

Lloydminster Bi-Provincial Challenges

2022

ISSUE:

Lloydminster faces many challenges being a bi-provincial city. The issues can be complex and vary from industry to industry. Issues range from healthcare funding, patient record sharing, covid regulations and supports, funding of infrastructure projects, funding of social organizations and educational institutions, bi-provincial trade, taxation, business issues and more. The issues are massive and difficult for non-profits, volunteers, and businesses to manage. Also, our bi-provincial challenges cannot be managed off the side of someone's desk. Lloydminster strives to be a seamless city and it is never ending work that needs to be constantly monitored and advocated for.

BACKGROUND:

The City of Lloydminster straddles the border of Alberta and Saskatchewan with a population of 31,377, where 37% (11,637) lives in Saskatchewan and 63% (19,740) lives in Alberta.¹

It is difficult to capture all bi-provincial issues related to Lloydminster. This is a massive issue and a large undertaking to learn all elements of the bi-provincial challenges that Lloydminster faces. We held two roundtables with members and the following issues were brought forward by local business owners and representatives:

Healthcare

Lloydminster is unique in our healthcare in that we straddle the border and are served by Saskatchewan's Prairie North Health Region. We are also a centre and regional hub for health care services for citizens from both provinces.

According to the formula used to determine funding for other regional health centers in Alberta, Lloydminster has not received equitable funding from Alberta Health Services. Lloydminster's funding has been calculated based solely on the Alberta service area versus the entirety of the 78,000-service area. For that reason, Saskatchewan Health Authority has fallen drastically behind in its ability to provide the required basic services for Lloydminster and surrounding area. There are also discrepancies between Saskatchewan regions and Lloydminster, with Lloydminster receiving less per capita than other Saskatchewan regions. Thus, both provinces need to ensure the financial economic well-being of this interprovincial health service area.

Further to the funding of healthcare issue, is the issue of sharing patient data records across border. Although the hospital in Lloydminster has access to Net Care (online patient records) in Alberta, the

¹ Retrieved April 5, 2022 from <https://www.lloydminster.ca/en/your-city-hall/census-report.aspx>

clinics on the Saskatchewan side of the border do not have access to Net Care, and this poses a problem with information sharing between hospitals and treatment centers in the provinces. Additionally, Saskatchewan licensed doctors are denied access while taking on Alberta patients.

Licensing of physicians is a lengthy and difficult process that a physician must undergo in order to have his or her training recognized and become licensed/permitted to practice in Saskatchewan or Alberta. The issue with this difficult process is the cross-border movement of physicians. If a physician is licensed to practice in Alberta, they should be qualified to practice in Saskatchewan, and vice versa. Regulations should be harmonized through a mutual recognition agreement.

Funding

Receiving funding for Lloydminster's healthcare, policing, infrastructure projects, post-secondary education and social programs is always a challenge, where the stars in the universe need to align just right for approval of funding in Saskatchewan and approval of funding in Alberta to line up in the same time period.

Lloydminster's Wastewater Treatment Plant was a lengthy rollercoaster ride of advocating for funding for the project. In 2019, the City of Lloydminster was successful in securing an \$80 million four party funding agreement between the Government of Saskatchewan, the Government of Alberta, the Government of Canada and the City of Lloydminster to build a new wastewater treatment facility. This approval of funding came after many applications for funding and many years of advocating for a project that was in dire need and on the brink of legal and financial consequences for continued non-compliance.

A further substantial infrastructure project that will require to get both provinces on board for funding is the upgrades to Highway 17.

The City of Lloydminster is policed by the Royal Canadian Mounted Police (RCMP). The City is responsible for 90% of policing costs, the remaining costs associated with policing costs (10%) is paid by the Federal Government. Currently, the City of Lloydminster budgets and pays approximately \$8,530,000 to provide policing services to its residents on both the Alberta and Saskatchewan side. The City of Lloydminster receives grant funding from the Province of Alberta in the amount of \$575,030². The Province of Saskatchewan does not currently provide any targeted police funding to the City of Lloydminster.

Libby Young Centre is a 24-hour mental health care facility supporting clients living with mental illness. Currently Libby Young Centre is funded by Saskatchewan Health Authority, FCSS Lloydminster, Lloydminster & District United Way, and the Saskatchewan Lotteries Grant Fund. The Alberta

² Retrieved April 5, 2022 from https://www.lloydminster.ca/en/your-city-hall/resources/BudgetArchives/Final-Budget-2022_Presentation-to-Council.pdf

Government does not provide any funding to the Libby Young Centre even though the facility is located in Alberta and provides services to Alberta citizens.

