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Alberta Scan

Issue 1081

week ending 23 November 2018

...It is just not a thing

An economist at the University of Calgary warned in a paper this week that the provincial government is facing a fiscal crisis it has failed to address. “Alberta has kicked its fiscal can down the road,” **Trevor Tombe**, an associate professor of economics at the university wrote in *Alberta’s Long-term Fiscal Future*. “Politicians blame one another and remain focused on short-term electoral gains. We can do better. We must.”

Tombe examines long-term projections for resource royalties, federal transfer payments, investment income, property taxes, tuition revenue, health and education spending and debt service costs, and forecasts a provincial government deficit of almost \$40 billion by 2040.

A deficit of this magnitude, combined with capital investments that also add to debt, could raise the ratio of net debt to GDP to almost 50 per cent by 2040 – higher than any point in Alberta’s history. And rising debt means rising interest costs. By 2040, interest payments alone may balloon to more than \$22 billion, or 17 per cent of government’s total revenue.

The economist suggested several options are available to head off the crisis including reducing spending and increasing taxes.

“A combination of restrained spending growth and modest new revenues – rather than focusing solely on either tax increases or harsh spending cuts – will create a sustainable economic future for Alberta,” **Tombe** said. “Broader tax reform should also be on the table. A sales tax, for example, could be used to lower income taxes and lessen our dependence on volatile resource royalties.”

Premier **Rachel Notley** was having none of it.

Pressed to respond to the report, the premier was asked if significant cuts or a sales tax were palatable options.

“No they are not,” she replied. “Academics do what they do and economists do what they do, and that’s great. In the day to day, I think it is fair to say that very few of us would be able to point to an economist who is consistently successful predicting what’s going to happen six months down the road.”

“What I can say, is if we were to cut public services by 17 per cent, which is proposed by the U of C public policy group, and sometimes depending on the day of the week, by the Official Opposition, that we would do massive, massive damage to our economy and we would hurt people and hurt Canadians and that is not a thing that we are going to do,” **Notley** said. “The idea of imposing a ten per cent sales tax on top of that would also be devastating for economic growth and recovery. It is just not a thing.”

The University of Calgary report is [here](#).

Notley’s full remarks are [here](#). □

Government Scan...

The following announcements were made this week by the provincial government. The title of the announcement, as written by the government, is in bold. Cabinet

decisions, called Orders in Council, are marked with the abbreviation “OC” and the number of the decision. Copies of the full text of the OCs mentioned below are available online [here](#).

April 1, 2018 to be a public emergency in accordance with section 7 of the *Fiscal Planning and Transparency Act*. OC 344/2018.

21 November 2018
Forests Act (section 16).

Cabinet approved the minister of Agriculture and Forestry entering into a forest management agreement with Tolko Industries Ltd., Vanderwell Contractors (1971) Ltd. and West Fraser Mills Ltd. OC 345/2018.

Agriculture and Forestry

21 November 2018

Fiscal Planning and Transparency Act (section 7).

Cabinet declared the agricultural economic hardship resulting from various factors including adverse weather conditions and declines in commod-

ity prices and yields to be a disaster in accordance with section 7 of the *Fiscal Planning and Transparency Act*. OC 343/2018.

Cabinet declared the extraordinary losses, damages and costs, including prevention, presuppression, suppression, reclamation, and reforestation costs, resulting from wildfires since

Appointments Scan...

The provincial government made the following appointments this week. Cabinet appointments are

followed by the Order in Council (OC) number of the decision. The full OCs are available online [here](#).

20 November 2018

New Governance Proposed for Pension Plans

Finance minister **Joe Ceci** introduced Bill 27, the *Joint Governance of Public Sector Pension Plans Act*, which proposes a joint governance structure for three of Alberta's largest pension plans – the Local Authorities Pension Plan, the Public Service Pension Plan and the Special Forces Pension Plan.

Under joint governance, a Sponsor Board comprising nominees from employee and employer sponsor organizations would govern each plan and would be responsible for plan design (benefits, funding, and eligibility).

Details are [here](#).

Justice and Solicitor General

21 November 2018

Police Act (sections 9 and 10).

Cabinet designated **Ellen-Anne O'Donnell** as chair, and reappointed her as a member of the Law Enforcement Review Board for a term to expire on November 27, 2020. OC 349/2018.

21 November 2018

Public Trustee Act (section 2).

Cabinet appointed **Cheryl Fix** as Public Trustee for a term to expire on November 19, 2023. OC 350/2018.

Transportation

21 November 2018

Traffic Safety Act (section 22).

