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"Commodities tend to zig, when the equity markets zag."

Jim Rogers

Professional Wealth Management Since 1901

RBC Dominion Securities

Money

"My favourite things in life don't cost any money." Steve Job

Morneau offers indemnification to clear way for Trans Mountain

If Kinder Morgan wants to abandon plans to build the Trans Mountain pipeline expansion, there are plenty of other investors out there willing to take up the cause — and they will have the backing of the federal Liberal government, Finance Minister Bill Morneau says.

The government is willing to "provide indemnity" to any investors, be they the project's original architects or otherwise, to ensure the controversial Alberta-B.C.. project is able to proceed, Morneau told a news conference Wednesday.

"If Kinder Morgan is not interested in building the project — we think plenty of investors would be interested in taking on this project, especially knowing that the federal government believes it is in the best interest of Canadians and is willing to indemnity to make sure it gets built," Morneau said.

The announcement, coming on the very day when the company's Calgary-based Canadian operation is scheduled to hold its annual meeting, bore the hallmarks of an effort to ratchet up the pressure in advance of Kinder Morgan's May 31 deadline.

Amid mounting opposition from the B.C. government, environmental groups and protesters, not to mention skittish investors, the company last month halted all non-essential spending on its $7.4-billion plan to double an existing pipeline between Edmonton and Burnaby, B.C.

"We are willing to indemnify the Trans Mountain expansion against unnecessary delays that are politically motivated," Morneau said -- a reference to B.C. Premier John Horgan's ongoing refusal to allow the project to proceed, despite federal jurisdiction.

"Let me remind you we're here today because despite the government of British Columbia approving this project, the B.C. premier – Premier Horgan's stated intentions are to do whatever it takes to stop the project," he said. "Which is unconstitutional in its very purpose."

He said investors need certainty in order to back a project that the government has repeatedly insisted is in the national interest, but steadfastly refused to say what sort of dollar figures are currently on the table.

Morneau did not directly answer when he was asked how other investors or companies could conceivably take over a project to expand an existing pipeline that already has an owner.

"This pipeline that Kinder Morgan currently has, the Trans Mountain pipeline, has been there since 1953, so we see that the twinning of that pipeline is one of the most effective ways to get our resources to market responsibly," he said.

"We see a path to an outcome that will assure that we can get the advantage that we're seeking; that's why those discussions are ongoing. We do know that in order to make sure that we have that path, we need to deal with the extraordinary risks that have been presented by Premier Horgan."

The finance minister had been engaged in intensive talks with Kinder Morgan officials up until Tuesday, but the two sides have yet to declare any common ground on the amount of federal money involved.

"Discussions with Kinder Morgan continue -- and we are striving to get to an agreement by the May 31 deadline."

Morneau's talks with Kinder Morgan had their genesis a month ago, when Trudeau promised to deploy both financial and legislative tools to ensure the disputed expansion is able to proceed.

During a remarkable eight-hour stopover in the national capital, an unscheduled break from a busy overseas travel itinerary, Trudeau convened a summit in Ottawa with B.C.'s John Horgan, who has staked his government's survival on opposing the pipeline, and Alberta Premier Rachel Notley, whose province's economic health depends on it.

Trudeau instructed Morneau to sit down with Kinder Morgan to find a financial solution that would soothe their investors. He also promised legislation that would reaffirm Ottawa's authority to press ahead with a development deemed to be in Canada's national interest.

The Liberal government position is that it approved the project in 2016 after a rejigged environmental assessment and Indigenous consultation process, and in concert with the its climate change and oceans protection plan. Approval came in consultation with the previous B.C. Liberal government, which gave its consent to the project after its own conditions were met.

Horgan's election last year changed that. His minority government exists at the pleasure of the Green party, and on condition of his continued opposition to the project.

Greenpeace Canada wasted little time interpreting Wednesday's development as a sign the project is doomed.

"It seems like not even Kinder Morgan wants to move forward with this destructive project," the group's climate and energy campaigner Mike Hudema said in a statement. "The risks facing this project go far beyond the B.C. government, and Kinder Morgan knows it.

"Those risks include legal challenges from First Nations, environmental groups and municipal governments, potential legislation in the U.S., along with growing on-the-ground opposition from land and water protectors willing to face arrest to stop this project -- from Vancouver to Seattle to Quebec, and beyond."

Loblaw mulls sale of recreational pot across Canada

Loblaw Companies Ltd. has held exploratory discussions with several major Canadian marijuana firms as the country's largest retailer mulls developing a broader strategy to sell legal recreational cannabis nationally, according to multiple people familiar with the matter.