During Covid a lot of time and confusion went into understanding where we fell in the provincial realm. In the early days of Covid there was massive uncertainty of which health regulations Lloydminster followed. Throughout the pandemic, regular communication was needed with the provincial governments to advocate for Lloydminster's eligibility into various provincial funding programs such as the SME Relaunch Grant, the Saskatchewan Tourism Grant, Alberta Critical Worker Benefit, and the Emergency Support Program for SK Small Businesses. There was also a lack of clarity around following Saskatchewan Public Health orders, and Alberta Liquor and Gaming and Alberta OH&S.

Bi-Provincial Trade

Interprovincial trade impediments, including unnecessary red tape, cost businesses time and money.

The Safe Food for Canadians Regulations (SFCR) as currently written provides a significant trade barrier for individuals or businesses operating in our bi-provincial city. The SFCR views food sold within the community of Lloydminster as inter-provincial trade. Due to this legislated requirement, the City of Lloydminster food businesses are held to the same standard as a large manufacturer, formerly known as a federally licensed and inspected facility (i.e. Cargill Meats, Kraft Foods) in order to serve both sides of the city. This standard is not likely to be achieved by grocery stores, butchers, home based businesses, and other food businesses, rendering them unable to receive a license and thereby limiting their ability to remain competitive and viable. This inter-provincial trade barrier comes at a significant cost for food businesses operating in the City of Lloydminster. Food businesses are limited to selling or establishing retail store fronts and vendor agreements to one side of the city unless they have a federal license. Furthermore, this legislation restricts strategic growth and limits manufacturing and cost efficiencies for food businesses that operate multiple locations throughout the city.

The alcohol industry faces high regulation and red tape for interprovincial trade. Alcohol cannot cross provincial borders. Businesses in this industry must comply with these regulations which can be challenging in a very competitive market. Lloydminster Saskatchewan has an exemption on the 10% Saskatchewan Liquor Consumption Tax³, which helps these Saskatchewan businesses to compete with the Alberta businesses who are not subject to a 10% Liquor Consumption Tax. However, the requirements to source alcohol from SLGA in Regina causes the cost of the products to still be higher than Alberta competitors within Lloydminster. Furthermore, craft brewers located in Lloydminster cannot easily sell their products across the border in Lloydminster, for example, 4th Meridian cannot sell their products at the Lloydminster Exhibition Grounds without special approvals. The craft beer then needs to be shipped to SLGA in Regina, to have them then shipped back to Lloydminster, exponentially increasing costs and substantial red tape and approval requirements.

³ Retrieved April 5, 2022 from [https://www.sets.saskatchewan.ca/rptp/wcm/connect/39573b11-736d-4ab1-950a-8b3857e273ea/IN+2018-02+Lloydminster+Businesses.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-39573b11-736d-4ab1-950a-8b3857e273ea-n-UHqz.#:~:text=Beer%2C%20wine%2C%20and%20spirits%20purchased,Liquor%20Consumption%20Tax%20\(LCT\).](https://www.sets.saskatchewan.ca/rptp/wcm/connect/39573b11-736d-4ab1-950a-8b3857e273ea/IN+2018-02+Lloydminster+Businesses.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-39573b11-736d-4ab1-950a-8b3857e273ea-n-UHqz.#:~:text=Beer%2C%20wine%2C%20and%20spirits%20purchased,Liquor%20Consumption%20Tax%20(LCT).)

Taxation

Lloydminster is exempt of PST “with the exception of vehicles, lodging, telecommunication services, electricity for commercial users, and insurance contracts, businesses are not required to collect PST on sales to individuals or businesses when the goods are shipped to or picked up in Lloydminster, Saskatchewan and are intended for use or consumption within the city limits”⁴. Over the years, the PST exemption has seen changes and has required monitoring and further advocacy. In 2001 Lloydminster added the exemption of PST to construction materials, related services (e.g. architectural and engineering fees) or business assets for firms located on the Saskatchewan side of the City of Lloydminster. In 2017, PST on insurance premiums came into effect. We had advocated for Lloydminster to be exempt of PST on insurance premiums, however, were not successful. Further advocacy is needed in terms of lodging being required to collect and pay PST. Hotels on the Saskatchewan side of Lloydminster are required to charge and remit PST, which we have been hearing concerns of lost business to Alberta hotels who do not have to charge PST. This tax discrepancy in Lloydminster is creating an unlevel playing field for hotels and Saskatchewan based hotels are losing commercial clients to the hotels in Lloydminster, Alberta.

