



ALBERTA COUNSEL

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**The News from Alberta Counsel** is

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## FIRST NATIONS ECONOMIC INNOVATIONS AND THE INDIGENOUS OPPORTUNITIES CORPORATION

Scott Ondrack



Photo Credit: Shari Narine

The federal government's recent re-approval of the oft-beleaguered Trans Mountain pipeline expansion project provides an opportunity to shine a spotlight on the mounting economic opportunities becoming available to First Nations in this province. But while the potential is there, many barriers still exist that have traditionally made pursuing such projects difficult if not impossible for these communities. One of the key barriers inhibiting economic progress for Indigenous Communities is in securing access to the loans and resources necessary in order to be able to consider such projects.

"It's difficult for them to get loans because they're not individual landowners, they're all part of a group. It's difficult for them to get businesses going," said Alberta's Indigenous Relations Minister Rick Wilson.

Alberta Premier Jason Kenney hopes to address this through the formation of the Indigenous Opportunities Corporation, following through on a key campaign promise made by the UCP. The project would see an initial investment of \$24 million over the next four years with a further \$1 billion earmarked for backstop financing. The proposed Crown corporation would provide technical support on major project opportunities and access to capital markets through loan guarantees or co-invested debt and equity lending from the Alberta Government.

"We'd be like a loan guarantee. Once the companies see that there's a backstop [the province], they're more able to work with the various nations to let them be partners," said Wilson. "To start out with, we want to get these pipelines built, but it can expand into other areas as well."

While Indigenous communities across the province are increasingly exploring business opportunities and ownership positions in various industries, Indigenous Albertans continue to be held back by a host of systemic disadvantages that hamper these community's ability to compete for major project opportunities and gain access to capital markets. For example, according to the most recent statistics from Statistics Canada the rate of unemployment for First Nations people in the province is still more than double that the rate of non-indigenous Albertans. Job creation can be hampered in



### SCOTT ONDRACK Associate

Upon graduating from the University of Alberta with a Bcomm in Strategic Management, Scott spent nearly a decade operating his family's local small business. With loftier goals in mind, Scott pursued an after-degree in English Literature, gained experience as a Research and Communications Officer at the Alberta Legislature, and is currently going into his second year of the Law program at the UofA.



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Indigenous communities due in no small part to difficulties in securing funding for the formation of sustainable small and medium sized businesses.

"While there has been a lot of great progress to celebrate our First Nations, the truth is there is still too many aboriginal Albertans who live in poverty who have not enjoyed the prosperity of this province," said Premier Jason Kenney regarding the investment. "And our government is determined to work collaboratively with our First Nations to change that."

This past May, a Macdonald-Laurier Institute report titled "Evening the Odds: Giving Indigenous ventures access to the full financial toolkit" showed how Indigenous business face barriers in access to capital. The Study's authors found the gap between Indigenous ventures and other Canadians in terms of access to capital to be around \$80 billion and growing.

Despite this, the report also concluded that since 2003, First Nations and Inuit peoples have made significant gains when it comes to accessing market capital. Furthermore, Indigenous businesses have seen a 10-fold increase in high-risk venture capital support, indicating a growing confidence in First Nations business ventures. In fact, for the first time in Canadian history conventional market sources of capital have overtaken government transfers as the main source of Indigenous economic development capital. Indeed, a number of new approaches have been explored and adopted in order to supply this burgeoning market with the capital necessary to pursue these projects without the need for government loans.

One can see the manifestation of this innovative new paradigm in action in projects like the River Cree Resort and Casino in Edmonton, beginning with a successful \$200 million cross border B-rated bond issue. A second example is the First Nation Finance Authority (FNFA). The FNFA enables individual First Nation governments with First Nations Financial Management Board certification to pool their borrowing needs for infrastructure and community development. As of 2019, the FNFA has raised over \$600 million on mainstream financial markets.

"The rationale for Indigenous engagement is simple: to produce sustainable and sizeable "own source" Indigenous government income to support effective autonomy and control over their futures, and to participate in the Canadian economy on equal terms," excerpt from Evening the Odds: Giving Indigenous Ventures Access to the Full Financial Toolkit.