The company is focusing on jurisdictions that will allow marijuana to be sold through the private sector, including all three Western Canadian provinces, but has yet to strike a supplier deal with a producer or formally apply for a retail license in those provinces, the sources said. One of the sources said Loblaw was also considering selling legal marijuana online as part of its strategy, but those plans have been shelved for now.

On Tuesday, the Newfoundland and Labrador Liquor Corporation disclosed Loblaw has submitted an initial application to allow up to 10 of its stores to sell recreational marijuana throughout the province. That move is viewed by some retail analysts as a test model for Loblaw's national cannabis ambitions as it would complement its expertise selling alcohol and cigarettes.

The provincial liquor regulator said it will proceed to the next phase of the application process for any qualified applicants, including Loblaw's, to become licensed cannabis retailers.

"In the provinces that will sell marijuana through a retailer, it would be a great match for Loblaw," said Bruce Winder, co-founder of the Retail Advisory Network, a retail consultancy. "Customers would accept a company like Loblaw selling marijuana if they do it in a responsible, mature way."

Loblaw announced last December that its Shoppers Drug Mart division also signed supply agreements with several producers including Tilray Canada Ltd., Aphria Inc. and MedReleaf to sell medical marijuana conditional upon Health Canada's approval of the pharmacy chain's dispensary application. Loblaw applied for a license to dispense medical marijuana in October 2016.

Loblaw spokeswoman Catherine Thomas said in an emailed statement to BNN Bloomberg that the retailer's current focus is to distribute medical marijuana through its pharmacy business. She declined to confirm whether Loblaw is exploring recreational opportunities beyond Newfoundland and Labrador.

Most Canadian provinces are currently reviewing which retailers will be permitted to sell recreational cannabis.

"We have been named among the qualified applicants to sell recreational cannabis in one province. There are more steps to come and it's premature to discuss details or outcomes," Thomas said.

British Columbia and Saskatchewan have yet to fully disclose which retailers will sell recreational marijuana in those provinces. The Alberta Gaming and Liquor Commission has listed more than 450 applications so far for cannabis retail stores in the province but Loblaw isn't one of the current applicants. Manitoba's government announced in February it has conditionally accepted proposals from four groups that will be awarded an undetermined amount of retail stores in the province. Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island all plan to sell recreational marijuana through provincially-managed retail stores.

According to a cannabis producer that has held supply talks with Loblaw but was not authorized to discuss the matter publicly, the retailer could pause plans to apply for a provincial cannabis retail license in company-operated stories if the initial rollout in the private sector faces issues such as supply shortages or licensing and zoning disputes.

“There’s going to be a lot of money in the recreational space and Loblaw is interested in being where the money is,” the executive said.

The federal government is aiming to legalize recreational marijuana later this year.
If Loblaw does develop a retail strategy, it may eschew selling cannabis in flower or oil form, and instead focus on selling edible products such as baked goods or candies where the retailer can generate higher margins and control costs more efficiently, according to an executive with one cannabis producer. The sale of cannabis-infused edible goods will take place one year after recreational marijuana is legalized, according to an amendment of the law currently being tabled in Parliament.

Another executive with a major cannabis producer said it broke off early discussions with Loblaw to sell recreational marijuana after the retailer demanded buyer-friendly rates the supplier refused to agree on.

Canada’s legal recreational cannabis market could reach $6.5 billion in retail sales by 2020, outstripping the amount spent on spirits and putting it within striking distance of the amount Canadians spend on wine, according to a research report by CIBC analysts released earlier this week.

The CIBC analysts estimate that recreational cannabis retailers could generate revenue of about $2.40 a gram at about a 30 per cent gross margin and an after-tax return of about 20 per cent once licensing, labour and other costs are factored in.
Loblaw is not the only major Canadian retailer that has expressed interest in the recreational cannabis space.

Alimentation Couche-Tard Inc. CEO Brian Hannasch told analysts in November that the convenience store chain’s Circle K brand could be a “good partner” with provinces in the cannabis space, given its experience selling liquor and cigarettes.

Meanwhile, Metro Inc. spokeswoman Marie-Claude Bacon declined to comment on the company’s position on cannabis legalization. An Empire Co. spokesperson also wasn’t immediately available for comment.

The most successful cannabis retail stores will be those that offer an attractive combination of price, service, ambiance, location and product, CIBC analysts John Zamparo, Prakash Gowd and Mark Petrie wrote in the report.

"Price will certainly be critical, but we suspect stores will have relatively similar pricing, allowing them to compete on other factors, and much like in any other retail concept, execution will be the key differentiator."

Leisure

"Spring is the time of plans and projects" Leo Tolstoy

Join us on a journey of all that is Ukrainian. Experience the spectacle of the Ninth Annual Calgary Ukrainian Festival.