Cabinet appointed **Joshua Budinski, Nancy Hack, Marco Manna, Joseph Pendleton** and **Joan Thomson** as members of the Alberta Transportation Safety Board, each for a term to expire on November 19, 2021. OC 351/2018.

Premier

19 November 2018

Fighting to Get Full Value for Alberta Oil

Premier **Rachel Notley** appointed a team to work with the energy industry to address the price gap paid for bitumen.

Three representatives will work with the industry.

“All available options will be on the table,” the premier said.

The three are:

► **Robert Skinner**, University of Calgary School of Public Policy, who has worked extensively in government, industry and academia on energy issues and strategy.

► **Brian Topp**, former chief of staff to premier **Notley**, is a well-regarded consultant on public policy and has a long history as a negotiator.

► **Coleen Volk**, deputy minister of Energy, well known to Alberta's energy sector as government's lead public servant on this file.

Details are [here](#). □

Justice and Solicitor General

21 November 2018

New Law to Better Support and Protect Families

Justice minister **Kathleen Ganley** introduced Bill 28, the *Family Statutes Amendment Act, 2018* which would make it easier for unmarried partners to divide their property if their relationship breaks down.

It would also clarify in the legislation that applications for child support can be made for all adult children with disabilities – regardless of the marital status of their parents.

Details are [here](#).

...continued next page

...government
Labour

21 November 2018

Proposed Changes Uphold Charter-Protected Rights

Labour minister **Christina Gray** introduced changes to Bill 29, the *Public Service Employee Relations Act*, which would remove exemptions prohibiting

five classifications of employees from participating in collective bargaining and make other changes.

Details are [here](#).

Municipal Affairs

21 November 2018

Fiscal Planning and Transparency Act (section 7).

Cabinet declared the extraordinary loss-

es, damages and emergency response costs resulting from overland flooding caused by the extreme rainfall experienced in the Town of Beaverlodge on August 1, 2018 to be a disaster in accordance with section 7 of the act. OC 340/2018.

Cabinet declared the extraordinary losses, damages and emergency response costs resulting from overland

...continued next page

Recent Consultant Lobbyist Registrations

The following lobbyists recently registered to represent the clients below with Alberta's lobby registry.

Consultant Lobbyists (in order of registration)

Registered	Client	Lobby Firm	Lobbyists	Target Departments/Organizations
10-Nov-201	Accenture Inc.	1689986 ALBERTA LIMITED carrying on business as Navigator	Jason Hatcher, Sally Housser, Brent Kossey	Service Alberta, Alberta Economic Development and Trade, Premier's Office
Decision. Government's adoption of Accenture's ERP (Enterprise Resource Planning) technology solution for all Departments and Agencies that are currently using the existing ERP application. Provide information to government to help build Accenture's profile with Service Alberta and help define and promote the benefits of Accenture's ERP technology solution to Service Alberta with a view to Service Alberta adopting the same.				
10-Nov-201	Greengate Power	1689986 ALBERTA LIMITED carrying on business as Navigator	Jason Hatcher, Sally Housser, Brent Kossey	Alberta Environment and Parks, Alberta Energy, Executive Council, Alberta Municipal Affairs, Alberta Climate Change Office, Alberta Economic Development and Trade
Financial Benefit or Grant: Seeking funding and a power purchase agreement. To achieve funding and a power purchase agreement for renewable energy project for the Town of Hanna and region post 2030 coal phase out.				
09-Nov-2018	Amazon Web Services	Global Public Affairs	Randy Pettipas, Jordan Pinkster, Mike Peters	Service Alberta, Alberta Economic Development and Trade, Alberta Legislative Assembly, Premier's Office, Alberta Advanced Education
Program or Policy: Digital economy. Work with government to promote and support Alberta's digital economy, including ensuring the availability of a high-skilled tech workforce. Raise awareness of Amazon cloud based solutions and related support services in supporting economic growth opportunities. Program or Policy: Digital procurement policy. Engage in discussions regarding development of a digital procurement strategy and promote cloud based solutions and related support services in procurement.				
08-Nov-2018	International Paper	Global Public Affairs	Randy Pettipas, Jason Ennis, Elan MacDonald	Alberta Environment and Parks, Alberta Energy, Alberta Agriculture and Forestry, Environmental Appeals Board
Legislative Proposal, Bill or Resolution: Alberta Forests Act. Government relations outreach activities specific to the operations of International Paper's pulp and paper mill in Grande Prairie, Alberta. Financial Benefit or Grant: Renewable Energy Program (REP). Monitor future rounds of the REP program for possible inclusion of forestry relation biomass generation. Program or Policy: Alberta Bioenergy Producer Program. Engage government on the recognition and inclusion of forestry biomass in the Bioenergy Producer Program. Program or Policy: Alberta Caribou Range Planning. Monitor the development of Alberta Caribou Range Plans and engage government as necessary to ensure an understanding of potential impacts to fibre sources to the mill in Grande Prairie.				
08-Nov-2018	543077 Alberta Ltd.	Global Public Affairs	Randy Pettipas, Jason Ennis, Brookes Merritt, Elan MacDonald	Alberta Environment and Parks, Alberta Energy, Executive Council, Premier's Office, Alberta Energy Regulator
Existing Legislation: Mines and Minerals Act. To establish that silica be considered a mineral (vs. a surface material) and that it can be developed under the <i>Mines and Minerals Act</i> and its associated policies and procedures. Program or Policy: Metallic and Industrial Minerals Royalty Regulation. Reconfirm silica as a mineral within the definition of the Metallic and Industrial Minerals Royalty Regulation				