When the carbon levy was first introduced in 2017 it would have created inequalities due to our bi-provincial status and the levy discrepancies between Alberta and Saskatchewan’s provincial gas taxes. After advocacy from the Lloydminster Chamber, on March 9, 2017, the Alberta Government announced \$5 million in grants for Lloydminster fuel retailers to offset the difference between the total carbon levy and the fuel tax in Alberta and the fuel tax in Saskatchewan.

The Government of Saskatchewan has the Gasoline Competition Assistance Program which provides assistance on taxable gasoline and propane sales made by fuel dealers located along the Alberta border and in Flin Flon, Creighton and Denare Beach. The level of assistance is based on the tax rate differential between Saskatchewan and Alberta or Manitoba, as the case may be, and the shortest distance as measured by a public road between the fuel dealer and the nearest competition in the neighbouring province.⁵ These types of programs need to be continually monitored and brought to attention when new programs come in, in the neighbouring province. For example, with the recent exemption of the Alberta provincial fuel tax on April 1, 2022, a fuel pricing discrepancy would have once again been in place. It was Lloydminster businesses who advocated and raised this issue with the Government of Saskatchewan to include this recent change with the Alberta provincial fuel tax in the Gasoline Competition Assistance Program.

Recent changes to the Alberta Tax and Revenue Administration Client Self-Service (TRACS) system has caused issues where owners of Alberta companies, who reside in Saskatchewan cannot register for the

⁴ Retrieved April 5, 2022 from [https://www.sets.saskatchewan.ca/rtp/wcm/connect/39573b11-736d-4ab1-950a-8b3857e273ea/IN+2018-02+Lloydminster+Businesses.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-39573b11-736d-4ab1-950a-8b3857e273ea-n-UHzq.#:~:text=Beer%2C%20wine%2C%20and%20spirits%20purchased,Liquor%20Consumption%20Tax%20\(LCT\).](https://www.sets.saskatchewan.ca/rtp/wcm/connect/39573b11-736d-4ab1-950a-8b3857e273ea/IN+2018-02+Lloydminster+Businesses.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-39573b11-736d-4ab1-950a-8b3857e273ea-n-UHzq.#:~:text=Beer%2C%20wine%2C%20and%20spirits%20purchased,Liquor%20Consumption%20Tax%20(LCT).)

⁵ Retrieved April 5, 2022 from <https://www.saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/fuel-tax/fuel-tax-refunds-and-rebates/apply-for-the-gasoline-competition-assistance-program>

TRACS system, or Saskatchewan accountants cannot act on behalf of their Alberta clients to get online access. Nor are Saskatchewan residents able to sign off on filing their annual returns for their Alberta business.

Business Issues

Businesses face administrative and red tape burdens due to Lloydminster's bi-provincial nature:

- The real estate industry has two different provincial organizations and regulators with different rules and regulations for each province
- Licensing and certifications in trades
- Different income and business tax
- Different labour standards. At times businesses will be instructed to be cautious and go with whatever is most favourable to employees on a case-by-case basis. For example, pay overtime based on one province and pay vacation based on the other province. This can be costly and time consuming.
- RTM home builder delivering in both Alberta and Saskatchewan has to be built to the most restrictive building code of the two provinces
- Multiple Workers Compensation Board accounts
- Incorporation in both Alberta and Saskatchewan
- Two security commissions, two insurance commissions, two sets of regulations
- Additional costs related to being bi-provincial include staff training, dual licensing, incorporation, and lawyer fees. Some businesses commented that the additional cost can be between \$5 000 and \$10 000 per year.

Anyone who worked in Lloydminster, regardless of Alberta or Saskatchewan side, were previously eligible for the Saskatchewan Immigrant Nominee Program. In the last few years, a change was made, and they have stopped this, now someone working in Alberta has to go through the Alberta Immigrant Nominee Program (now known as the Alberta Advantage Immigration Program). The SINP program is a more aggressive, faster program and preferred by the employee. Foreign workers will prefer to work on the Saskatchewan side to be in the SINP program. Food service businesses face staffing challenges and rely on these foreign workers which they are now having difficulties recruiting employees.

RECOMENDATION:

In an ever-changing regulatory environment, bi-provincial issues need to be constantly monitored as these policies and programs are constantly changing. Education and advocacy on these issues are a time-consuming endeavor and cannot effectively be done off the side of someone's desk.

The Lloydminster Chamber of Commerce recommends that the City of Lloydminster implement a Red Tape Ombudsman position or a Bi-Provincial Policy Manager at the City of Lloydminster to navigate the bi-provincial issues faced across all sectors.