



AB Today – Daily Report October 30, 2019

Quotation of the day

“One thing we heard loud and clear is that job creators don’t want Ottawa dictating carbon pricing in Alberta.”

*Environment and Parks Minister **Jason Nixon** announces a \$30-per-tonne price on carbon for large industrial emitters.*

Today in AB

On the schedule

The Legislative Assembly will reconvene at 1:30 p.m. on Wednesday.

MLAs are expected to debate **Bill 20**, Fiscal Measures and Taxation Act, and **Bill 21**, Ensuring Fiscal Sustainability Act, at second reading.

MLAs could also debate **Bill 18**, Electricity Statutes (Capacity Market Termination) Amendment Act.

During the morning, all-party committees [will meet to discuss](#) the main estimates for several government ministries.

Tuesday’s debates and proceedings

Environment and Parks Minister **Jason Nixon** introduced **Bill 19**, Technology Innovation and Emissions Reduction Implementation Act, which was granted first reading. (More on the bill below.)

In the evening, MLAs debated second reading stage of **Bill 21**, Ensuring Fiscal Sustainability Act.

Premier watch

Premier **Jason Kenney** gave a state-of-the-province luncheon address to the Edmonton Chamber of Commerce at the Edmonton Events Centre.

Albert government wants arbitrator to cut public service pay by two per cent, on average

Alberta's United Conservative government will call for an average two per cent pay cut for the province's public sector workers when wage arbitration hearings with thousands of employees resume Thursday.

The negotiations were originally supposed to be resolved earlier in 2019, but the UCP deferred them this summer with the passage of **Bill 9**, the Public Sector Wage Arbitration Deferral Act, which expires Thursday.

The government's arbitration mandate had earlier called for no increases to public sector pay, but in a Tuesday statement Finance Minister **Travis Toews** said that had been revised in order to reflect "the reality of Alberta's growing debt and the unacceptable deficit this government inherited."

Now the province wants a two per cent reduction on average, with some sectors — such as those represented by the Health Sciences Association of Alberta — seeing as much as a five per cent cut.

Toews said the government is leading by example, citing a five per cent cut in MLA salary and a 10 per cent cut in the premier's salary announced in August. (At the time, the NDP warned the politicians' pay cut would be as "shield and cover" to deflect criticism ahead of potential cuts to broader public sector wages.)

"We cannot ask Alberta taxpayers to fund public-sector pay raises during a time when far too many workers in the private sector have lost their jobs and many others have seen significant pay cuts in recent years," Toews said, adding that a one per cent increase to public sector wages would cost \$270 million annually.

Alberta Union of Provincial Employees president **Guy Smith** called the announcement a direct attack on his union's 96,000 members, who have had two straight years without raises.

“The anger that has built up is now in danger of spilling out into the streets,” Smith said.

NDP Labour critic **Christina Gray** said announcing the pay cut through a press release rather than coming to the bargaining table is “bullying” by the UCP and opens the door to labour unrest.

“Right now this government is engaging in bullying tactics by putting out press releases, by engaging in the negotiations in public rather than just approaching the table and engaging in that collective bargaining process,” Gray said.

Gray said nearly every sector has upcoming negotiations with the government.

“All workers are on the chopping block,” Gray said.

TIER fund sets GHG price at \$30 per tonne, higher than proposed in UCP platform

Environment and Parks Minister **Jason Nixon** tabled the United Conservative government’s Technology and Innovation Emissions Reductions legislation on Tuesday.

The bill puts a \$30-per-tonne price on carbon beginning in January 2020, in line with the federal 2020 benchmark under the *Federal Greenhouse Gas Pollution Pricing Act*, which dictates the rules of the national carbon backstop.

The TIER program will automatically apply to facilities that emit more than 100,000 tonnes of carbon dioxide per year, based on 2016 numbers, which accounts for just over half of emissions in the province. Those emitters must reduce emissions by 10 per cent in 2020 and an additional one per cent each year following.

When asked by reporters whether the price of carbon will increase to \$40 per tonne by 2021, and \$50 per tonne by 2022 to stave off a challenge from the federal government, Nixon wouldn’t commit to a price.

Instead, he said the decision rests with the new federal cabinet, which will not be announced until November 20.

“As things evolve in that conversation, we’ll continue to have conversations,” Nixon said.

The program is expected to bring in \$1.9 billion over four years. In addition to funding greenhouse gas reduction technology, some of that revenue will go towards the energy war room and to reducing the deficit.

NDP Leader **Rachel Notley** called the plan a “profound disappointment” for anyone who wants to see action on climate change.

“Now that money’s going to go into the government’s slush fund,” Notley said. “Every cent that we collected, with the exceptions of the rebates that went to individual consumers and the small business tax cut, everything was to go into emissions reductions efforts.”

While the UCP platform promised a \$20 per tonne price, Nixon told reporters the industry asked for a \$30 price to ensure the province maintains jurisdiction over industrial climate change regulations.

To meet the benchmarks set out in the legislation companies can reduce emissions intensity, use emissions performance credits, use Alberta-based emissions offsets, or pay into the fund.

But no more than 60 per cent of a facility’s compliance can come from credits or offsets.

What’s changed?

Alberta’s first price on industrial emissions came in 2007 through SGER — the Specified Gas Emitters Regulation — which mandated facility-specific benchmarks.

The NDP government enhanced regulations in 2018 with the Carbon Competitiveness Incentive Regulation (CCIR), a product-specific benchmark where facilities were compared to peers. Under that system, better performers could earn credits, while poorer performers paid a higher levy.

