

BRIEFING NOTE
Intergovernmental Relations Secretariat
Office of the Premier

DATE: April 16, 2019

ISSUE: Alberta general election of April 16th, 2019

OVERVIEW:

The United Conservative Party (UCP) has won a majority government in Alberta, winning 63 of 87 seats. The NDP has won the remaining 24 seats, and will form the official opposition. The Alberta Party has lost the three seats it held at dissolution, although it won nearly 10 percent of the popular vote.

Jason Kenney is the first leader of the UCP. The UCP was established in July 2017 as a merger between the Progressive Conservative Association of Alberta and the Wildrose Party. Mr. Kenney has had a long career in federal politics and held several prominent cabinet positions under Stephen Harper's Conservative federal government.

The NDP, led by incumbent Premier Rachel Notley, will form the official opposition. Ms. Notley won her seat in Edmonton-Strathcona with 71 percent of the vote.

RESULTS (*as of 22h50 MDT*):

Party	Seats			Popular Vote	
	2019 election	at dissolution	2015 election	2019 election	2015 election
UCP	63	26	n/a	54.7%	n/a
NDP	24	53	54	32.3%	40.6%
Liberal	0	1	1	1.0%	4.2%
Alberta Party	0	3	1	9.5%	2.2%
PC	0	1	10	0.0%	27.8%
Wildrose Party	0	0	21	0.0%	24.2%
Freedom Conservative	0	1	0	0.5%	0.0%
Independent	0	2	0	0.5%	0.4%
TOTAL	87	87	87	98.50%	99.4%

Source: Elections Alberta

There were 2.6 million registered voters, which is an increase of approximately 72,000 since 2015. Voting at advance polls reached an all-time high, with around 25 percent of eligible voters voting ahead of Election Day.

Strategic implications of the change in government

OVERVIEW:

UCP leader Jason Kenney describes his leadership mandate as “ambitious with a policy reform agenda.” In general, the party supports conventional conservative values such as lower taxes and decentralization, along with strong stances on energy development and immigration.

The UCP’s policy objectives, as listed on their website and in their platform, have significant intergovernmental implications. Of note, the platform:

- explicitly names B.C. as a barrier to energy development,
- proposes a “coalition of like-minded provinces” to resist policies and governments that are viewed as unfriendly towards AB’s objectives, and
- promises retaliatory actions against the federal government, provinces, and civil society actors that are perceived as impeding the energy industry.

ANALYSIS:

Energy policy

The UCP website includes several measures to “fight back” against perceived barriers to energy development. Stated barriers include delays to the Trans Mountain Expansion Project (TMX) and cancellations of other pipeline projects; Bill C-69 (Impact Assessment Act); and Bill C-48 (Oil Tanker Moratorium Act). Unfriendly actors responsible for these and other hindrances are stated as including Prime Minister Trudeau, certain provincial governments, the B.C. NDP, and environmental groups.

Several of the UCP’s proposed responses have intergovernmental implications, including plans to:

- Stop oil shipments to B.C. if the province interferes with the TMX
- Hold a provincial referendum on removing equalization from section 36(2) of the Constitution, should the federal government fail to cancel Bill C-69 and make progress on TMX (for details, see the following section, “enhancing provincial powers”)
- Launch a constitutional challenge against Bill C-69
- Create an “interprovincial coalition of provinces who support jobs, pipelines, and [Alberta’s] energy industry.” Listed allies include leaders in SK, MB, ON, NB, and NT, and “opposition leaders in other provinces.”
- Create an “Energy War Room” to respond to negative media targeting the oil sands and “establish a presence in key media markets”
- Establish a \$10m litigation fund to support pro-development First Nations in their right to be consulted on major energy projects
- Encourage the energy industry to expend greater efforts in self-advocacy, such as by filing defamation lawsuits against vocal opponents like Greenpeace
- Boycott international companies that boycott or vocally oppose the oil sands
- Challenge the charity status of civil society groups that oppose the oil sands (this could include groups based in B.C.)

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- Support Conservative Senator Linda Frum's Bill S-239 to ban foreign donations in federal politics
- Seek federal and provincial agreements on resource corridors (pre-approved land corridors that would get faster approval for resource projects)

Mr. Kenney has expressed a desire to explore other pipeline options beyond Trans Mountain. He has stated that he would consider subsidies for pipeline development.