So, what kinds of opportunities might this open for First Nations communities? Well the approval of the Trans Mountain Expansion will certainly kickstart talks with indigenous communities about potentially purchasing a stake in that project. Federal Finance Minister Bill Morneau has already sent letters to Indigenous communities regarding the routing of the pipeline. Numerous Indigenous groups have expressed interest, and the both the feds and the province have supported the idea.

"We would be interested in having conversations with Indigenous communities about equity and revenue sharing," said Federal Natural Resources Minister Amarjeet Sohi.

Indigenous communities are natural partners for the project. The Trans Mountain pipeline passes through or near the traditional territory of many First Nations and crosses the reserve lands of several First Nations. Indigenous partnerships such as the multi provincial Project Reconciliation and the Alberta-led Iron Coalition have already formed and are eager to proceed.

"Our people have been ready to be in business for a long time," said Chief Tony Alexis of the Alexis Nakota Sioux Nation and co-chair of the Iron Coalition. "If we do this right, this is going to be a template for the future."

Governments and project proponents have begun to realize that they must embrace First Nation participation as partners in the development of wealth occurring within their traditional territories. Enabling First Nations to take their place in the economic mainstream benefits everyone. For these communities it would allow them to provide safe housing, safe drinking water, as well as to make advances to the local health and education systems. Ideally these benefits will help create a positive feedback loop whereby gains in education and infrastructure will in turn support the economic systems that provided the initial boost and so on.

**"we want to get these pipelines built, but it can expand into other areas as well"**

**Rick Wilson, Minister of Indigenous Relations**



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Photo Credit: Brendan Brown



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**JENELLE SASKIW**  
Senior Advisor

Jenelle Saskiw has over 17 years' experience in administration and as an elected official. She served four terms as a municipal councillor, eight years as a mayor, six years with the Alberta Urban Municipalities Association and three years with the Federation of Canadian Municipalities. Jenelle has a strong understanding and passion for municipal and provincial issues.

## POLITICAL EVENTS

### UCP – La Crete event with Jason Kenney

**Tuesday, August 6th @ 3pm**

Location: La Crete Heritage Centre

- Meet and greet with Premier Jason Kenney
- Tix: Free

### UCP – Peace River BBQ with Jason Kenney

**Tuesday, August 6th @ 5pm**

Location: La Crete Heritage Centre

- Join UCP Leader and Premier Jason Kenney for a BBQ/Wiener Roast
- Tix: Free

### GOVT – Farm Freedom and Safety Consultation (Bill 6)

**Thursday, August 8th @ 10am**

Location: Calnash Ag Event Centre, Ponoka

- Connect with Minister of Agriculture and Forestry to share your opinion
- Tix: Free

### NDP – Lethbridge East Whoop-up Days Fundraiser

**Monday, August 19 @ 6pm**

Location: Nord-Bridge Seniors Centre (1904-13 Ave)

- Join local members for a delicious summer meal and cashbar
- Tix: \$50 (www.albertandp.ca)

### NDP – Shannon's Craft Beer Fest

**Friday, September 27th @ 6pm**

Location: Old Fire Hall, Lethbridge

- Join Shannon Phillips and friends, and enjoy a selection of Alberta craft beers and a make your own Taco bar
- Tix: \$125 (www.albertandp.ca)

### UCP – Annual General Meeting

**Nov. 28 – Dec. 1st**

Location: Westin Airport, Calgary

- Join party members to discuss policy and vote on executive positions
- Tix: tba



Source Photo: LinkedIn

### KEY INFLUENCER PROFILE

## BILL BEWICK

**Municipal Affairs Ministry Chief of Staff**

Jenelle Saskiw

The Ministry of Municipal Affairs is responsible for working with elected officials from both rural and urban municipalities to ensure that well managed, collaborative and accountable government is being offered to Albertans. This is no small portfolio considering that all decisions made within this department directly impact the everyday life of over 4 million residents.