Alberta Scan

Alberta Scan is an electronic newsletter in Adobe Acrobat format. *Scan* is published weekly when the Alberta Legislature is in session and when events warrant between sittings by:

Word of Mouth Communications,
Box 51056, Highlands Post Office,
6525 118 Avenue,
Edmonton, Alberta,
T5W 1G0

GST Registration Number
R136164241RT0001

Subscriptions

Subscriptions to *Alberta Scan* are \$250 plus GST (\$12.50) for one year. Information on bulk subscriptions is available on request. Please make cheques payable to Word of Mouth Communications.

Photocopying

Please do not photocopy this publication. Every photocopy makes it more difficult to gather useful information on your behalf.

Research

Thanks to staff at the Legislature Library for their ongoing help with researching items in this newsletter.

Political Monitor

Word of Mouth Communications provides *Alberta Political Monitor*, a service about ongoing policy developments. Call or email for further information.

Seminars on Alberta Politics

Word of Mouth Communications offers presentations of varying lengths about how the Alberta government decides and how the Cabinet Policy Committee process works. Call or email for further information.

Feedback

If you have suggestions to improve *Alberta Scan*, please contact:

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...government

flooding caused by the extreme rainfall and strong winds experienced in the Municipal District of Lesser Slave River No. 124 and the Town of Slave Lake from June 9, 2018 to June 12, 2018 to be a disaster in accordance with section 7 of the act. OC 341/2018.

Premier

20 November 2018

Premier Announces Major Boost to

Energy Upgrading

Premier **Rachel Notley** announced the province will double support for petrochemical upgrading, with total investment now reaching \$2.1 billion to promote stable, petrochemical upgrading and more jobs now and in the future.

This investment is expected to help create as many as 15,500 jobs during construction of multiple facilities across the province and an additional 1,000 jobs once operational, she said.

Details are [here](#). □

Regulations Scan...

The provincial cabinet passed the following regulations this week. Copies of the cabinet decisions

(called Orders in Council or "OCs") are available online [here](#).

Agriculture and Forestry

21 November 2018

Feeder Associations Guarantee Act (section 11).

Cabinet passed the Feeder Associations Guarantee Amendment Regulation. OC 342/2018.

The amendment makes changes:

- ▶ increasing the individual and joint membership loan limits from \$1 million to \$2 million lets feeder associations distribute their fixed costs across a greater number of livestock and provides increased access to capital.
- ▶ increasing the maximum equity advance for risk-mitigated cattle from 50 per cent to 75 per cent gives members of feeder associations access to more equity to generate more favourable cash flow for their operations.

Environment and Parks

21 November 2018

Climate Change and Emissions Management Act (sections 5 and 60).

Cabinet passed the Carbon Competitiveness Incentive Amendment Regulation. OC 352/2018.

The amendment makes several technical changes to the regulation.

Finance

21 November 2018

Climate Leadership Act (section 79).

Cabinet passed the Climate Leadership Amendment Regulation. OC 346/2018.

Effective January 1, 2017, the minister may pay a rebate in respect of the carbon levy paid on clear fuel if it is a service rig and in a production process before 2023.

Justice and Solicitor General

21 November 2018

Judgment Interest Act (section 4).

Cabinet passed the Judgment Interest Amendment Regulation. OC 347/2018.

The amendment sets the interest rate from January 1, 2019 to December 31, 2019 at 2.2 per cent per year.

21 November 2018

Justice of the Peace Act (section 15).

Cabinet passed the Justice of the Peace Amendment Regulation. OC 348/2018.

The amendment sets a new list outlining the jurisdiction of justices. □