Enhancing provincial powers

The UCP website does not contain a unified set of proposals for enhancing provincial powers. However, this objective is implied by policies in several areas. Some of these include:

- *Eliminating federal health and social transfers:* The UCP proposes to “press Ottawa to convert the Canada Health Transfer (CHT) and Canada Social Transfer (CST) to tax points for the provinces”, which would “give Alberta more control over how revenue is raised and spent in these areas.”
- *Holding a referendum on equalization payments:* The UCP has pledged to hold a referendum on removing equalization from section 36(2) of the Constitution, should AB not see “substantial progress” on a coastal pipeline and should the federal government not repeal Bill C-69. The website states that the referendum would invoke the Supreme Court of Canada's Québec Secession Reference, suggesting that the UCP believes a clear vote on a clear question would compel the rest of Canada to enter constitutional negotiations.
- *Exempting AB from the CMHC mortgage stress test:* The UCP plans to work with other provinces that feel they have been negatively impacted by the stress test to seek regional exemptions.
- *Preventing federal tax and CPP increases:* The UCP plans to “end Alberta's agreement” to increase CPP contributions, and work with other provinces to prevent the federal government from implementing other tax increases. This measure responds to recent CPP enhancements which, like all major changes to the CPP, required approval of two-thirds of the provinces representing two-thirds of the population of Canada.
- *Re-introducing Senate nominee elections:* The UCP intends to renew the Alberta Senatorial Act, which would reinstate Senate nominee elections. While Senate nominations rest with the Governor General, this decision could revive debates about Senate reform, and could bring Alberta into conflict with the federal government's Senate appointments process.
- *Filing constitutional challenges to Bill C-69 and the federal carbon pricing system:* With support from a “coalition of like-minded provinces,” the UCP plans to file a constitutional challenge to Bill C-69 as a violation of provincial control over natural resources. The party has also intervened in support of SK and ON's constitutional challenges to federal carbon pricing and pledged to launch its own challenge should the federal government make AB subject to the system.

Free trade

The UCP states that it would be “a relentless champion of unfettered free trade, labour mobility, and regulatory harmonization in Canada.” Its website includes promises to reduce trade barriers within Canada and internationally, including calling for a modernization of the New West Partnership, signing MOUs with allied provinces, and accelerating the work of the Regulatory Reconciliation and Cooperation Table to break down trade barriers. It also proposes unilaterally eliminating current and future “carve-out” exemptions in the Canada Free Trade Agreement (CFTA) as they apply to AB.

The website indicates an intention to join Manitoba Premier Brian Pallister in pressing the federal government for a Charter of Economic Rights and work towards eliminating interprovincial trade barriers. The party also plans to exert pressure on the federal government to open markets in India and China.

Immigration

The UCP website emphasizes the importance of immigration for economic development. Specifically, it cites immigration as a mechanism to support rural revitalization and provide Albertans with access to skilled labour.

The UCP has emphasized three elements of its “Alberta Advantage Immigration Strategy”:

1. *Rural entrepreneur immigration stream*: This proposed program would be modelled after B.C.’s Entrepreneur Immigration Regional Pilot and would be part of the existing Provincial Nominee Program (PNP). The program would prioritize immigration applicants who are interested in starting or buying businesses in communities below a certain population threshold.
2. *Rural renewal program*: This program would prioritize immigration applications from foreign nationals who are committed to living and working in smaller communities. It would be based on Manitoba’s “Community Driven Immigration Initiative.”
3. *Fairness for Newcomers Act*: The Act would include a series of measures to facilitate foreign credential recognition for skilled workers.

The UCP platform emphasizes an intergovernmental approach to combatting human trafficking, with stated intentions for intergovernmental advocacy. Key objectives include streamlining the definition of human trafficking across provinces and the federal government; enhancing information sharing and coordinated action across provinces and the federal government; and lobbying the federal government to strengthen penalties.

Tax policy

The UCP pledges to cut corporate taxes from 12 percent to eight percent over four years. British Columbia’s general corporate income tax rate is currently 12 percent.

Carbon pricing

The UCP plans to eliminate AB’s system of carbon pricing and amend the Taxpayer Protection Act to require a referendum on any proposed future carbon tax. Eliminating AB’s current carbon plan may make the province subject to the federal system, if the province does not introduce new measures that are accepted by the federal

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government. The UCP has promised to launch a constitutional challenge against the federal carbon pricing system.

Environment and climate change

The platform proposes the creation of a Technology Creation and Emissions Reduction (TIER) fund, which resembles a cap-and-trade program for the largest carbon emitters. Revenues from the TIER fund would be used to invest in clean technologies, reduce the provincial deficit, and fund the “War Room” that would combat negative press targeting the oil sands.

The UCP intends to review the Alberta Caribou Draft Plan to ensure land use consultations are completed before making decisions on habitat protections. This proposal is linked to concerns about potential impacts on the province’s forestry industry.