The TIER law is a hybrid of the previous two strategies, requiring facilities to comply with either the “high performance benchmark” or facility-specific benchmark, whichever is least stringent on its operations.

The NDP’s overall climate change program had an emissions reduction target of 50 megatonnes by 2030, with roughly 40 to 45 megatonnes coming from the CCIR.

By moving to TIER, the industry is expected to avoid \$330 million in compliance costs and emissions will only be reduced by 32 megatonnes by 2030. The government said another 25 megatonne reduction could be achieved through technology and innovation.

Electricity production is exempt, and power-generators must meet a “good-as-the-best-gas standard” for emissions intensity.

Bill 19 will require the government to review its regulations before January 1, 2023, and every five years after that.

TIER is separate from the federally imposed consumer carbon tax, which the province will also continue to fight in court.

Today's events

October 30 at 8:20 a.m. — Edmonton

Environment and Parks Minister **Jason Nixon** will announce Emissions Reduction Alberta's \$35-million grand challenge winner, as well as a new funding opportunity for the natural gas sector at the 2019 SPARK conference at the Edmonton Convention Centre.

October 30 at 8:30 a.m. — Edmonton

The United Conservative Party government's communities and families committee will meet in the cabinet room in the legislature.

Topics of conversation

- Prime Minister **Justin Trudeau** named former deputy prime minister **Anne McLellan** as a [transition advisor](#) for the West, after Alberta and Saskatchewan shut the Liberals out in this month's federal election.
 - McLellan represented Edmonton—Northwest for the federal Liberals from 1993 to 2006 and had a stint as natural resources minister. In the midst of the SNC-Lavalin scandal earlier this year, she was appointed by Trudeau to [lead a review](#) of the role of the attorney general.
 - Trudeau also named **Isabelle Hudon** as a transition advisor to Quebec.
- Newfoundland and Labrador PC Leader **Ches Crosbie** joined Alberta Premier **Jason Kenney** in calling for a referendum on equalization payments — [asking for \\$300 million more](#) from so-called “have” provinces.
 - Newfoundland's Finance Minister **Tom Osborne** dismissed Crosbie's statements as a “political stunt.”
- Justice Minister and Solicitor General **Doug Schweitzer** continued his streak of inflammatory tweets, calling Calgary Mayor **Naheed Nenshi** “Trudeau's mayor” and saying he is “out to lunch.”
 - Those comments were in response to an article in which Nenshi said the province is cutting funding for police, meaning his city will lose 130 officers.
 - “We made justice a priority of our department and we're going to continue to do so,” Schweitzer told reporters on Tuesday. “You know what, Mayor Nenshi needs to get his own fiscal house in order.”
 - He then read aloud headlines where Nenshi said he was willing to co-operate with a Liberal government, before storming off.

- The Fort McKay First Nation issued a court action in Alberta’s Court of Appeal to try to overturn the Alberta Energy Regulator’s approval of the Prosper Petroleum’s Rigel project in the Moose Lake region.
 - The First Nation said the legal move is a last resort after a year of government inaction on the plan.
 - “Fort McKay has been a contributor to Alberta’s oilsands sector for decades,” said Chief **Mel Grandjamb**. “That is part of our history and we are proud of it. That is why it is with a heavy heart today that we must seek the court’s help to protect the Moose Lake area, the last undisturbed wilderness within our traditional territory on which we have pursued a traditional way of life for millennia.”

Funding announcements

Ministry of Culture, Multiculturalism and Status of Women

- Culture, Multiculturalism and Status of Women Minister **Leela Aheer** announced \$75,000 to the Free Footie sports program in Edmonton via the Community Grants Program.

Question Period

NDP kickoff

- NDP Leader **Rachel Notley** led off question period by asking why the government’s \$233-million corporate tax cut for Husky has led to jobs in Wisconsin and Newfoundland and layoffs in Alberta.
 - “To the premier: why did he give \$233 million away to subsidize investment to Newfoundland and Wisconsin?”
 - Notley also why the government chose to pay for the corporate tax cut through de-indexing personal income tax.
- Kenney responded, “This government has given no subsidies to Husky or any other oil company or any other company, for that matter.”
 - “Whenever the NDP talks about tax relief constituting a giveaway, what does that really say? It says a lot about their socialist ideology. They think the government has a prior claim on every dollar earned by somebody and every dollar generated by an employer,” Kenney responded.

Other NDP questions

- Opposition MLAs also asked about how many construction jobs will be at risk with the reduction in funding to the Calgary Greenline project; whether Minister **Kaycee Madu**

— the only UCP cabinet minister from Edmonton — is being ignored by his cabinet colleagues when it comes to infrastructure spending in the city; whether Agriculture and Forestry Minister **Devin Dreeshen** will suspend a request for proposals for a forestry project following complaints from the Treaty 8 Grand Chief; the \$500 immigration fee announced in the UCP budget; and why the government [cut community grants](#), Summer Temporary Employment Program, and the budget for air and water quality monitoring.

- The NDP also called on the government to fire Finance Minister **Travis Toews** for producing an inaugural budget with a higher deficit and the same level of debt as the NDP's budget outlined last year — while also increasing personal taxes.

UCP friendly questions

- UCP backbencher MLAs asked about increasing investor confidence, whether the province is shifting to privatized lab services (to which the minister responded “yes”), and what the government is doing to address human trafficking.