SATURDAY JUNE 2 & SUNDAY JUNE 3, 2018
ACADIA RECREATION COMPLEX
http://www.calgaryukrainianfestival.ca/

This free one day event is the start up to Calgary's vibrant festival season, and encourages citizens to shake off their winter blues and reintroduce themselves to the thriving creative community in our city.

Sunday June 3rd, 2018 from10am~6pm
4th Street SW Between 13 Ave. & Elbow Dr.
http://www.lilacfestival.net/

The 2018 IGNITE! Festival of Emerging Artists!
Take in the bleeding edge of theatre, music, dance and the arts as IGNITE! brightens your June! Catch emerging artists as they explode onto the Calgary arts scene.

Tuesday, June 5 to Saturday, June 9
West Village Theatre
http://sagetheatre.com/

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Wit

"To succeed in life, you need three things: a wishbone, a backbone and a funny bone." Reba McEntire

Food

"Sleep till you are hungry…Eat till you are sleepy" unknown

Edgar Farms Asparagus Festival

Event Date: 3 Sundays: May 27, June 3 and June 10 from 10am-4pm.
Address / Location: Edgar Farms - 1465 Township Road 352, Innisfail, AB

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The Asparagus Festival is back by popular demand! To the great disappointment of our customers, we were forced to cancel our asparagus festivals for a few years due to a lack of production stemming from hail storms in 2014. New Asparagus plants require 5 years of careful nurturing; we are thrilled to announce that our new asparagus patch is now up & producing at full steam!

Our Asparagus Festival is a fun filled day packed with memorable experiences geared toward the entire family….

Website: http://www.edgarfarms.com/

City Palate's Pig & Pinot Festival

Event Date: June 15, 2018 from 06:00 PM - 10:00 PM
Address / Location: Hotel Arts, 119 - 12th Avenue SE, Calgary

Each year 12 amazing chefs, food and wine merchants meet on one spectacular night to create divine food that impresses the palates of the most discerning foodies from across Southern Alberta and raise funds for Calgary Meals on Wheels.

On Friday, June 15th, you are invited to attend this premier event and sample the delicious flavours created by 12 chefs. These expert food and wine merchants will serve delicious food and beverage samples at their booths throughout the evening…

Website: https://www.eventbrite.ca/

Tax

"New taxes should be a last resort, not an option." Christopher Myers

Jason Kenney says he supports a carbon tax — but only on major industrial emitters in Alberta

Robson Fletcher · CBC News
http://www.cbc.ca/news/canada/calgary/ucp-kenney-carbon-tax-power-politics-large-emitters-1.4652145

United Conservative Party leader wants to end economy-wide carbon pricing but keep industrial CO_2 regulations

United Conservative Party Leader Jason Kenney says he wants to ditch the carbon tax that applies to all Albertans but is still in favour of "a tax on major emitters" in the province.

Emissions from those sources — which include large industrial operations like power plants and oilsands operations — account for about two-thirds of Alberta's total carbon-dioxide output that is subject to carbon pricing, according to University of Calgary economist Trevor Tombe.

Kenney has expressed support in the past for continuing to charge major emitters but refrained from using the word "tax" when talking about such a system.

On Monday, however, he expanded on his view during an interview on CBC's Power & Politics, and used the T-word to describe it.

"One thing I've said is we would be comfortable, probably, going back to what we had as a levy — a tax — on major emitters, where the companies that produce the emissions actually paid into a research fund," Kenney said.

This type of regulatory system was introduced in Alberta in 2007 by the Progressive Conservative government of Ed Stelmach and modified in 2018 by the current NDP government.

The regulations only apply to large emitters and are separate from the broader-based carbon tax that the NDP introduced in 2017, which applies to the consumer-level sale of gasoline, diesel, propane and natural gas.

Technology fund

Both the old and the new regulations on industry involve having large emitters pay into a technology fund aimed at reducing the intensity of Alberta's greenhouse gas emissions.

A government agency doles out grants from the fund, on a project-by-project basis. Grant recipients have included municipalities, universities and major players in the oil and gas industry.

"That fund, paid for by major emitters, I think is a good way of doing it," Kenney said of his ideal climate-change policy for Alberta.

"I think the solution is through research and development, science and technology, that will find thousands of small innovations that reduce the carbon intensity of our economy."

But some economists disagree, tending to favour a more broad-based carbon price over regulations that apply only to some emitters.

Regulations vs. carbon price

"If you think innovation and technological change are the answers to climate change, a carbon price is the best policy choice," University of Alberta economist Andrew Leach told a parliamentary committee in Ottawa on Monday.