Other environmental initiatives include a series of measures to protect parklands and vulnerable ecosystems.

Changes to democratic institutions

The UCP platform proposes several significant changes to the democratic process in Alberta. These include:

- *Allowing free votes:* The UCP platform pledges to allow MLAs to vote freely on “everything not deemed a confidence vote or a key platform commitment.”
- *Stopping floor crossing:* The platform pledges to stop floor crossing by “requiring the MLAs resign and seek a by-election before they can join the UCP caucus.”
- *Introducing recall legislation for MLAs:* The legislation would be based on precedents from other jurisdictions, including British Columbia, the United States, and the United Kingdom.

The platform also proposes to:

- Limit donations to political action committees (PACs), and prohibit groups formally affiliated with political parties from running PACs,
- Establish fixed election dates,
- Reduce the Premier’s salary by 10 percent, and
- Reduce the salaries of MLAs and cabinet ministers by five percent.

Health care:

The UCP has pledged to maintain or increase health care spending, and to launch a comprehensive performance review of Alberta Health services.

Education:

The UCP platform pledges to pause the NDP’s curriculum review and rollback selected curriculum changes. The party also plans to introduce a *Choice in Education Act*, which would affirm parental responsibility for education and protect the status and funding of independent schools.

A biography for Jason Kenney is attached as **Appendix A**.

Appendix A

Biography of Jason Kenney



Jason Kenney was raised in Oakville, Ontario and Wilcox, Saskatchewan. He attended Notre Dame College (Wilcox) and the University of San Francisco.

In 1989, he moved to Alberta and became the first executive director of the Alberta Taxpayers Association. The following year, he was named president and chief executive officer of the Canadian Taxpayers Federation.

At the age of 29, he was elected as Member of Parliament for Calgary Southeast. He was subsequently re-elected five times, most recently with 76% of the vote.

He first joined the opposition bench in Ottawa, serving as Finance Critic and Deputy House Leader. Following Stephen Harper's election in 2006, Kenney held multiple crucial positions, including:

- Parliamentary Secretary,
- Secretary of state for Multiculturalism,
- Multiculturalism Minister,
- Minister of Citizenship and Immigration,
- Minister of Employment and Social Development, and
- Minister of National Defence.

In July 2016, Kenney campaigned for leadership of the Progressive Conservative Association of Alberta and was elected with 75% of the vote. As PC leader, he undertook negotiations with Wildrose leader Brian Jean. This led to an agreement to unite the Progressive Conservatives and the Wildrose, forming the United Conservative Party in July of 2017. A large majority of Wildrose and PC members supported uniting the two parties.

**INTERGOVERNMENTAL RELATIONS SECRETARIAT
OFFICE OF THE PREMIER**

BRIEFING NOTE

PREPARED FOR: Deputy Minister Bobbi Plecas

ISSUE: Strategic implications of potential change in government in Alberta

OVERVIEW:

The next AB general election will take place on April 16. The United Conservative Party (UCP) currently has a substantial lead in most polls.

The election in AB is relevant to B.C. for several reasons. Our economies are interdependent for reasons of geography and natural resources; we each have a significant voice on the national stage; and our governments have a history of both alliance and conflict. Alberta's next premier will be expected to attend COF in July and to host this year's Western Premiers' Conference.

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**INTERGOVERNMENTAL RELATIONS SECRETARIAT
OFFICE OF THE PREMIER
INFORMATION NOTE**

ISSUE: Alberta Speech from the Throne, May 22, 2019

SUMMARY:

Alberta Lieutenant Governor Lois Mitchell's speech from the throne focused on three major themes: 1) jobs, growth, and economic diversification; 2) standing up for Alberta's resource industries; and 3) ensuring quality and effectiveness of public services (especially health care and education). This is the first Speech from the Throne since Premier Kenney assumed office on April 30th. Most of the plans described in the speech are reflected in the United Conservative Party's election platform.

The speech contained one direct reference British Columbia, which stated that federal Bill C-48 (Oil Tanker Moratorium Act) "seeks to block access for Alberta's Bitumen resources to British Columbia's northwest coast." It also spoke indirectly to B.C. by describing recent actions by the Alberta government to proclaim the Preserving Canada's Economic Prosperity Act, stating that the Act "will be used as necessary to ensure the value of Alberta's energy products is maximized."