One of the key members of the Municipal Affairs Ministry is Chief of Staff, Bill Bewick. With a Ph.D. in Political science from Michigan State University and a Political Science degree from the University of Alberta, Bill has spent his career embedded in his passion of politics. Upon graduation, Bill's work experience includes: the former Director of Policy and Research and the Director of Policy for the Wildrose Caucus, Senior Policy Advisor for Edmonton Chamber of Commerce and 10 years as an American Politics Instructor with Athabasca University.

The Ministry of Municipal Affairs deal with numerous passionate elected officials that prioritize the needs of each of their individual communities. Over the last few years, municipalities and the province have to delicately balance many factors including increased population, decreased population in some areas, viability, tax pressures, and delivering key services for all of Alberta's residence. The need to formulate and legislate a long term MSI funding agreement has been an outstanding issue that leaders from across the province would like to have resolved quickly as the current funding agreement is set to expire in 2020.

Strong leadership is needed within this department to ensure that considerations are made, and decisions are implemented. As Chief of Staff for Municipal Affairs, Bill has a thorough knowledge base and vast experience to navigate the complexities of municipal government.



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**BRONTE VALK**  
Senior Associate

After graduating from the University of Alberta with a Political Science degree, Bronte pursued her passion for politics by working on the campaigns of numerous progressive political candidates. This experience combined with her in-depth knowledge of Alberta's political affairs, drew her into advocacy work. Bronte has worked as a case worker in the Honourable Sarah Hoffman's constituency office as well as the MLA for Edmonton-Ellerslie's. Her connections with government caucus and strong advocacy skills make her a great asset to our team.



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## AN ANALYSIS OF THE CIVIL SOCIETY FUND IN ALBERTA

Bronte Valk

**"With 15 years of nonprofit experience I have seen firsthand the impact civil society organizations can have in our community. They play a critical role in serving Albertans and providing Albertans with meaningful ways to be involved in community. Our civil society platform is about empowering community and creating a strong partnership with government and nonprofit organizations,"**  
Jeremy Nixon, MLA for Calgary-Klein.

Nonprofits in Alberta have been eagerly awaiting to see when the United Conservative Government will implement the promises they made in their platform to strengthen Civil Society. The platform acknowledges the work non-profit groups do to care for those struggling with addiction, homelessness, social isolation, poverty, violence and other challenges and even goes as far as to say community groups are in a better position to resolve societies social ills than the government. Shortly after their election, MLA's have been meeting with nonprofits to discuss legislation that will make it easier for charities to raise money and philanthropists to donate to the issues they care the most about.

### HOW WILL THE UCP STRENGTHEN CIVIL SOCIETY?

The party promises to strengthen Civil Society are numerous. The new government would first create a Premier's Charity Council to advise the government on how best to assist the efforts of Civil Society groups. It is still unclear about who this council will be comprised of, however it is something all nonprofits in Alberta should be aware of. A second important action that nonprofits in Alberta have been the most curious about is the \$20 million Civil Society Fund supported by the Alberta Lotteries Fund that the UCP has promised to create which will fund programs delivered by community groups. There is a bit of a mystery around how nonprofits can apply to receive the monies, and how the monies will be distributed. At this time, MLA's are meeting with their stakeholders to get a better understanding of what their non-profits need to serve their community better. For those in Edmonton, with no UCP representation, the UCP Capital Region Caucus, chaired by Searle Turton has been charged with assisting Edmonton stakeholders with their government advocacy and has confirmed that consultation in Edmonton has been carried out with not-for-profits such as the C5 Group. With consultation on the Civil Society Fund ending in Edmonton, nonprofits are likely to see the Civil Society Fund rolled out soon. However, there are still opportunities for nonprofits to introduce themselves to the government and have a say on how the Civil Society Fund will be structured. Jeremy Nixon, MLA for Calgary Klein has been meeting with groups in the last few weeks to discuss the fund.