A broadly applied carbon tax "organically" creates incentives to reduce emissions while boosting demand for cleaner technologies, Leach said, and is also a "useful alternative to governments picking winners with regulations and subsidies."

Dale Beugin with Canada's Ecofiscal Commission echoed that, telling the committee that broad-based carbon pricing is more efficient, from an economic point of view.

"Other policies, such including subsidies or prescriptive regulations, will cost more," he said.

Kenney also spoke to the committee Monday, outlining his opposition to the federal government's plan to impose carbon taxes on provinces that don't meet its pricing thresholds.

He vowed that, if the UCP wins the 2019 provincial election, he would repeal the portion of Alberta's carbon tax that applies to consumers and launch a legal challenge over Ottawa's mandated minimum carbon prices.

"We will see the federal government in court," he said.

Federal Environment and Climate Change Minister Catherine McKenna said she was disappointed by Kenney's comments.

"It's really unfortunate — especially unfortunate for our kids — that the conservatives think that this is something that you can play partisan games over," she said.

"We're going to continue taking practical, cost-effective measures to tackle climate change and to grow a clean economy because, at the end of the day, that's what we owe to our kids."

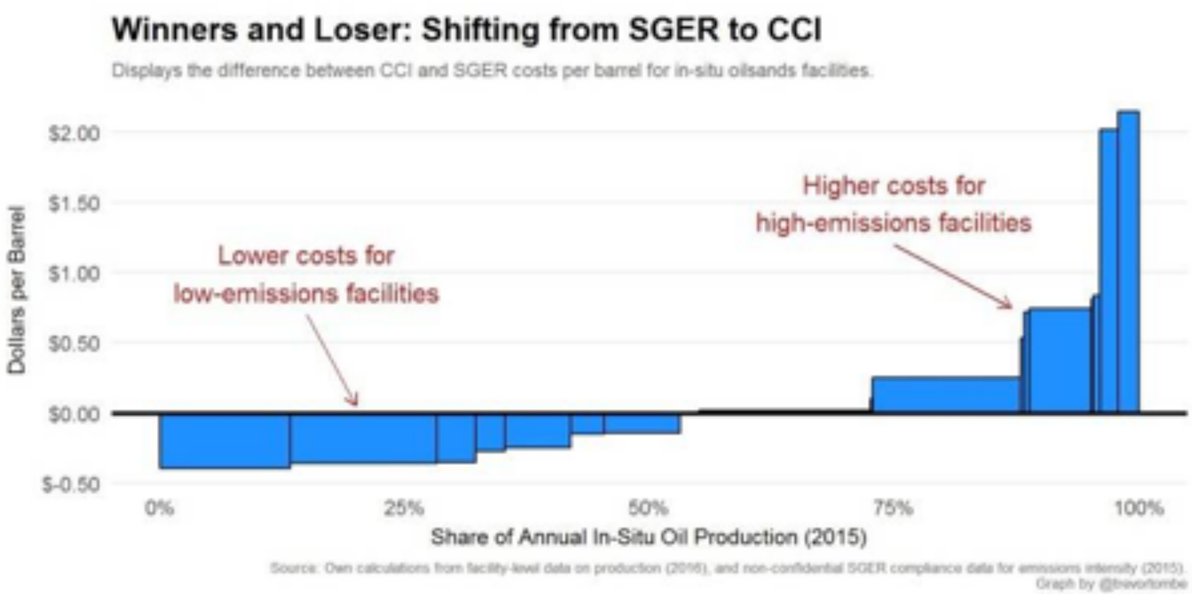
Official UCP policy still in the works

The UCP held its first annual general meeting over the weekend but Kenney said its official platform on climate change won't be finalized until a year from now.

Personally, however, Kenney has supported not only ditching the carbon tax but also returning to the old PC policy for large emitters, known as the Specified Gas Emitters Regulation (SGER).

The new NDP regulations, known as the Carbon Competitiveness Incentives (CCI), took effect on Jan. 1.

That meant new formulas to determine how much industrial facilities pay for their carbon emissions and how much they receive in associated subsidies.



This chart illustrates how carbon costs changed for various oilsands producers when the NDP government modified the regulatory regime that the previous PC government had introduced in 2007. (Trevor Tombe)

The new system rewards oilsands operations that emit relatively low amounts of greenhouse gas per barrel of oil produced, and penalizes those that are more emissions-intensive.

Under the old system, by comparison, large emitters' carbon costs were based on a threshold that varied from facility to facility, based on each facility's own emissions intensity in the past.

Tombe said this meant, in effect, "dirty facilities would receive a larger subsidy than cleaner facilities."

"The recent changes provide the same subsidy to every oil and gas firm," he said.

"So what that does is really strengthen the incentive for an individual facility to improve its performance."

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