INTERPROVINCIAL HIGHLIGHTS:

Stated objectives with significant intergovernmental implications include:

- releasing a motion to reject federal Bill C-69 (Impact Assessment Act) in its current form, which it argues "threatens Alberta's exclusive jurisdiction over non-renewable natural resources, and is damaging investor confidence;"
- taking legal action to "protect Albertans from a federal carbon tax, and support[ing] other provinces doing the same", should the need arise;
- launching a public inquiry into the alleged use of foreign funds for anti-Alberta oil campaigning;
- creating an "agency mandated to proactively tell the truth about how we produce energy with the highest environmental, labour, and human rights standards on earth"; and,
- reducing corporate tax from 12 percent to eight percent.

SUMMARY OF STATED AGENDA:

First steps:

1. Pass a "Carbon Tax Repeal Act"
2. Pass an "Open for Business Act"
 - The Act's stated objectives are to strengthen rights of workers within unions, promote job creation for young people, and retain recent advancements in compassionate leave. Further labour reforms are planned for fall 2019.
3. Pass a "Job Creation Tax Cut Act"
 - The Act would reduce corporate taxes from 12 to 8 percent, making Alberta's tax rate the lowest in Canada and among the lowest in North America.
4. Pass a "Red Tape Reduction Act"
 - The objective would be to decrease the current regulatory burden by a third.

Other objectives

Indigenous relations:

- Create an “Indigenous Opportunities Corporation”, which will “support First Nations’ and other Indigenous groups’ financial participation in natural resource development and infrastructure projects here, and in other parts of Canada.”

Finance:

- Undertake public consultations on reducing the deficit
- Present a Tax Statutes Amendment Act

Jobs and business:

- Table a Royalties Guarantee Act
- Introduce a Fair Access to Regulated Professions and Trades Act to improve recognition of foreign credentials
- Table a Farm Freedom and Safety Act, which would reduce taxes and regulatory burdens on farmers

Governance:

- Propose amendments to the Municipal Government Act

Environment:

- Replace the Carbon Competitiveness Incentive Regulation with a Technology Innovation and Emissions Reduction Fund which targets industrial emitters

Services and programs:

- Introduce amendments to the Education Act that would enact reforms passed in 2012
- Introduce a Choice in Education Act, with an objective of “restoring and expanding choices available to parents and children”

Public safety:

- Introduce the Saving the Girl Next Door Act to protect victims of human trafficking
- Table legislation to give effect to Clare’s Law to help prevent domestic abuse
- Hire more Crown prosecutors and provide more resources to police

Full text is available at: <https://www.alberta.ca/release.cfm?xID=63917C64E6B09-B4A4-F921-AE339867F37FB833>

Wensink, Alison PREM:EX

From: Hewitt, Jeremy ENV:EX
Sent: May 17, 2019 11:53 AM
To: Wright, Don J. PREM:EX
Cc: Zacharias, Mark ENV:EX
Subject: Follow-up info from CAS
Attachments: CleanBC Results for PO May2019.pptx; ATT00001.txt

Hi Don -

Here is the follow-up information from our meeting. Thank you for coming over and spending some time with our team. Let us know if you'd like anything further.

Best,

Jeremy

CleanBC results: GDP, jobs, wages

Climate Action Secretariat
May 2019

Balance of trade

How is balance of trade accounted for in gTech?

- gTech explicitly simulates bilateral trade with the rest of North America (and the consumption of that good within the importing region)
 - If BC reduces or increases exports to an importing region in North America, that region may experience an increase or reduction in their willingness to pay for a good/service (ie would otherwise have to fulfil demand from another region) which creates a new equilibrium price
- Bilateral trade between BC and all other regions in North America (9 Canadian provinces/regions and the United States) is simulated using an Armington function:
 1. where a good produced in a given region goes (i.e., is the good consumed domestically or exported, and if it is exported to which region is it exported) and
 2. where a good consumed in a given region comes from (i.e., is it produced domestically or imported)
 3. The trade function uses Armington elasticities to simulate the substitutability of where a good that is produced goes or where a good that is consumed comes from. All else equal, a higher Armington implies greater substitutability

Balance of trade (cont'd)

- Trade between BC and the rest of the world also uses an Armington function
- gTech does not explicitly model production or consumption of goods/services outside of North America. North America is implicitly treated as a small open economy that does not influence the world price
- As such, the willingness to pay for BC exports does not change (Imports employ the same logic)
- The rest of the world accepts exported goods from BC at a fixed price, and BC imports goods from the rest of the world at a fixed price
- This fixed price is a function of the exchange rate (best viewed as a composite of all currencies outside of North America) and the price for the good itself
- Income balance: Income generated within BC must be spent in some way

Labour productivity function

How does gTech simulate labour productivity?