Aside from the Civil Society Fund, there are numerous other ways the new government plans on supporting nonprofits in Alberta. As outlined in their platform, "Adopting a Freedom to Care Act that allows for charitable and non-profit groups to apply for a "common sense exemption" from regulations that are designed primarily for commercial application, where those regulations have the unintended consequence of preventing a social good from being performed." The government additionally plans on creating a weekly Points of Light Award to recognize outstanding groups or individuals who exemplify Alberta's spirit of volunteerism. Few are aware that right now in Alberta there are over 26 000 nonprofit/voluntary sector organizations and over 1.4 million Albertan volunteers.

While there will be financial support for nonprofits with the fund, the United Conservative Party will be focusing on generating wealth in the province so that Albertan's can increase their financial contributions to charities of their choice. There is also a strong emphasis on reducing the bureaucratic burdens such as renewal obligations for proven civil society groups that deliver results for Albertans. To do this, a cross-ministry approach will be implemented, with Ministries like the Community and Social Services working closely with the Ministry of Red-Tape Reduction.

# THE NEWS

Alberta's Premier Review of  
Politics and Government Vitality

from ALBERTA COUNSEL



**PASCAL RYFFEL**  
Director of Government  
Relations

After completing his MA in Media and International Development, Pascal spent four years with the Alberta NDP Caucus. Pascal has been directly involved in Alberta politics for almost two decades, including as a candidate in 2008, and has a deep and current knowledge of Alberta politics. Pascal has been with Alberta Counsel since 2015.



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## AT A GLANCE

### In the Media

**The RCMP has interviewed two more UCP MLAs** — Joseph Schow and Jordan Walker — as part of its investigation into the party's 2017 leadership campaign. Schow is the deputy government whip and member for Cardston-Siksika, and Walker is the Sherwood Park MLA. Police have also questioned five cabinet ministers: Josephine Pon (seniors and housing), Prasad Panda (infrastructure), Doug Schweitzer (justice), Jason Luan (mental health and addictions) and Leela Aheer (culture, multiculturalism and status of women).

**Alberta's election commissioner has levied more fines** onto UCP leadership candidate Jeff Callaway with \$70,000 in penalties. The latest set of fines brings the total penalties around Callaway's campaign to more than \$168,000. Three other people were also fined a total of \$21,100 Wednesday in connection with Callaway's campaign. The largest penalty went to Callaway's campaign manager Randy Kerr, who was fined \$10,000 for donating funds given to him by another person.

Alberta's long-awaited review into a billion-dollar disability program will be released in the next few weeks, along with the government's next steps to improve the system. **The Persons with Developmental Disabilities (PDD) review** began in 2018 under the NDP. The government-appointed panel wrapped up consultations with the public, advocates and interest groups late last year.

Ernst & Young LLP (EY) has been selected as the successful contractor for the **Alberta Health Services (AHS) review**. The review will include a comprehensive examination of AHS structure and organization, evaluation of AHS programs, services and policies to identify potential areas to reduce costs and improve performance, identification of opportunities to make AHS operations more responsive to the front lines and Albertans. The cost of the contract is just over \$2 million and the final report is due to government by Dec. 31, 2019.

Infectious and congenital **syphilis rates have escalated across the province** over the past five years, with a sharp increase in 2018. The rapid increase in syphilis cases has spurred Alberta's chief medical officer of health, Dr. Deena Hinshaw, to declare a provincial outbreak.

**Government kills planned changes to Alberta's electricity market:** The Alberta Electric System Operator (AESO) has been working to overhaul Alberta's electricity market since 2017, after it concluded in a 2016 study the province should switch to a capacity market. Alberta has been operating an energy-only market for electricity since 1996. In 2016, the previous government

announced the province would transition to a capacity market, which would have been operational in 2021.

Alberta has signed a Memorandum of Understanding with Ontario to enhance **opportunities for students in Science, Technology, Engineering and Math (STEM)**. Alberta and Ontario commit to enhancing opportunities in the skilled trades and expanding the apprenticeship model to other professions by promoting clear learner pathways.

An amendment to the Employment Standards Regulation restores previous working arrangements for **the province's essential wildfire detection program**. The previous government implemented labour regulations that limited the amount of time forest lookout observers could remain at their post. A legislative amendment will now ensure lookout observers are on duty during all critical times. The changes to the Employment Standards Regulation ensure that the rules for hours of work, including days of rest and overtime, fit the unique circumstances of the job.

The 2018 **sunshine list** disclosed the pay and benefits of the province's top earners paid by the public purse. The threshold to be included on the sunshine list was \$108,784 for government employees and included approximately 2,600 public servants. For employees of boards, agencies and commissions, compensation had to add up to \$129,809 or more to be disclosed. The all-party Standing Committee on Resource Stewardship is undertaking a 6-month review of the Public Sector Compensation Transparency Act.

**UCP surpasses NDP in second-quarter fundraising:** The United Conservative Party has raised more than \$5 million so far this year, more than all other political parties, according to the latest financial reports from Elections Alberta (the NDP has raised just over \$4.1 million since January). From April 1 to June 30, the UCP central party and its constituency associations took in nearly \$1.6 million compared to the NDP, which collected \$1.4 million.



**CAM MACKAY**  
Associate

Cam MacKay is a graduate of the University of Alberta and a former City Councillor at the City of St. Albert. In 2018, he joined Alberta Counsel's government relations team.



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## SHORT TERM RENTALS BECOMING AN ISSUE BOTH MUNICIPALLY AND PROVINCIALY

**Cam MacKay**

Over the course of many of our lifetimes we have begun to see how the information economy has disrupted traditional regulations that we all have taken for granted. Uber has upset the traditional municipally regulated vehicle for hire service and large online booking platforms like Airbnb have had the same impact on municipal land use zoning regulations. Single use zoning has been a tool municipalities have used for nearly a century to reduce land use conflicts between business and residential uses. Not that long ago it would have been a losing proposition for a homeowner to rent out their home on a short-term basis like a hotel. The costs of marketing would have far exceeded the revenue and the economies of scale could only be found in commercial enterprises such as hotels. Today however that is not the case, and anyone can sign up for Airbnb and turn a single-family residential dwelling into a defacto hotel. Currently there are very few regulations around this nascent industry, however municipalities are starting to get the complaints from their residents, and they in turn are beginning to address this gap in policy.

Calgary and Edmonton are both looking at how best to regulate home sharing, and municipalities across the province will likely be facing this issue soon, if they have not done so already. Calgary will be the first council to look at whether short-term rental owners should be required to purchase business licences. This likely will not be enough to address the issue as business licences are generally not very well enforced and do not carry many operational regulations; however, it is viewed as a start by many people who live next to short term rentals. Large booking platforms like Airbnb do not pay GST, the provincial tourism levy or any kind of tax in Alberta. As a result, a business licence alone will not address the large inequities in taxation that exist between hotels and online booking platforms. Neither will it address the large costs that municipalities absorb by permitting short-term rentals to operate without regulation.

A progressive business licence that focuses on guest and public safety could look like something like this:

- The rate would be progressive based on the number of units you own. (ie: a business license for 2 STR units is more expensive than 1)
- The host must complete a criminal record check (to remove the criminal element and provide some assurances for guests)
- A fire inspection is performed on each unit(s)
- Each unit should be required to have adequate tenancy and fire insurance
- The host should have proof of ownership or interest in the property
- The host should have a GST number
- A business license of 4 or more units should be registered to pay the Alberta tourism levy as required by provincial legislation

These requirements would not be burdensome to the individual homeowner looking to rent out a room. However, they could help to make online booking platforms safer for the consumer and provide some kind of assurances and recourse to members of the public who find themselves living next to a defacto hotel. A municipal government can't follow up to see if GST is being collected and paid, nor can they follow up to see if the provincial tourism levy that is required on all short term rentals of more than four units is abided by, but they can be required to at least register to obtain a business licence. Down the road more work will need to be done and more collaborative efforts between municipal, provincial and federal governments will be needed to ensure that the consumer is safe and that there is a level playing field within the marketplace.