



## AB Today – Daily Report September 5, 2019

### Quotation of the day

“This is a level of arrogance never seen before.”

*United Nurses of Alberta president **Heather Smith** reacts to the blue ribbon panel’s recommendation that the province legislate wages for public sector workers, and utilize back-to-work legislation if it provokes strike action.*

### Today in AB

#### On the schedule

The House is adjourned for the summer recess. MLAs will return to the legislature for the fall session on October 22. Regular committee meetings are set to resume next week.

#### **Battle over plastics simmers as Alberta looks to diversify its economy**

For the provincial government and the petrochemical industry, plastic production is a beacon of hope for the future of Alberta’s natural resources industry. For environmentalists, it represents a threat to the planet.

Last year, the industry got a boost via royalty credits from the NPD’s Petrochemical Diversification Program — a program the United Conservative government has said it will carry forward.

Alberta currently has three petrochemical plants in operation — one each in Fort Saskatchewan, Joffre and Scotford — with another two on the way.

Prime Minister **Justin Trudeau** has set the stage for a plastics battle ahead of the upcoming federal election campaign by promising to ban "harmful" single-use plastics, such as straws and cutlery, as early as 2021.

His rival, Conservative Party of Canada Leader **Andrew Scheer**, has mocked the plan, calling it a "cynical re-election gimmick" that will do little to reduce plastic waste.

As the debate over the implications of plastic use at the consumer level shifts to its production, Alberta's natural resources industry finds itself in the familiar position of straddling business and environmental concerns.

### **Are plastics the new pipelines?**

While most criticism of Alberta's fossil fuel industry has been focused on pipelines, environmentalist campaigns against plastics have capitalized on powerful images of the [Great Pacific Garbage Patch](#), a plastic straw being [extracted](#) from a sea turtle's nostril and [snowing](#) microplastics, among others.

Rather than taking advantage of the durability of plastic, a substance that doesn't biodegrade, **Vito Buonsante**, Environmental Defence plastics program manager, says corporations have fueled a throwaway culture.

"It doesn't really make sense to have a chocolate bar that is wrapped in plastic and then that plastic is going to stay around for the next 300 years while that chocolate bar hardly stays around for a minute," Buonsante told *AB Today* in an interview.

Cheap feedstock, which in Alberta consists of readily available, low-cost natural gas liquids, means it is easier to make new plastic than it is to recycle it. (Recycling plastic is two-and-a-half times more expensive per tonne than hauling it to the landfill.)

Part of the solution, Buonsante says, is to shift the cost burden of recycling programs from municipalities to industry, characterizing the current system as akin to an industry subsidy.

"We have given them a free ride for many years," Buonsante said. "They have been designing products only for their own purpose, which is selling the product. But not for the purpose of properly disposing of products." (Buonsante also wants the landfilling of plastics to be banned.)

British Columbia's recycling program is funded entirely through industry, and Ontario recently announced plans to follow suit by 2022.

Jurisdictions like Norway have gone even further by fining companies that fail to meet plastics recovery quotas and charging deposits on plastic bottles — something large beverage producers have [lobbied against](#) in Canada.

## **Plastics industry agrees change is needed**

**Bob Masterson**, president CEO of the Chemistry Industry Association of Canada, an organization that represents the plastics industry, recognizes multiplying amounts of plastic waste on the globe are a problem that needs fixing and agrees industry should take over the cost of recycling in Alberta.

“They see a risk to their business case,” Masterson said told *AB Today*. “They see the public on the verge of deselection plastics if we don’t address this plastic waste issue.”

In the United States, plastic production has taken off. The industry received \$300 billion in investment in 300 new projects over the last five years.

Canada was largely left out of that growth because Canadian jurisdictions did not court industry as aggressively as their American counterparts, according to Masterson. He said Pennsylvania spent seven years courting Shell Oil Company before the oil and gas giant chose the state for its massive Shell Pennsylvania Petrochemicals Complex, which is set to be completed next year. (U.S. President **Donald Trump** visited the facility in August and told workers they are “sitting on gold,” a reference to the state’s booming natural gas industry.)