- Labour productivity is mostly a fixed input into the model. Technically, gTech does not differentiate between labor force growth and improvements in labour productivity. These are added together to simulate the combined effect of greater labour supply and greater labour productivity. At the back end of a model run, Navius separates the change in labour force growth from productivity changes to calculate employment levels
- In practice, Navius uses the combined labour productivity and labour force growth parameter to calibrate the model to the ministry of Finance's GDP forecast. This parameter is the single largest determinant for BC's future GDP. As a result, GDP is not a fixed input into the model
- Population growth is implicitly fixed in the model, even though population is not a direct input into the model. By aligning the model to Finance's GDP forecast, Navius implicitly borrows the population growth forecast

Two modelling runs

1. Reference Case - expected 2030 outputs if only policies implemented pre-July 2017 were in effect
2. CleanBC policy - expected 2030 outputs if Reference Case policies and CleanBC policies were in effect

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Withheld pursuant to/removed as

s.13

Wensink, Alison PREM:EX

From: Wood, Heather FIN:EX
Sent: May 14, 2019 4:45 PM
To: Wright, Don J. PREM:EX
Subject: FW: Overdose Emergency Cost Analysis

Hi Don,

Here is the TBS analysis of MMHA's analysis of overdose emergency costs. Please note that the TBS Summary below, **s.13** still does not include base provincial funding for services that have been impacted by the opioid emergency (such as policing costs, PharmaCare related costs, hospital /Emergency Room costs, etc.). It does include a portion of base funding for modular housing and a portion of the base ambulance budget **s.12** , and it also includes the federal funding that has been provided to BC.

s.13

Heather

From: Ma, Tiffany J FIN:EX
Sent: May 12, 2019 6:36 PM
To: Wood, Heather FIN:EX <Heather.Wood@gov.bc.ca>
Subject: RE: Overdose Emergency Cost Analysis

Heather,

s.12; s.13

TBS' analysis focused on:

1. **s.12; s.13**
2. TBS Summary: An estimate of the total funding (provincial and federal) for overdose emergency, including some additional initiatives that directly support combating the overdose emergency

s.12; s.13

s.13

s.12; s.13

TBS Summary

Per the request, in TBS’ summary, **s.12**

s.12 It’s challenging to properly display the data as it is a mix of funding sources and does not include all base provincial funding for other services that have been impacted by the opioid emergency (such as policing costs, PharmaCare related costs, hospital /Emergency Room costs, etc.).

TBS’ summary of the total funding related to the opioid overdoes includes:

- TBS-derived estimate of 4.1% of the base budget for BC Emergency Health Services (Ambulance Services) was based on the proportion of overall overdose events in one-year.

s.13

- TBS also included overdose related initiatives funded through two key federal agreements:
 - Federal-BC Emergency Treatment Fund Bilateral Agreement
 - Canada-BC Home and Community Care and Mental Health and Addictions Agreement

TBS Summary	2017/18	2018/19	2019/20	2020/21	2021/22	Comments
s.12						
Emergency Health Services: (4.1% of base budget)	19.60	20.58	20.58	20.58	20.58	4.1% of all calls were opioid related
s.12; s.13						

s.12; s.13

		10.40	4.69	2.01	2.01	
Total Provincial Investment for Overdose Response	88.45	151.87	180.26	179.25	172.39	
Federal funding	7.20	28.35	26.24	27.59	20.09	Overdose Emergency Response and Early Action Initiatives
TBS budget approvals + Federal + Housing	95.65	180.22	206.50	206.84	192.48	

Please let me know if you need more information.

From: Mayhew, Neilane MMHA:EX
Sent: April 5, 2019 10:07 AM
To: Wright, Don J. PREM:EX <Don.J.Wright@gov.bc.ca>
Cc: Wood, Heather FIN:EX <Heather.Wood@gov.bc.ca>
Subject: Overdose Emergency Cost Analysis

Hi Don,

Attached is an analysis Dara Landry, our Exec Lead, Corporate Services, has pulled together. A couple of things to note. s.13

s.13

s.13

was helpful context. Also, we were not able to easily track down information for 16/17. s.13

s.13 Lastly, there is a footnote which notes this but I want to highlight it. These costs do not include treatment and recovery service costs that were in existence prior to Budget Update 2017 which would be serving individuals with opioid use disorder or even concurrent substance use disorders – breaking this down to notionally allocate to the overdose crisis vs addictions health care would be challenging.

Dara did connect in with the TB Analyst and I am copying Heather so she is aware and has this information given our discussion.

Let me know if you would like to discuss further.

