit to their growth, signaling the lowest value proposition as a cost for doing business in local communities.

    **Background**

    The municipal “franchise fee”, sometimes called “local access fees”, is a rate rider charged to a utility service provider for exclusive rights to sell gas, electricity, water, or waste water services within a municipality’s boundaries. Utility service providers then add the cost of exclusive access to rate payers’ bills as a franchise fee and collect these fees on the municipality’s behalf. It is common practice for municipalities which own or receive direct dividends from a utility provider to still charge exclusive access fees to rate payers, though exclusivity would naturally have been granted to the providers.

    Franchise fees limits for the sale of utilities services are set by the Alberta Utilities Commission, with fee caps currently set at 35 and 20 per cent for natural gas and electricity. However, under the current *Municipal Government Act*, municipalities can set fees rates at their discretion under the cap limits with minimal standards for transparently reporting fee revenues or disclosing their fee rates – 41 per cent of ACC survey respondents indicated they were unsure or did not know if these fees impacted their business.

    While a few municipalities have taken steps to improve transparency of rider fees charged rate payers, franchise fees are rising across the province and layering additional costs on business during a period of economic stagnation. Electricity costs are also increasing with the removal of the rate cap in 2019, compounding the burden of rider fees for this service. These trends have negative implications for Alberta’s economy, considering less than one third of ACC survey respondents indicated they were likely to recommend investing or setting up a business in the municipality they operate.

    The province can take a leadership role to restore investor confidence by improving cost accountability for utility rate payers, and enable business growth by ensuring municipal rider fees are not making utility costs in the province uncompetitive compared to other jurisdictions.

    **Recommendations**

    The Alberta Chambers of Commerce recommends the Alberta government:

    1. Review municipal utility rate rider cap limits established through the Alberta Utilities Commission to ensure the upper limits on franchise fees are in fact, reasonable, and do not place Alberta businesses at a competitive disadvantage to other Canadian regions;
    2. Review and amend the *Municipal Government Act* to:
       1. Mandate all municipalities to use public sector accounting standards for both budgeting and financial reporting, including a consistent location for reporting revenues collected from utility rider fees with a dedicated line item;
       2. Replace “franchise fee” in Section 45 with the term “utility rider fee”, and require all public disclosure and related communications use this term and only this term;
       3. Require greater transparency and disclosure of utility rider fees collected on behalf of municipalities through:
          1. the monthly billing process for rate payers, including clear demarcation of the percentage municipal rider fees represent of the total bill; and,
          2. by including utility rider fee rates and any proposed rate increases in annual property tax assessments notifications.

    ## Road Signage to Promote Communities

    **Issue**

    Lack of foresight and red tape in placing road signage on highway infrastructure negatively impacts community commerce.

    **Background**

    In the early 1980s, a bypass was constructed on the highway around the town of Vegreville which has positively benefited the community through effective management of traffic. There was, however, lack of foresight to provide appropriate road signage that would encourage highway travellers to stop in Vegreville for services and shopping. This has had a negative effect on the business community, as traffic has been diverted from services and retailer locations off the highway.

    Currently, the timelines and the number and level of approvals that are required in the application process to improve road signage is a barrier to attracting commercial activities in the community. This impedes the community’s ability to benefit from tourism and support a strong services sector.

    **Recommendation(s)**

    The Alberta Chambers of Commerce recommends the Alberta government:

    1. Decrease the steps required to obtain approvals for new road signage on highways; and,
    2. Refer the signage applications process to the appropriate Red Tape Reduction committee.

    [↑](#endnote-ref-2)
39. AGLC Liquor Manufacturer Handbook, section 5.4, Self-Distribution (Non-consignment) Payment <https://aglc.ca/sites/aglc.ca/files/2020-04/20-03-27_LM_Handbook.pdf> [↑](#footnote-ref-37)