Masterson says Trudeau’s proposed plastics ban won’t hurt the industry short-term — although he shuns the characterization of plastic products as “single use” — because 80 per cent of Alberta-made products are exported to jurisdictions without a ban. (Canada exported \$11.4 billion worth of manufactured plastic products in 2018, according to Statistics Canada.)

But, long-term, investors may be shook.

In a statement to *AB Today*, **Samantha Peck**, a spokesperson for Alberta Energy, agreed with Masterson, saying the province is not concerned about Trudeau’s proposed single-use plastics ban, since most of the demand for Alberta’s plastic products comes from outside Canada.

“The global demand for plastics continues to grow, and the petrochemicals produced in our province will still be required to make other multi-use items and recyclable plastics,” Peck said, noting that the petrochemical sector currently provides the bulk of Alberta’s manufacturing jobs.

“Our government will continue to fight for the jobs this industry provides and will continue to follow how developments on this federal initiative may impact Albertans,” Peck said.

## **Alberta’s industry on the upswing**

Alberta’s petrochemical industry started up in the 1970s, fed by a “high quality, high quantity” supply of natural gas liquids — such as ethane and propane — that can be extracted along with natural gas. But up until 18 months ago, Masterson says Alberta’s growth didn’t match the growing global demand.

This changed last fall when **Rachel Notley's** former NDP government founded the Petrochemicals Diversification Program (PDP), which doles out royalty credits to companies looking to turn ethane, methane and propane into plastics, fabrics and other materials; as well as the Petrochemicals Feedstock Infrastructure Program, which provides grants and loan guarantees to companies that build facilities to supply natural gas liquids to the petrochemical industry.

Combined, the two programs have already begun funnelling billions of dollars into the industry.

While the UCP government's first 100 days was dubbed the "summer of repeal," the NDP-era PDP has thus far been spared from the chopping block.

Alberta politicians are not the only ones supporting the industry. Despite leading the charge on reducing plastics use, the Trudeau Liberals have also provided subsidies to the sector.

In April, Natural Resources Minister **Amarjeet Sohi** was in Sturgeon County to announce \$49 million in federal funding for a new \$4.5 billion polypropylene complex.

The site, run by the Canada Kuwait Petrochemical Corporation, will be the first polypropylene plant in Canada and is expected to bring 2,110 jobs to the province.

At the time, Sohi stressed that polypropylene is a "highly recyclable" and said using Alberta propane to manufacture, rather than exporting the propane to offshore markets, will reduce greenhouse gas emissions by 180,000 tonnes per year.

Federal Innovation Minister **Navdeep Bains** also pledged \$49 million to Inter Pipeline's \$3.5-billion Heartland Petrochemical Complex in Strathcona County in March.

## Today's events

### **September 5 at 8 a.m. – Edmonton**

The UCP's treasury board committee will meet in the cabinet room of the legislature.

### **September 5 at 8:30 a.m. – Airdrie**

Education Minister **Adriana LaGrange** will speak at St. Veronica School.

### **September 5 at 11 a.m. – Edmonton**

Health Minister **Tyler Shandro** will speak at the 10th anniversary celebration of the Mazankowski Heart Institute.

### **September 5 at 11:30 a.m. – Edmonton**

Finance Minister **Travis Toews** is scheduled to give a speech at the Edmonton Chamber of Commerce, a follow-up to his Tuesday stop at the Calgary Chamber of Commerce.

**September 5 at noon – Edmonton**

Transportation Minister **Ric McIver** and Municipal Affairs Minister **Kaycee Madu** will give an update on the southwest leg of the Anthony Henday Drive.

**September 5 at 1:30 p.m. – Red Deer**

Education Minister **Adriana LaGrange** will speak at West Park Middle School.