Neilane

Wensink, Alison PREM:EX

From: Zacharias, Mark ENV:EX
Sent: May 10, 2019 1:56 PM
To: Wright, Don J. PREM:EX; Meggs, Geoff PREM:EX; Allan, John FLNR:EX; Wanamaker, Lori FIN:EX; Mihlar, Fazil JTT:EX; Main, Grant TRAN:EX; Krishna, Kaye MAH:EX; Kennedy, Christine PREM:EX
Cc: Foster, Doug FIN:EX; Harvey, James AG:EX; Morel, David P ENV:EX
Subject: Neucel Port Alice Update: May 8
Attachments: IN-Neucel Port Alice Update (May 8).docx

Good afternoon:

Please find attached a bi-weekly Neucel BN, which has been reviewed by MAG. Key updates since the April 26th BN below:

- April 29, 2010 - Unifor filed a reply submission arguing that section 35 was triggered and that ENV was the successor employer with respect to the environmental compliance part of Neucel's business.
- May 1, 2019 – ENV had a call with the Chief and select Council member of Quatsino FN to discuss challenges, priorities and options, and have committed to monthly calls to keep Quatsino FN informed of developments and receive feedback.
- May 6 & 8, 2019 – ENV staff connected with Rick Scofield, Vice President, Unifor 514 to provide updates and will be reconnecting May 10.
- May 6, 2019 – LRB requested that a written update be provided by ENV concerning the status of the work being performed at the Port Alice mill by May 10, 2019.
- May 8, 2019 – ENV was scheduled to connect with Gavin McGarrigle, Unifor Area Director BC, to ensure the Union is up to date. Unifor has requested this meeting be postponed until next week.

Regards, MZ

**MINISTRY OF ENVIRONMENT AND
CLIMATE CHANGE STRATEGY
INFORMATION NOTE**

May 8, 2019

File: 280-20

CLIFF/eApprovals #: 345010/14585

PREPARED FOR: Deputy Ministers

ISSUE: Update on Neucel Pulp Mill, Port Alice

BACKGROUND:

This information note is an update of CLIFF 345010 from April 26, 2019.

The Neucel Specialty Cellulose Ltd. (Neucel) facility is a former sulphite pulp mill located in Port Alice, British Columbia.

Neucel is owned by Fulida, a Chinese company, and has been in a state of curtailment due to financial difficulties since 2015, with only a skeleton staff on site to maintain critical infrastructure.

February 27, 2019, the current owners of the mill instructed the remaining staff to leave the premises. The Ministry of Environment and Climate Change Strategy (ENV) hired a hazardous materials contractor to complete an on-site chemical hazard assessment.

Based on the results of the Nucor Environmental hazardous waste assessment, ENV determined the facility to be at imminent risk of a catastrophic failure of one or more systems. Additionally, the fire and vapour suppression systems on site are currently not operable.

March 7, 2019, ENV notified Neucel that it would take spill response actions to mitigate risk, under statutory authority for government spill response actions.

ENV retained Nucor Environmental to address four of the highest risk hazards using funding through EMBC. Identified actions were:

- Removing and disposing of chlorine cylinders
- Removing and disposing of the contents of ammonium bisulphite tanks
- Removing and disposing of the contents of aqueous ammonia tanks
- Pumping and disposing of liquids in the spent sulphur liquor (SSL) storage lagoon, also known as the red liquor pond, to stop an imminent overflow due to rainfall.

DISCUSSION:

This initial phase of work will be completed by early May; there are still a number of active spills and imminent spill risks.

ENV is implementing a 60-day plan and keeping Nucor on site to:

- Monitor and pump the SSL lagoon as needed;

- Sample, characterise and act on nine active spills that have been identified on the site;
- Monitor the site for changing conditions and risk; and,
- Make sure there is some form of security, until such time as all risks can be mitigated.

The estimated cost of actions under the 60-day plan is \$3–4 million, in addition to the \$2 million government is risk managing this fiscal year on this file. The procurement process for Nucor is under the emergency spill response provisions of the Environmental Management Act.

It is difficult to accurately assess the full degree of risk posed by the site. Additionally, some buildings are currently inaccessible due to safety concerns. As crews spend time on the site, information about hazards will evolve; ENV will continue to re-evaluate priorities.

To provide data to inform decisions on next steps, ENV will be retaining an environmental assessment company to update the site assessment that was completed in 2005; that study focussed on stabilizing the site and medium- and longer-term remediation. Staff anticipate the results by the end of June 2019.

These data will inform government actions going forward.

Additional challenges at the site:

- Defunct fire suppression system;
- Collapsed fence around the SSL pond;
- No fence around public road through the middle of the site;
- Recent signs of vandalism and theft;
- Buildings in an advanced state of disrepair;
- No electricity at the site, therefore no working sump pumps which may lead to flooding.
- It is not possible to directly restore electricity to the site at this time, as the electrical system is in a state of advanced disrepair (safety concerns and fire risk).
- Unpermitted landfill sites with unknown contents.

Retaining the environmental assessment company does not qualify under the emergency spill response provisions of the Environmental Management Act and will therefore follow standard procurement processes.

RECENT DEVELOPMENTS:

Unifor expressed concern about emergency work being conducted on site and has stressed Unifor 514 workers' right to any work on the site. Unifor filed an application with the Labour Relations Board (LRB). ENV has provided a comprehensive response to the LRB, including that all work on site is to enact emergency measures and requires specialized technical skills. ENV continues to provide Unifor with updates about the nature and scope of work on site. ENV has no plans to directly contract Unifor members at this time. However, as the environmental assessment company procurement follows

standard procurement processes, ENV will work with the AG to ensure that Unifor worker's rights are respected as part of this procurement process.

s.14

The Canadian Nuclear Safety Commission (CNSC) is investigating options for seizing radiological materials on site. These materials were used in gauges when the site was operational and must be stored and secured in strict accordance with CNSC requirements. CNSC is currently moving through the Request for Proposals process to secure a contractor to remove these devices. The devices are encased in large protective lead casings, removal of which will likely require some demolition work by the federal contractor.

March 21, 2019 - Unifor 514 file an application under section 35 of the Labour Relations Code for a declaration that ENV is the successor employer to Neucel for the part of Neucel's business related to environmental compliance.

April 2, 2019 - Neucel updated the BC Corporate Registry by changing its records and registered office to a house in Port Alice.

April 5, 2019 –Neucel transferred ownership of this house to Zheng Wan, previous employee of Neucel.

April 10, 2019 – ENV filed a submission to the LRB arguing that the performance of the work does not constitute a successorship or partial successorship because there has been no transfer or disposition of any part of Neucel's business to ENV.

April 10, 2019 – Environment Canada conducted a site inspection. No findings have yet been shared.

April 18, 2019 – EEP notified Neucel that the ministry intends to commence additional remedial action to address spills and the imminent risk of spills.

April 24, 2019 – ENV sent a second letter to inform Neucel that an additional \$3.8 million will likely be spent over the next 60 days and suggested a conference call to discuss priorities.

April 27, 2019 – the site has been secured by roving day and night security, retained by Nucor at the request of ENV.

April 29, 2010 - Unifor filed a reply submission arguing that section 35 was triggered and that ENV was the successor employer with respect to the environmental compliance part of Neucel's business.

May 1, 2019 – ENV had a call with the Chief and select Council member of Quatsino FN to discuss challenges, priorities and options, and have committed to monthly calls to keep Quatsino FN informed of developments and receive feedback.

May 6 & 8, 2019 – ENV staff connected with Rick Scofield, Vice President, Unifor 514 to provide updates and will be reconnecting May 10.

May 6, 2019 – LRB requested that a written update be provided by ENV concerning the status of the work being performed at the Port Alice mill by May 10, 2019.

May 8, 2019 – ENV was scheduled to connect with Gavin McGarrigle, Unifor Area Director BC, to ensure the Union is up to date. Unifor has requested this meeting be postponed until next week.

NEXT STEPS:

ENV will implement the 60-day plan.

ENV is currently drafting a Treasury Board submission to this effect.

ENV is currently reviewing responses to the RFP for an environmental assessment company.

ROB Compliance Team initiated an investigation and is going through due process and seeking search warrants.

- As yet the LRB has not set hearing dates for the Unifor partial successorship application. However it is expected that this will occur within the next few weeks.

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Contact:

David Morel, ADM
Environmental Protection
Division

778-698-4452

Alternative Contact:

Kevin Butterworth
Executive Director,
Environmental
Emergencies and Land
Remediation

778-698-9890

Prepared by:

Kevin Butterworth

Wensink, Alison PREM:EX

From: Zacharias, Mark ENV:EX
Sent: March 4, 2019 8:21 AM
To: Wright, Don J. PREM:EX; Kennedy, Christine PREM:EX
Cc: Allan, John FLNR:EX; Foster, Doug FIN:EX; Morel, David P ENV:EX
Subject: Neucel update

Good morning: We had a contractor on site yesterday and the summary is below. Bottom line is ENV will be stepping in to manage aspects of the site and is working with MAG on next steps.