**September 5 at 2:30 p.m. – Raymond**

Cardston—Siksika UCP MLA **Joseph Schow** will take part in a ribbon cutting ceremony at the grand opening of the Ridgeview Lodge.

**September 5 at 5 p.m. – Calgary**

Calgary—Currie UCP MLA **Nicholas Milliken** will take part in a groundbreaking ceremony for a 27-unit permanent supportive housing project.

**September 5 at 6 p.m. – Calgary**

Culture, Multiculturalism and Status of Women Minister **Leela Aheer** will speak at the Canadian Country Music Awards opening reception at the Studio Bell National Music Centre.

## Topics of conversation

- The Federal Court of Appeal [ruled](#) that six of the proposed challenges against the Trans Mountain pipeline expansion project can proceed.
  - There were 12 requests to the court from First Nations and environmental organizations who say endangered marine species are not adequately protected from the increased crude shipments that will accompany the pipeline and that consultations had a predetermined outcome. Only six challenges — all from First Nations in B.C. — were granted leave to proceed.
  - Canadian Association of Petroleum Producers president and CEO **Tim McMillan** said his organization is disappointed by the decision to allow the challenges to go ahead, but he remains confident construction will be underway this month.
  - “We support meaningful engagement with Indigenous Peoples for the responsible development of our energy resources,” McMillan said. “Canada has an opportunity to provide the world with its sustainably produced oil and natural gas to help reduce net global emissions and to meet growing global energy demand.”
  - NDP Leader **Rachel Notley** issued a statement saying shovels are ready to get in the ground this fall and that Albertans can’t wait any longer.

- “No more disappointments,” Notley said. “No more setbacks. Let’s put this to bed, and put Canadians to work. Let’s build this pipeline and grow our economy — together.”
  - The premier’s office declined to comment on the decision.
- Alberta’s mayors are unsure what the recommendations from the blue ribbon panel on the province’s finances will mean for municipal funding.
  - The report said Calgary and Edmonton’s per capita expenses were among the highest among comparable cities, adding that capital grants to municipalities account for one-quarter of all capital spending, roughly \$440 per capita, which is 20 per cent higher than the national average.
  - Edmonton Mayor **Don Iveson** [said](#) the report creates uncertainty, but he’s not worried yet, adding the city voluntarily took a 42 per cent cut to grants last year in recognition of the difficult financial shape of the province.
  - Calgary Mayor **Naheed Nenshi** said the suggestion that municipal grants are out-of-control is perplexing.
  - “We already took our cut,” Nenshi [told reporters](#) in Calgary on Tuesday. “Our 2019 numbers are less than half of what they were in 2017, and we won’t get back to 2017 levels (of capital funding) until 2032. So if the government wants to take the recommendation, well, guess what? You’ve already done it. There is no further room here.”
- Alberta Green Party Leader **Cheryle Chagnon-Greyeyes** has stepped down. Former Calgary—East Green Party candidate **Will Carnegie** will serve as interim leader until the party holds a leadership convention next year.
  - “The imperatives that led me to run still exist,” Chagnon-Greyeyes said in a news release. “I call upon everyone to redouble our efforts to keep building the Greens so that we can have Green Party policies enacted in the Alberta legislature.”
  - Chagnon-Greyeyes said she stepped down for personal reasons, but intends to continue to be an active member in the party. She also called on supporters to “take out a membership, volunteer and donate.”
- B.C.-based environmentalist **Tzaporah Berman**, who sat on Alberta’s Oil Sands Advisory Group, [received](#) a \$2 million USD Climate Breakthrough Project award.
  - “This summer’s fires in the Amazon and the Arctic are a wake-up call for all of us — and yet even wealthy countries such as my own continue to expand oil and gas production,” Berman said in a news release on Wednesday. “If your house is on fire, you don’t add more fuel. We need new global strategies to stop the expansion of the oil and gas industry and build a safer future.”
  - The Climate Breakthrough Project, an international organization, selects three winners each year who are “developing innovative strategies in social, behavioral, economic, and policy change that will make a globally significant impact on greenhouse gas emissions over the next 5-10 years.”

- Former PC MLA **Carl Benito** and his son **Charles Benito** have been charged with nine counts related to immigration fraud, CBC [reports](#).
  - The charges stem from an investigation by Canadian Border Services Agency (CBSA), and allege the two ran a fraud scheme where they loaned money to foreign nationals to create a false picture of their financials, allowing them to obtain study permits for colleges they never attended.
  - When CBSA officials raided Benito's home and office in 2018, they seized over \$185,000 in \$100 bills.
  - Benito served as the Progressive Conservative MLA for Edmonton–Mill Woods from 2008-2012.
  
- Former *Alberta Oil* editor **Max Fawcett** [penned](#) an op-ed in *Maclean's* arguing Albertans should turn away from separatism, and instead vote for a federal party other than Conservatives to affect political change.
  - “If the 34 seats in Alberta are never in play, there’s no political incentive for anyone — Liberal or Conservative — to put its issues at the forefront,” Fawcett wrote.
  
- Satirical publication *The Beaverton* took aim at the UCP, [tweeting](#) the faux headline: “Alberta schools to avoid provincial cuts by pretending to be an oilsands company.”

## News briefs — Governmental

### Justice and Solicitor General

Justice and Solicitor General Minister **Doug Schweitzer** has launched a tour across Alberta to meet with rural residents concerned about crime.

“First-hand conversations with Albertans will help ensure our actions truly reflect where Albertans are today,” Schweitzer said.

The attorney general says the UCP government recognizes the “unique vulnerability of Albertans in rural areas” and wants to work with them to ensure the justice system reflects their “realities” and provides the “tools and resources” to protect them and their property.

In its election platform, the UCP promised to enact a rural crime strategy and to review Criminal Code sentencing principles to ensure “the principles of deterrence and denunciation be prioritized” in regard to the “unique vulnerability of people in rural areas when it comes to their self defense.”

The tour begins today in Bragg Creek and will wrap up on September 30. Stops are planned in Okotoks, Raymond and Medicine Hat.

## News briefs — Non-governmental

### Unions react to MacKinnon report recommendations

In response to recommendations from the province's blue ribbon panel on finances regarding legislated public sector wages and in support of back-to-work legislation, unions in the province say they're ready for a fight.

Alberta Federation of Labour president **Gil McGowan** dubbed the panel's report an attack on the public service and "a prescription for disaster."

"Kenney promised no cuts, but this report recommends massive cuts to education and services Albertans need most," McGowan said. "And if these recommendations are put into place, they will make Alberta's economy sicker."

The United Nurses of Alberta echoed worries about legislated wage freezes while also pointing to recommendations for health-care privatization.

"I was very concerned to hear talk from the panel chair [**Janice MacKinnon**] about increased privatization of health-care services, suggestions that austerity measures focus in particular on nurses and physicians, and her reference to 'fewer hospitals'," UNA president **Heather Smith** said.

Smith's union is not set to enter bargaining negotiations until next year, but said the preemptive recommendation for back-to-work legislation represents "a level of arrogance never seen before."

Alberta Union of Provincial Employees president **Guy Smith** slammed the report for failing to consider the revenue side of the ledger. He pointed to the government's corporate tax cut as an example of a bad move.

"Why is this government making working Albertans suffer while throwing their money away at a financially dangerous scheme?" Smith said.

Public Interest Alberta executive director **Joel French** also questioned the government's directive for the panel to ignore the question of raising taxes, noting how out of step the province's taxation system is with other provinces.

"The UCP government has completely missed the issue at the heart of Alberta's finances; our tax system is simply not designed to raise the revenue we need to fund our public services," said French.

“Renovating our tax system would protect our existing public services, as well as give us the ability to make much-needed improvements, like reducing class sizes in schools and waits for seniors’ care.”