Summary:

- it is recommended that as much of the dangerous good be removed from the site as soon as possible
 - special attention should be paid to the red liquor pond at the top of the site as the pumping down of the pond is strictly manual, there are multiple rips and tears in the liner
 - the site is not secure - anyone can walk into the site, play with valves, wonder through decaying buildings and remove dangerous chemicals such as chlorine
 - the site has no security, no maintenance program, no fire and safety, no on-site electricians and no supervision
 - we believe the electrical system in the mill is shaky at best
 - if the site loses power, any remaining pumps that are no longer being maintained will fail and site contaminants such as the red liquor in the pond will over fill and all breeches will head directly to the inlet
 - since mill staff left, already multiple pumps are down with at least one active leak traveling across the Big Wood Mill and directly into the inlet
- it is the opinion of Nucor that with in a very short time (possibly in first heavy rain) the mill could suffer a catastrophic breach of one or more systems.

March 27, 2019

CLIFF # 6336

I Prepared for Don Wright, Deputy Minister to the Premier, Cabinet Secretary and Head of the Public Service

For Decision

II Issue

Recommendation for the appointment by Order in Council (OIC) of Donna Evans to the position of Deputy Minister, Government Communications and Public Engagement, Ministry of Finance, effective May 1, 2019.

III Background

The position of Deputy Minister, Government Communications and Public Engagement, Ministry of Finance will become vacant due to the upcoming departure of Deputy Minister Evan Lloyd.

Under the direction of Don Wright, Deputy Minister, Office of the Premier, the executive search firm of Korn Ferry (Canada) was contracted to recruit for the Deputy Minister, Government Communications and Public Engagement, Ministry of Finance. It was determined through that process that Donna Evans was the most suitable candidate for the position of Deputy Minister, Government Communications and Public Engagement, Ministry of Finance.

s.22

Her resume is attached. A security check has been conducted and clearance has been provided.

IV Recommendation

Approve the appointment of Donna Evans to the position of Deputy Minister, Government Communications and Public Engagement, Ministry of Finance, effective May 1, 2019. Donna's salary will be \$230,000 (DM1).



Approved / Not Approved

Don Wright, Deputy Minister to the Premier,
Cabinet Secretary and Head of the Public Service

Recommended

Okenge Yuma Morisho, Deputy Minister
BC Public Service Agency

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Withheld pursuant to/removed as

s.22

MINISTRY OF HEALTH INFORMATION BRIEFING NOTE

PREPARED FOR: Stephen Brown, Deputy Minister of Health, **For Information**

TITLE: Use of Wood in the New St. Paul's Hospital – Next Steps

PURPOSE: To provide information on next steps regarding the use of wood in the New St. Paul's Hospital (NSPH) project

BACKGROUND:

A workshop was held in Vancouver on May 6 and 7, 2019, to explore ways to maximize use of engineered wood in the NSPH. Workshop participants included the NSPH project team and compliance team representatives, staff from the Ministry of Health (the Ministry), the Office of Housing and Construction Standards (OHCS), the Premier's Office, Forestry Innovation Investment (FII), and external wood experts.

One idea discussed at the workshop was to use a pre-fabricated exterior wall system, comprising a Cross-Laminated Timber (CLT) or Glue-Laminated Timber ("Glulam") frame, encapsulated with fire-protective internal and external finishes. Workshop participants noted that the proposed exterior wall system would not be viable for Phase 1a of the NSPH (core hospital) given budget and schedule constraints and agreed that including it as a requirement for the core hospital could create unacceptable risks, most notably:

- procurement risks (e.g., reduce the number of interested proponents),
- cost risks (e.g., likely increased construction and lifecycle cost), and
- regulatory risk (e.g., uncertainty and lack of clarity in City of Vancouver Building Bylaw alternative solution requirements).

Attachment A summarizes the relevant expert opinion that was provided at the workshop.

After the workshop, OHSC continued to explore the pre-fabricated exterior wall system idea. On June 20, the Deputy Minister of the Ministry of Municipal Affairs and Housing (MAH) wrote to the Deputy Minister of Health to summarize the additional work OHCS completed and to propose next steps.

DISCUSSION:

According to the material provided by the Deputy Minister of MAH, OHCS consulted with industry experts and has confidence that an encapsulated mass timber solution would be a viable option to advance mass timber innovation within the NSPH project. OHCS advises that it identified a CLT wall panel product (produced by a Quebec company called Nordic) that has passed current fire testing requirements and can viably be incorporated into the exterior wall assembly of the NSPH. OHCS acknowledges that its analysis excludes consideration for the governing constraints of no additional cost and no schedule delay.

Program ADM/Division: Peter Pokorny, Associate DM, Corporate Services

Telephone: 250-952-2066

Program Contact (for content): Kirk Eaton, Executive Director, Capital Services Branch

Drafter: Kirk Eaton, Executive Director, Capital Services Branch

Date: July 7, 2019

File Name with Path: