



Legislative Assembly of Alberta

The 30th Legislature
First Session

Standing Committee
on
Alberta's Economic Future

Ministry of Economic Development, Trade and Tourism
Consideration of Main Estimates

Wednesday, November 6, 2019
3:30 p.m.

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First Session**

Standing Committee on Alberta's Economic Future

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Goehring, Nicole, Edmonton-Castle Downs (NDP), Deputy Chair
Hanson, David B., Bonnyville-Cold Lake-St. Paul (UCP), Acting Chair*

Allard, Tracy L., Grande Prairie (UCP)
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* substitution for Glenn van Dijken

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Standing Committee on Alberta's Economic Future

Participants

Ministry of Economic Development, Trade and Tourism

Hon. Tanya Fir, Minister

Michele Evans, Assistant Deputy Minister, Economic Development

Sonya Johnston, Assistant Deputy Minister, Strategic Policy and Corporate Services

Jason Krips, Deputy Minister

Maureen Lomas, Vice-president, Finance, Alberta Innovates

3:30 p.m.

Wednesday, November 6, 2019

[Mr. Hanson in the chair]

**Ministry of Economic Development, Trade and Tourism
Consideration of Main Estimates**

The Acting Chair: Welcome, everyone. I would like to call the meeting to order and welcome everyone. The committee has under consideration the estimates of the Ministry of Economic Development, Trade and Tourism for the fiscal year ending March 31, 2020.

I'd ask that we go around the table and have all MLAs introduce themselves for the record. Minister, please introduce the officials that are joining you at the table. I am David Hanson, MLA for Bonnyville-Cold Lake-St. Paul, and I'm chairing this meeting of the committee. We will continue, starting on my right.

Ms Goehring: Good afternoon. I'm Nicole Goehring, MLA for Edmonton-Castle Downs and deputy chair of this committee.

Mr. Jones: Matt Jones, MLA for Calgary-South East.

Mr. Stephan: Jason Stephan, MLA, Red Deer-South.

Mrs. Allard: Good afternoon. Tracy Allard, MLA, Grande Prairie.

Mr. Reid: Good afternoon. Roger Reid, MLA for Livingstone-Macleod.

Ms Issik: Good afternoon. Whitney Issik, Calgary-Glenmore.

Mr. Toor: Good afternoon. Devinder Toor, Calgary-Falconridge.

Mr. Barnes: Drew Barnes, MLA, Cypress-Medicine Hat.

Mr. Rowswell: Garth Rowswell, Vermilion-Lloydminster-Wainwright.

Mr. Horner: Nate Horner, MLA, Drumheller-Stettler.

Ms Johnston: Sonya Johnston, EDTT.

Ms Fir: Tanya Fir, Minister of Economic Development, Trade and Tourism.

Mr. Krips: Jason Krips, Deputy Minister of Economic Development, Trade and Tourism.

Ms Lomas: Maureen Lomas, Alberta Innovates.

Mr. Shepherd: David Shepherd, Edmonton-City Centre.

Mr. Bilous: Good afternoon. Deron Bilous, Edmonton-Beverly-Clareview.

Ms Gray: Hello. Christina Gray, MLA for Edmonton-Mill Woods.

The Acting Chair: Okay. Thank you.

I'd also like to note the following substitution for the record: myself, David Hanson, standing in for Mr. Glenn van Dijken as chair.

Please note that the microphones are operated by *Hansard* and that the committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. Please set your cellphones and other devices to silent for the duration of the meeting.

Speaking order and time. Hon. members, the standing orders set out the process for consideration of the main estimates. Standing

Order 59.01(6) establishes the speaking rotation while the speaking time limits are set out in Standing Order 59.02(1). In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of her comments we begin a 60-minute speaking block for the Official Opposition, followed by a 20-minute speaking block for the government caucus.

The rotation of speaking time will then alternate between the Official Opposition and the government caucus, with individuals' speaking times being set at five minutes, which, when combined with the minister's time, make it a 10-minute block. Discussion should flow through the chair at all times regardless of whether or not the speaking time is combined. Members are asked to advise the chair at the beginning of their rotation if they wish to combine their time with the minister's time. If members have any questions regarding the speaking times or the rotation, please feel free to send a note or e-mail to either the chair or the committee clerk.

A total of three hours has been scheduled to consider the estimates of the Ministry of Economic Development, Trade and Tourism. The scheduled end time of this meeting is 6:30 p.m. With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone oppose taking a break at midpoint? Seeing none, we will call a break at approximately the midway point.

Ministry officials may be present and at the direction of the minister may address the committee. Ministry officials seated in the gallery, if called upon, have access to a microphone in the gallery area. Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Space permitting, opposition caucus staff may sit at the table to assist their members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn. Points of order will be dealt with as they arise, and the meeting clock will continue to run. However, the timer for the speaking block will be paused.

Any written material provided in response to questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members.

The vote on the estimates and any amendments will occur in Committee of Supply on November 19, 2019. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk, and 20 copies of the amendment must be provided at the meeting for the committee members and staff.

I now invite the Minister of Economic Development, Trade and Tourism to begin with her opening remarks. You have 10 minutes.

Ms Fir: Thank you, Mr. Chair, and hello, everyone. I'm pleased to be here with my esteemed colleagues and committee members to discuss the budget for the coming year for Alberta Economic Development, Trade and Tourism.

Before I begin, I would like to take a moment to introduce my staff: Kris Barker, chief of staff; Ben Brodhead, ministerial assistant; Justin Brattinga, press secretary. Also joining me today here at the table – I know they just introduced themselves, but I'd like to introduce them again – are Jason Krips, deputy minister, and Sonya Johnston, assistant deputy minister, strategic policy and corporate services division. I would also like to acknowledge the other members of the Economic Development, Trade and Tourism team here in the room today: Chris Heseltine, assistant deputy

minister, tourism; Jamie Curran, assistant deputy minister, trade and investment; Michele Evans, assistant deputy minister, economic development division and science and innovation division; Jeanette Stead, senior financial officer; and Maureen Lomas, VP, finance, for Alberta Innovates. I'd also like to introduce Royce Chwin, CEO of Travel Alberta.

Thank you, all, for joining me here today. I'm pleased to share information about the Ministry of Economic Development, Trade and Tourism's budget for 2019-20. Budget 2019 delivers on our mandate of creating jobs and growing the economy. We are working to attract investment in new and innovative ways in a hope to mitigate the impact of four years of policies under the previous government that drove out investment and caused jobs to leave at a rate unseen in our province in a long time.

The operating expense budget for Economic Development, Trade and Tourism is \$286 million compared to \$349 million in 2018-19. Through renewed and refocused investment the ministry's operating budget will grow to \$300 million by 2022-23. Our budget will reflect the policies and initiatives of a government that is laser focused on economic growth across the economy through broad-based supports. Our work will focus on attracting strategic investments that bring economic growth, prosperity, and jobs. We will work with the innovation and venture capital communities to expand investment in technology and grow the sector. We are directing resources towards making competitiveness and investment attraction a top priority to drive new and expanded private investment in the province.

This commitment reflects recommendations from the MacKinnon panel. We're making Alberta a magnet for new investment through our pro-growth policies that will bring investment back, get our economy moving, and create much-needed jobs. We've deployed our open-for-business plan, that includes the job-creation tax cut, and eliminated the carbon tax, providing Albertans with the largest tax cut in our province's history. This government is defending Alberta's right to develop environmentally responsible and ethically sourced natural resources and enhancing and protecting investment opportunities in Alberta.

The Premier and my cabinet colleagues are proactively engaging with private equity firms, investment banks, and institutional investors across North America, including New York, Ohio, and Toronto. We're working hard to show investors our story of the Alberta advantage. Starting in 2020, this work will be supported by a targeted and strategic investment and growth strategy, with an additional \$25 million per year earmarked for investment attraction activities. We will be bringing investment back to Alberta after it fell dramatically over the previous four years. More than \$200 million will support research, innovation, and commercialization to develop and advance talent, grow sectors, leverage funding from partners in the private sector, and, importantly, help attract global investment.

We are also committed to growing Alberta's tourism sector, with more than \$50 million allocated to deliver strategic marketing and grow the industry and new destinations. This work will be done through the excellent work of Travel Alberta as we carry out our mandate to attract investment and provide supports while removing the crippling red tape placed on the sector. We know that a strong tourism sector creates jobs, attracts investment, and contributes to economic growth across the province.

We are also making good on a platform commitment to grow Alberta's film and TV sector while maintaining funding for the film industry at \$45 million a year through the previous screen production grant and our program, a new tax credit program, that will help attract large productions and media projects to our province to create jobs,

investment, and more business opportunities. We are not cutting support for film but maintaining the existing support. We want Alberta to be a destination that draws talent, investment, and business from across Canada and around the globe.

Funding for the new film and TV tax credit program will start with \$15 million next year, \$30 million in 2021-22, and \$45 million in 2022-23, for a total of \$90 million. This credit, in combination with our competitive tax environment, low labour costs, skilled workforce, and breathtaking landscapes make Alberta an attractive destination for big-budget television and film projects. These projects inject millions into our economy and support jobs for Albertans. I look forward to providing more details about this new program in coming weeks.

Alberta led Canada in jobs, income, and growth in recent decades, but over the past several years we've seen job creators take their investments to other markets. This was due to tax increases on job creators, which eventually brought in less revenue, and additions of needless regulation and a carbon tax that drove out jobs and limited growth. Our government is committed to reversing this exodus of investment and will get Albertans back to work through initiatives aimed at making the province a competitive place for businesses to invest, settle, and grow.

3:40

This government has already taken steps to set the conditions for growth and job creation by decreasing corporate tax rates, improving private property rights, and maintaining sensible regulation. We will work closely with companies from Alberta, across Canada, and around the globe to identify opportunities to increase investment. Additionally, our government's low-rate, broad-based approach to corporate tax leaves business decisions where they belong, in the hands of business, not the government.

We believe that government can play a role in attracting investment and creating growth by eliminating unnecessary bureaucracy and red tape. That is why Budget 2019 eliminates four tax credit programs: the Alberta investor tax credit, the capital investor tax credit, the interactive digital media tax credit, and the community economic development corporation tax credit. We know that the job-creation tax cut will provide far more support for job creators than these targeted tax credits, and it will benefit more than 100,000 businesses in all sectors of Alberta's economy. Firms now have a greater incentive to commercialize their research and produce new products and services here in Alberta.

Some of these tax credits were already scheduled to end. We are winding them down one year early. We will, however, honour agreements, so we have put aside \$12.3 million in 2019-20 for the interactive digital media tax credit program and \$11 million in 2019-20 for the Alberta investor tax credit program, which also includes commitments under the community economic development corporation tax credit program. There are no new intakes for the capital investment tax credit program, so no new funds are allocated.

Starting in 2020, \$25 million per year will be redirected away from previous tax credit programs towards restoring investor confidence in Alberta, focusing heavily on investor attraction activities. We are redirecting resources to prioritize investment attraction and will roll out an investment and growth strategy to guide our efforts to bring global and national investors back to Alberta. We are committed to driving investment back into our province and will not stop in our efforts to attract global giants, making it clear that Alberta is the best place in the world to invest and do business.

Alberta already has many competitive advantages, including the lowest overall tax burden in Canada, no provincial sales tax, low

fuel taxes, and a young, educated workforce and now no carbon tax. We have enormous potential to bring new global investors to Alberta. We'll be working tirelessly using a wide range of tools, teams, and expertise, and we will be actively promoting ourselves to key Canadian and international companies so they know that Alberta is the best place to do business. I will have more details to share on the new investment attraction strategy in Budget 2020.

Through Budget 2019 we remain committed to supporting Alberta's entrepreneurs, businesses, and communities to drive job creation. We are committed to continuing our work to eliminate policy and regulatory barriers that slow growth for Alberta's businesses. This includes working with the Associate Minister of Red Tape Reduction to stand up industry-specific panels to hear directly from Alberta's business and experts about barriers that limit their ability to expand. We will also continue to deliver programs and services that address constraints on trade, access to capital, and business development, including support for regional economic development through community grants.

EDTT will work to ensure that a smarter approach is taken to innovation to help modernize Alberta's economy. We are streamlining our support for innovation, research, and commercialization to ensure we're focusing on government priorities during these fiscally restrained times. We are also working with partners to ensure clear return on public investment.

We will continue to support projects with a strong link to Alberta's primary economic sectors. As previously mentioned, we've earmarked more than \$200 million to drive growth in research, innovation, and commercialization. This support will help leverage additional funding from partners in the private sector. We are also working with Alberta Innovates to reorientate programs and supports to meet our priorities of attracting investment. Alberta Innovates will be realigning resources to ensure research and innovation programming focuses on strategic high-impact sectors that align with government priorities. A more responsive, coordinated, and streamlined corporation will be better positioned to collaboratively work with stakeholders and contribute to a more integrated research and innovation system. I look forward to working closely with Alberta Innovates on these changes.

We are also taking a deliberate focus on building our technology, data, and telecommunication strengths, including our leadership in artificial intelligence.

The Acting Chair: Thank you very much, Minister.

We will now move on to questions from the Official Opposition. You have 60 minutes. We'll break it up into 20-minute blocks and let you know, okay?

Mr. Bilous: Excellent. I'd like to go back and forth with the minister.

The Acting Chair: Thank you.

Mr. Bilous: All right. Well, first of all, thank you, Minister, and I want to thank your department. I know that they are really hard-working folks, and I can see that some of their workloads have already gone up. What I'm going to just say at the outset: for me, I understand the purpose of estimates. The reason that we're here is to try to drill down on the numbers to get information, so I can assure you that I will not be grandstanding. This is not question period. I'm here to ask questions to try to get information as much as possible on where the spending is and where the money is going and questions about outcomes and your budget.

I do want to say that if I interrupt you, Minister, it's no disrespect. It's because I think the Official Opposition has about an hour and a half total. Honestly, we could go for eight hours, and that still

wouldn't be enough. So if I feel that your answer is sufficient and that you've already answered, I may jump in and try to move along. It's only in the interests of time. It is not to be rude.

With that, I'd like to start, and I'm going to go in sections to keep your staff as organized as possible, to be as efficient as possible with our time. Starting off in operating expenses – this is page 72 – I noticed that your ministry office has a \$31,000 increase, and I'm curious: why is that?

The other thing while you're just looking, Minister, is that if we don't get answers or if you happen not to have them, although it's great to see so many faces – I don't know who's back in the shop considering half of them are here – I will ask if you can just supply the answers in writing through the chair so that they can be distributed to all members of the Assembly.

Ms Fir: That increase was as a result of severance payments to former ministerial office staff amounting to \$229,000. In your office of economic development and trade there were eight staff. I have five staff, and I have a ministry and a half as tourism was added. So I have fewer staff with a larger ministry.

Mr. Bilous: Okay. There weren't eight, but we'll move on from there. Thank you.

I'm curious to know how on line 1.3 there's a \$1.2 million cut to strategic policy and corporate services. How is that going to impact the other divisions within economic development and trade?

Ms Fir: Well, as you're aware, our government inherited a difficult financial situation, which resulted in us having to demonstrate spending restraint and doing a careful review of costs. Albertans elected our government to get the budget in order and do a careful review of all spending: \$0.8 million was a reduction of resources through a combination of attrition as well as restructuring to achieve operational efficiencies by not filling vacancies, and \$0.4 million was a reduction in annual subscriptions and contract services.

Mr. Bilous: Okay. Thank you.

How many fewer FTEs is that?

Ms Fir: Well, we'll be looking to demonstrate spending restraint by not filling FTEs that are vacated as a result of resignations, retirements, not filling vacancies. For the department overall, it will be 25.

Mr. Bilous: Oh. Thank you.

For the whole department, 25 across the board fewer FTEs.

Ms Fir: Is that correct, Sonya?

Mr. Bilous: Okay. Thank you. I appreciate that.

Ms Fir: I'll just confirm that's correct.

Mr. Bilous: Sure. No problem.

I'm going to jump, while Sonya is just checking on that, to section 2, economic development.

Ms Fir: Yeah. Twenty-five is correct.

Mr. Bilous: Twenty-five. Okay. Thank you, Minister.

Minister, you've said and the Premier has said that you folks have done a detailed analysis on every program before making any decisions. I'm curious to know if you can tell me the job impact per dollars spent on the investor tax credit; the capital investment tax credit; SRED; the interactive digital media tax credit; and the CEDC, or community economic development corporation credit.

Ms Fir: You're correct. We did do a thorough review of all programs and services. The results of the MacKinnon panel were clear that under the previous government there was a huge spending problem, which resulted in us having to do a careful review of where the spending was and which programs we were going to continue to spend money on. When we look at things like the various tax credits, we felt that with those, they were administratively heavily application based, and fewer companies benefited from those than the hundred thousand companies that would benefit from the job-creation tax cut.

Mr. Bilous: Right. Minister, you're aware that the companies that benefit from the tax credits don't benefit from the corporate tax reduction. Are you aware of that?

Ms Fir: Of course.

Mr. Bilous: Okay. I'm curious to know if your ministry can get for us the job impact per dollar spent, so the return on investment for each of those tools. I'd also like to see or hear of any evidence, I mean, other than the MacKinnon panel. I would love to see if they actually drilled down on each of the tax credit programs as far as the jobs, the return on investment, and the capital that came into the province because we had those very tools.

3:50

Ms Fir: For the capital investment tax credit: it created over 2,900 direct and 9,000 indirect jobs.

Mr. Bilous: Excellent. Thank you. And for the others, if the department officials can't get to them quickly, then I would appreciate if you could pass them along.

As far as the interactive digital media tax credit, obviously you're well aware, Minister, that here in Alberta for us it was a 25 per cent credit, a 5 per cent additional diversity top-up. Again, that industry could use a little more incentive as far as ensuring that diversity exists within the interactive digital media space. Now, the global video game market in 2018 was \$137.9 billion. I can tell you that in Canada we have 23 million Canadians that consider themselves gamers, and we have the third-largest video game industry in the world by employment. A company like BioWare, that started here in Alberta, was very excited and helped design these tax credits. I'm curious to know if you can list for me the companies that you met with from the interactive digital media space before you decided to cut this program.

Ms Fir: In reviewing the various tax credit programs – the AITC, the IDMT, and others – I myself or my staff in my absence met with a variety of stakeholders. Of course, it wasn't an exhaustive list of stakeholders that we met with, no, but we did meet with a variety of them in terms of getting their input, unlike the previous NDP government, that met with zero . . .

Mr. Bilous: Minister, with all respect, we'll try to pull the politics out. I'm asking you questions about your budget and am curious to know which companies you met with. I appreciate that you met with some. I would like to know which ones you've spoken with. I mean, there's a list, that I'm sure you've seen, on social media and elsewhere of the very folks who helped design these very credits. In fact, a gentleman named Aaryn Flynn, who is the manager of Improbable, came to Alberta because of the interactive digital media tax credit. We've heard a number of different companies all claim that either their companies will be moving or that jobs will be going to other provinces that have those because now Alberta is at

a disadvantage. Again, I'm curious to know: what economic indicators did you use to decide to eliminate these tax credits?

Ms Fir: As I was saying, we did have the opportunity to meet with some stakeholders prior to making the decision, unlike the previous government, that met with zero Albertan stakeholders before introducing the carbon tax. I know that my chief of staff and a member of the Premier's office met with Improbable. There were several investors on the AITC side that we met with as well. The job-creation tax cut will provide far more support for job creators than targeted tax credits, and it will benefit businesses of all sizes in all sectors of Alberta's economy.

Mr. Bilous: The corporate tax cut does nothing. The corporate tax cut for these companies could be zero.

Ms Fir: The corporate tax cut benefits over 100,000 companies in Alberta. The boutique-style tax credits benefited less than a few hundred.

Mr. Bilous: Okay. I will just take from your comments that this was a decision that was not based on fact. The investor tax credit had a 3 to 1 return on investment; for the capital investment tax credit, \$200 million leveraged \$2.2 billion of investment. That is an incredible return on investment for dollars spent, real companies investing here in Alberta over the past four years.

Minister, is there any talk or plan to look at these tax credits or an iteration of them in future budgets so that your ministry will help fulfill your mandate, according to your business plan, and help our local companies grow and expand and hire more staff? Again, the corporate tax cut reduction does not benefit them, does not provide support for them. Are there any talks or plans moving forward possibly in the future to revisit these types of tax credit programs, maybe upon more reflection, more time to go through the numbers? I am confident that you and the government will see that they speak for themselves.

Ms Fir: What is your specific question?

Mr. Bilous: Are there any future plans to look at, again, supports for the start-ups and small tech companies that are trying to grow in this province?

Ms Fir: Thank you. I just want to step back. You'd mentioned that we hadn't looked at any of the facts in making our decision. That is false. We looked at the fact that over a million Albertans elected our government to get our books balanced, restore the Alberta advantage, and make the decisions necessary to get our economy booming again. Over 1 million Albertans voting for us is a fact.

We're redirecting resources to back a strong economic growth strategy to restore investor confidence in Alberta. To your question: our government is redirecting \$25 million to an investment and growth strategy for Budget 2020, which will involve input from stakeholders. Just the other day my chief of staff, myself, and my ADM met with – and I'm drawing a blank on his name – I believe it's Trent . . .

Mr. Bilous: Yeah. Oster. Beamdog.

Ms Fir: Thank you. From Beamdog.

Trent and I had some great exchanges afterwards, where he had said to me that he looks forward to having future discussions with me to provide input on that investment and traction growth strategy going forward.

Mr. Bilous: Excellent. Well, I am happy to hear that. I will say that I wish you had met with him and others before deciding to cut the interactive digital media tax credit.

Now, the \$25 million: just for clarification, that's not in this current budget. That will be in the spring budget. Is that correct?

Ms Fir: That's for Budget 2020.

Mr. Bilous: Okay. Then I will not ask questions about that as it's not in the budget before us.

I'm going to move along, Minister, to regional economic development. I'm talking about supports, especially for rural Alberta. Now, we're still in I believe section 2 of the budget. In 2017-18 there was a million dollars for 11 operating grants for the REDAs. Is that continuing moving forward, or are you planning to cut the REDAs?

Ms Fir: The REDAs are up for review in the spring, and we will be reviewing them and making a decision at that time. Our regional economic development services unit provides advice and expertise across the province, as you know. We support nine REDAs, and we provide direct support to municipal organizations like Edmonton Global and Calgary Economic Development. We administer the Alberta economic dashboard and the regional economic dashboard, online resources that connect business owners with the stats and information.

Mr. Bilous: Okay. I appreciate that. Thank you, Minister.

Moving on, the CARES program, the community and regional economic support program, was extremely popular, especially in rural Alberta. In fact, most rural constituencies benefited significantly. These were small pockets of money to help Albertans and communities with economic diversification and to pursue economic programs and opportunities. They ranged in every scale and magnitude across the province. Now, we had allocated \$30 million over two years. I'm curious, Minister, if the CARES program will continue or if it's being cut.

Ms Fir: The CARES intake is open now.

Mr. Bilous: It is. And how much is in this intake? How much is available, please?

Ms Fir: Four million dollars in Budget 2019-20.

Mr. Bilous: Okay. Excellent: \$4 million.

Now, is that \$4 million of new money? Was that recently allocated money? That's not money from previously, in the spring, is it?

Ms Fir: It's part of Budget 2019-20.

Mr. Bilous: Okay. Excellent.

As far as the RINs, the research innovation networks, are those being funded, and can you give me a number?

Ms Fir: As you know, in Budget 2019 all programs were under review as we had to make some difficult decisions in getting a budget that would lead us on the path to balance.

With respect to the regional innovation networks, in November 2018 Alberta Innovates changed the regional innovation networks funding approach from fixed program funding for eight regions to three-year funding agreements for six regions. Proposals were submitted, and the following regions were selected: northwest Alberta, which is Grande Prairie and surrounding area; east-central Alberta, Lloydminster, Vermilion, and surrounding area; central

Alberta, Red Deer and surrounding area; southern Alberta, Lethbridge and surrounding area; southeastern Alberta, Medicine Hat and surrounding area; and the Calgary region. Economic Development, Trade and Tourism will consider the impact of this program change in its initiatives to further improve the innovation system by better using resources to benefit entrepreneurs and innovators in Alberta.

4:00

Mr. Bilous: Okay. Thank you.

The CARES program is a significant cut. It used to be \$15 million on average, and now you're indicating that it's \$4 million. Again, did your department consult with communities across the province or even Minister Madu as far as the impact that this will have on rural municipalities?

Ms Fir: With respect to the spending restraint that we had to demonstrate, in order to have a path to balance, we needed to make some difficult decisions. We weren't going to continue on a path of \$100 billion in debt to our children and grandchildren. We needed to make tough choices in this budget in investing in priority areas and that fit the mandate that we promised to Albertans.

Mr. Bilous: I appreciate that. I mean, again, please note that programs like these were helping spur economic activity, helping to support businesses, which, in turn, then pay more taxes, which gives more revenue to government. These are the job creators. These are the programs that aren't a cost burden. These are programs that help support economic development, again, small amounts of money to support local projects in local communities. I truly hope that members opposite will ask and look at some of the programs and how they supported their communities.

But we'll move on from CARES. It's unfortunate that that's a reduction, but I am happy to hear that there is at least some money available. If we can drill down a little bit, Minister, on line 2.1, program delivery support – actually, sorry; I'm going to jump to line 2.2, industry development. That budget line item is a 30 per cent reduction from the previous year. Can you tell me which programs are being cut out of the industry development line?

Ms Fir: It's \$0.7 million for additional vacancies that will not be filled and \$1 million in contracts and grants that have been scaled down to achieve targets.

Mr. Bilous: Can you expand on what type of grants and programs, and do you have the numbers? I mean, I'd imagine that these aren't just random decisions, that these are based on economic indicators. How do you decide which programs are being cut? Are you looking at how many jobs they support or what the outcomes are? Do you have the information, and can you share it with us, please?

Ms Fir: It's discretionary grants.

Mr. Bilous: Okay. Is it possible for the department to share with this body which grants were cut and which organizations they funded and what the outcomes of those funds were? I appreciate that they may not all be right in front of you.

Ms Fir: It will be decided based on the proposals.

Mr. Bilous: Right. I appreciate that. I'm looking for specific programs. These are specific dollars. I'm asking for dollar amounts and which programs. If they're not in front of you, Minister, then I'm more than happy for them to be put through the clerk to the committee.

Ms Fir: Yeah. That's okay. I can get my assistant deputy minister, Michele Evans, to speak to that.

Mr. Bilous: Okay. I hope that she has a list with her.

Ms Evans: She doesn't have a list with her. Michele Evans, the assistant deputy minister for economic development. What I can tell you is that there is not a specific program in the industry development branch that is being cut. What we have is a budget allocated to discretionary grants. We are not cutting any specific grants. What we will be doing is that we won't be pursuing grants through those programs. So that's new activities. Those are typically activities that we would pursue with information products or other research that we would do with nonprofit organizations and those sorts of things. It's primarily information products that we won't be able to produce going forward.

Mr. Bilous: I see.

The existing grants, obviously, that you're honouring: is it possible to have that information on which . . . [A timer sounded]
The first 20?

The Acting Chair: Forty minutes left. Yeah.

Mr. Bilous: . . . programs and supports – I mean, I see here in the description of supply that this is for energy value-added sectors, transportation and construction sectors, and emerging new sectors. I'm curious to get a breakdown of the existing dollars – thank you for that answer – of how and where they are going. How are outcomes being measured? What tools is the department using to ensure that we're getting value for dollar on these investments?

Ms Fir: We can provide that in writing.

Mr. Bilous: Thank you very much, Minister. I appreciate it.

Quick question. I don't think it's in your department. The petrochemical diversification program: I believe that's over in Energy. Is that correct?

Ms Fir: I believe so, yes. That's correct.

Mr. Bilous: Okay. Thank you. Excellent.

Moving on to the Alberta entrepreneurship incubator program, is this funding being maintained?

Ms Fir: Our government recognizes the importance of innovation and technology. We're allocating more than \$200 million in our budget on innovation. With respect to this specific program you're referring to, I'll ask my deputy minister, Jason, to respond to that.

Mr. Krips: Great. Thank you very much for the question, hon. member. I'm going to actually turn to Alberta Innovates' vice-president of finance, Maureen Lomas, to give us a response.

Ms Lomas: The incubator within the entrepreneurial group will be continuing based on existing levels of funding.

Mr. Bilous: Sorry. Do you have that number in front – I believe it was \$10 million over two years, but that started more than a year and a half ago. Do you have the dollar amount for the rest of '19-20?

Ms Lomas: I don't have it in front of me, but I can get that for you.

Mr. Bilous: Yes, please. I appreciate that. Okay. That's excellent.

Minister, you mentioned a couple of times, and I appreciate that, the \$200 million – it was in the Budget Address – on research,

innovation, commercialization. Can you please give a breakdown of that \$200 million as far as which entities are receiving which money? I'll come to this afterwards, but jumping to science and innovation, grants to Alberta Innovates are actually down 19 per cent. I'm curious where this \$200 million is in the budget because I can't see it.

Ms Fir: So \$155 million will be through the ministry and \$83 million to postsecondary institutions.

Mr. Bilous: Okay. That's obviously through yourself. I asked the Advanced Education minister how much of the \$200 million will flow through his department, and he said none.

Ms Fir: I'll have Jason confirm this, but I believe it's through our ministry to Advanced Education, \$83 million.

Mr. Bilous: Okay. To the postsecondaries. Right.

Is that money earmarked for specific programs, or is it just a cheque to different postsecondaries? What are the program parameters on the \$83 million going to postsecondaries?

Ms Fir: I will ask Jason to respond to that.

Mr. Krips: Thank you very much, hon. member. I'll actually start, and then I'll have Maureen supplement. We do flow through to Alberta Innovates funding that will go to postsecondary institutions. There are a number of platforms and programs that I'll have Maureen discuss further.

Ms Lomas: Sure. In terms of the funding that Alberta Innovates provides, some of the key areas include the development of highly skilled people for the province. Over \$14 million goes to dedicated programs that fund over 500 students and trainees within the postsecondaries.

Mr. Bilous: Sorry. Is that existing, or is this of the new \$83 million that will be deployed? I'm not asking for existing supports from Alberta Innovates. The \$83 million specifically to postsecondaries: how is that being decided and deployed to the postsecondaries? Are there requirements on the postsecondaries as far as which faculties will get the money? Like, what parameters is the department using?

Ms Lomas: Well, the \$83 million is within part of the Alberta Innovates budget of . . .

Mr. Bilous: So that's not 83 million new dollars, then. This is existing money from an actually – that's \$83 million against already the reduction of 19 per cent?

Mr. Krips: If I can, hon. member. The \$83 million is encompassed in the \$200 million that will be earmarked for the innovation system, and \$83 million of that flows through to the postsecondary institutions. It's encompassed in that \$200 million.

Mr. Bilous: Right. Sorry. Forgive me for not understanding this. The \$83 million going to postsecondaries is which line item in the budget? Is the \$83 million to postsecondaries part of 4.5? Can you tell me which line item it's part of?

Ms Fir: It's part of the interministry consolidations for \$83,587,000, on page 76.

Mr. Bilous: Okay. Great. Thank you. I appreciate that.
Minister, you had said approximately \$155 million?

4:10

Ms Fir: Correct.

Mr. Bilous: Part of the \$200 million envelope. Can you give some specifics on what the \$155 million is allocated to?

Ms Fir: The base operating grant provided by the government to Alberta Innovates is decreasing from \$160.2 million in 2018-19 to \$131.2 million in 2019-20 to reduce duplication and improve efficiency. The ministry will be transferring some of its science and innovation programming to Alberta Innovates.

Mr. Bilous: Okay. Right. So it was \$162 million for Alberta Innovates; now it's \$131 million. But how are we accounting for the – and it's not \$155 million – remainder of the \$200 million minus the \$83 million? Where is the \$117 million?

Ms Fir: Okay. It'll be with programming within Economic Development, Trade and Tourism, programs for science and innovation on page 72.

Mr. Bilous: Okay. Sorry. Which line item? Minister, every line item has been reduced. The only line item – pardon me; the program delivery support has been maintained, but that's no new dollars. It was \$433 million. Those are actuals. In your budget it's \$431 million, so I don't see \$117 million there.

Ms Fir: I'll defer to my ADM.

Ms Johnston: Sonya Johnston, ADM, strategic policy and corporate services. The over \$200 million directed towards technology and innovation is all of Alberta Innovates' budget, including their funding that flows to the postsecondaries of approximately \$53 million. The science and innovation budget, which is program line 4 on the estimates, includes approximately \$30 million that flows through to postsecondary, so it's almost \$240 million between Alberta Innovates and the science and innovation division that supports technology and innovation.

Mr. Bilous: Okay. Then let's be really clear for Albertans. This is not new money. This is existing money that's been repackaged.

Ms Johnston: It's within our targets for those technology and innovation initiatives.

Mr. Bilous: Right. So it's existing dollars that . . .

Ms Fir: It's in Budget 2019.

Mr. Bilous: I appreciate that, but it's not a new injection. Alberta Innovates: they're not actually receiving a dollar more. They've actually got a \$31 million cut that they're working with. I appreciate that you're calling it efficiencies. I'd love to get the number of FTEs that are being reduced by this \$31 million cut at some point. If you have it now, that's great. If you can get that to us.

Ms Fir: It's 100.

Mr. Bilous: One hundred. And do you know the types of positions that are being cut?

Ms Fir: On page 190 of the fiscal plan it's listed there as 100.

Mr. Bilous: Okay. Thank you very much, Minister. I appreciate it. Any sense of what types of jobs those were that were cut? Are these people that work with businesses to help them

commercialize? Are these technology experts? Are these folks located around Alberta, or where are they predominantly located?

Ms Fir: I will ask Maureen to respond to that.

Ms Lomas: Sure. Regarding the positions, we are just in the process of notifying the union and members of management, so given that staff haven't been notified, I don't want to disclose all of the demographics yet at this point. However, I will highlight that corporate functions and business lines are going to be more tightly aligned with resourcing, including grants administration and program management as well still focusing with industry partners and entrepreneurs. Innotech, our subsidiary for applied research, will shift business focus and technical expertise to target greater industry investment in innovation and offer sustained future economic upside for the sub.

Mr. Bilous: That's a great little packaged line. I appreciate that you don't want to disclose where these jobs are lost. I'm not going to ask you to do that. Thank you for that answer. Is it possible, though, that once it is determined, this committee can at least know where some of those jobs are? Again, I'm not looking for personal information. I'm just looking to see: are there different regions of the province that are being hit harder? I mean, obviously, Alberta Innovates has a significant number of FTEs here in Edmonton, but I'm just curious if the majority of those 100 layoffs are going to be in Edmonton, or are they over the province? When Alberta Innovates determines that, is it possible to get that information to the committee?

Ms Fir: Information that's allowed to be made public will be made public when and if it's allowed to. Those 100 jobs, you know, will join the 170,000 unemployed Albertans that lost their jobs under the previous government.

Mr. Bilous: Yeah. That was predictable.

Okay. Minister, I will come back to Alberta Innovates, but I just want to keep going. For small-business support organizations or sort of programs like Business Link, Futurpreneur, and the small-business pilot program, are they still being funded?

Ms Fir: Our government will be continuing those programs.

Mr. Bilous: At the same level as last – do you have the dollar amount, Minister?

Ms Fir: I can look for that information if you give me a moment.

Mr. Bilous: Sure.

Mr. Chair, how much time do I have in this second block?

The Acting Chair: Eight minutes, 16 seconds.

Mr. Bilous: Okay. Thank you.

Ms Fir: We don't have the number readily available, but we will be continuing with the support.

Mr. Bilous: Okay. Forgive me; I don't have the number myself either identified or memorized from our time in government, so when your department gets that number, it would be greatly appreciated.

I'd like to talk a little bit about the screen-based production grant. Just as a little background, Minister, if you'll indulge me, on page 9 of the fiscal plan it states that the total support for the film industry in four years is expected to be \$180 million for commitments under

the grants and new tax credit. However, on page 153 of the fiscal plan it states:

Due to the fiscal situation and the over-subscription of the grant program from previous years, funding under the new program is expected to be \$15 million in 2020-21, \$30 million in 2021-22 and \$45 million in 2022-23.

Years '20 to '23 only add up to \$90 million in available tax credits.

Now, Minister, your press secretary stated that funding is being maintained at \$45 million next year between the commitments to the screen-based production grant and tax credit. For '20-21, \$15 million for the tax credit is what's remaining of the \$45 million that's not committed to the screen-based production grant in '21 and '22. Similarly, \$45 million is split between the tax credit and the SPG. The film commissioner has told people in the industry that \$42.4 million has been allocated from the '19-20 SPG.

Minister, the numbers don't add up. I'm curious to know where you're getting \$30 million to move from the SPG to the tax credit for '20-21 if there's \$42 million of \$45 million already spent.

Ms Fir: We are maintaining spending of \$45 million in funding while we transition from the screen-based production grant to the television tax credit. As we transition from the grant to the credit, the combined spending will still be the same, \$45 million. In fact, it will be an additional \$1 million when we consider the small-productions grants.

Mr. Bilous: Right, but the challenge, Minister, is that \$42 million of it has already been spent in this year.

Ms Fir: The new program is expected to launch in spring 2020, with the budget allocation beginning in 2021, but the previous program was overspent, huge commitments made to it just before the election. Even a former NDP MLA said that the previous government screwed it up. We're maintaining \$45 million between the two programs.

Mr. Bilous: Minister, do you not think that if it was oversubscribed, that means that the industry is booming? If you look at the numbers in Alberta and how we are competing in other jurisdictions this past year for the screen production, it was a record number. This is jobs; this is investment here in Alberta. Do you not think that, at the very least, that funding should continue?

I appreciate what you're saying as far as the tax program, which I'm not opposed to. In fact, I've even told you that I think that's a good decision, although it's interesting that earlier you've talked about every other tax credit being boutique and red tape and difficult to administer, yet this tax credit is not. That's a little contradictory, but the intention of that tax credit is to go after the larger industries. We've had some major blockbuster movies that have been filmed in Alberta, which is fantastic, and we know that those industries are looking for the larger tax credits, tax credits being on the tail end, not on the front end, for government, so not an upfront cost but, again, helping to level the playing field.

4:20

The challenge, Minister, is that the money that's now available is not enough for the tax credits, but it's also gutting the small industry and cultural industries. I know that this was a discussion that's happening around the province, that the industry is very, very concerned. In fact, there are even people from the industry in the overflow room here today watching estimates, trying to make their voices heard as much as they can be but their presence known. We've heard, Minister, and I'm sure you've seen some of the social media that talks about how this could kill the film industry in Alberta. We are competing against other jurisdictions. These are good jobs. This is an example, again, of diversifying the economy,

and I'm curious, you know, about what happened to that \$90 million.

Now, are companies that have been lined up going to receive funding on the SPG? If that's the case, then for any new productions coming to Alberta – correct me if I'm wrong, Minister – that means there are no new dollars for at least the next year. What message is that sending to the film industry?

Ms Fir: The message that Albertans sent us is that we're going to have to make some tough choices. A message that they sent to us is that we have a commitment to balance the books. The film credit was honouring a platform commitment. Once again, we're keeping funding at the same levels as previous, at \$45 million. I'll say it numerous times. We're maintaining the \$45 million in funding. The previous grant program was overcommitted by a huge amount, and the previous government put the industry and our government in a very difficult position by doing this.

Mr. Bilous: By funding them, by supporting them?

Ms Fir: By overcommitting a huge amount . . .

Mr. Bilous: Minister, the challenge is that . . .

Ms Fir: If I could just finish.

Mr. Bilous: Sure.

Ms Fir: Alberta has had a long-standing relationship with the film industry, movies going back as far as we can all remember. We offer so much here in Alberta for the film industry, from low provincial taxes to a young and educated workforce and breathtaking, majestic scenery that can't be matched anywhere else. We're meeting with a group of folks from the film industry tomorrow – we've been meeting; we'll continue to have those meetings – and in that meeting we're going to reiterate that we are committed to the film industry.

Mr. Bilous: So, Minister, how much new money for next year? Is the program accepting new applicants on the screen-based production grant – yes or no, please – for next year?

Ms Fir: We are working to expedite the application process in the interim.

Mr. Bilous: Are you accepting new applicants? For the people that are already in the queue: has the money, the \$45 million, been earmarked already, or are there new dollars? And are you accepting new applicants for the screen-based production grant?

Ms Fir: The screen production grant and the tax credit will equal \$45 million, and the new applicants are starting under the tax credit.

Mr. Bilous: Okay. Part of the challenge of the folks that I've been meeting with is that there are two different tools for two different types of industry players, and the challenge, Minister, is that although you're saying that you're maintaining the \$45 million, the \$45 million was earmarked for the screen-based production solely. You are saying that that program is being dissolved. You're eliminating the screen-based production grants in favour of only the tax credit program.

The Acting Chair: One more 20-minute block, sir.

Ms Fir: We needed to fix a severely mismanaged problem. I mean, when one of your former colleagues is quoted as saying that the NDP screwed it up – the industry also told us that they are interested

in a credit program to be consistent with other provinces. Once again, we're maintaining the \$45 million as we transition from the grant to the tax credit.

Mr. Bilous: Minister, I'm curious to know what happened to that \$42 million. Was that spent? Did it go out the door already? We're talking for the '19-20 year.

Ms Fir: It's with the Ministry of Culture, Multiculturalism and Status of Women.

Mr. Bilous: Will it be going out the door? Has it been spent? I'm asking on behalf of the film industry, who are asking us what happened to those dollars.

Ms Fir: I'll ask my ADM, Michele Evans, to speak to that. The current grant program is not our program. It's under culture. I'll ask Michele to reiterate that.

Ms Evans: Yeah. Michele Evans, ADM for economic development. Certainly, the ministry of culture is honouring the existing commitments, which total \$42 million. Under the new screen-based film and TV tax credit, we will be accepting and making provisions for those applicants that have requested funding under the screen-based production grant in the period from when it was paused until when we're able to launch the new program.

Mr. Bilous: Okay. Let me continue with another one. I want to look at a comment, and it relates to this program. During the culture estimates the culture minister stated:

Production will stay because of the lowest tax jurisdiction that we have in Canada, because of the lack of carbon tax... The industry understands and gets the opportunities that they have here because of what this government has created.

Now, this is coming from messages from the film industry, and they say: well, let's look at this statement. First of all, "Production will stay because of the lowest tax jurisdiction": well, Minister, productions have left Alberta for places like Vancouver and Winnipeg, that pay much higher taxes. Productions come here for talented crews, actors, and tax incentives.

I can tell you, Minister, that B.C.'s screen industry is a \$4 billion industry. Why are they successful, considering they have a PST? They also have mountains. They have great crews. They also have an uncapped labour-based tax credit that's reliable. This is something that is different. What you're transitioning to is a capped \$45 million tax credit. I'm curious to know. If, again, you believe that just low corporate taxes are what's going to bring these crews here, why are they leaving when we still have the lowest corporate tax rate?

Ms Fir: Well, the question that I'm asking is: why did 170,000 jobs leave this province? Why did millions of dollars in investment flee this province? Why did we take in less tax revenue even though taxes increased? That's the question that comes to my mind. With the film industry, as I've mentioned, we've had a long-standing relationship with them in Alberta, and we continue to look forward to having that relationship with them. As I mentioned, having no provincial tax rate, dynamic and talented crews here, we're going to continue to work with them, and as part of our investment attraction and growth strategy we'll continue to seek input from them as well.

Mr. Bilous: I do hope that you meet and listen to the film industry, because they are saying that the \$45 million cap does not put Alberta on the same playing field as B.C. and other jurisdictions where the industry can go.

Minister, I'm curious. Can you just clarify what the dollar amount for the screen-based production grant is for '20-21? There's been some confusion, so I'm curious to know. What is the dollar amount, or is that the shared \$45 million between the tax credit when it comes in and the existing screen-based production grant?

Ms Fir: As I mentioned, the grant program is under the Ministry of Culture, Multiculturalism and Status of Women, so you would need to direct your question to them.

Mr. Bilous: But is there money – you just said that your government is maintaining the \$45 million. Is that \$45 million going to only the tax credit?

Ms Fir: The \$45 million will be over the next several years as we transition from the grant to the credit, so it will be between the two ministries. The grant is still being administered by Culture, Multiculturalism and Status of Women.

Mr. Bilous: Even the tax credit? No, just the grant is. The reason I'm asking, Minister – and I appreciate that it's predominantly through culture and multiculturalism, but the industry is asking: is there money next year?

4:30

Ms Fir: So the tax credit for 2020 will be \$15 million. For 2021 it will be \$30 million, and for 2022 it will be \$45 million.

Mr. Bilous: Then is it safe to assume, if it's \$15 million for the tax credit for '20-21, that there'll be \$30 million for the screen-based production grants for '20-21?

Ms Fir: It will be maintained at \$45 million. Again, for 2021-22 under EDTT it will be \$30 million for the credit.

Mr. Bilous: Okay. I know that my colleague will have some more questions on that.

I want to jump to Alberta's international offices and presence. Now we're on line 3.4. Minister, there's an 11 per cent reduction for our international offices. I'm wondering where those reductions are coming from.

Ms Fir: Our international offices play a key role in finding markets for Alberta's goods, and we're redirecting the mandate of Alberta's international offices to focus on attracting investment to Alberta. EDTT will realign the focus of Alberta's international offices based on the Alberta international office review and final investment and growth strategy. The strategy is going to provide a framework for a re-envisioned, fiscally responsive AIO network to support investment attraction activities and establish investment hubs in key financial centres.

Mr. Bilous: Okay. That's all well and good, Minister. Are any of the 12 existing offices being closed down? Are any FTEs being reduced, and if so, which offices and how many?

Ms Fir: We're currently doing a review of all of the international offices, looking at our focus, of course, on trade but also looking at investment attraction. All of that is under review at this time.

Mr. Bilous: Correct me if I'm wrong, but I just find it confusing that you've made a cut of 11 per cent before you've reviewed. So you've already made the decision to cut, but you just don't know where you're going to cut yet and the impacts of it. That seems backwards.

Ms Fir: What's backwards to me is introducing a carbon tax without seeking input from stakeholders, raising the tapestry that driving revenue . . .

Mr. Bilous: Minister . . .

Ms Fir: If we're talking about what's backwards, I feel like we need to respond . . .

Mr. Bilous: We're talking about the international offices. Are you planning to maintain the contract that we signed with Connection Silicon Valley, a three-year contract, to ensure that we have boots on the ground in Silicon Valley to help the Alberta tech industry? I appreciate that your government, through destroying the tax credits for that industry, has sent a very strong signal, and you've probably read many disgruntled tech businesses, especially those that were going to raise seed capital, that said to potential investors: "We have a tax credit." Now overnight we don't. That's made the Alberta tech industry less competitive. Are you keeping the Connection Silicon Valley? Are you honouring that contract to help Alberta companies access Silicon Valley and to attract investment dollars into Alberta companies?

Ms Fir: We're looking to increase our presence in key markets such as the U.S., and more info on that will come under our investment and growth strategy.

Mr. Bilous: Okay. Are you planning to honour the contract with the Canada-UAE Business Council, where we signed a contract of \$200,000 a year for three years with that organization to expand trade with the United Arab Emirates? As you probably know, Minister, 50 per cent of the UAE investments in Canada are in Alberta. They have billions of dollars invested in our province. Dubai is a four-hour flight from one-third of the world's population. This is a critical market for Alberta. Will you honour that contract to have a presence in the UAE?

Ms Fir: What we're going to be honouring is our commitment to Albertans to get our Alberta advantage restored, balance our budget, and get Albertans back to work. That's what we will be honouring.

Mr. Bilous: Minister, can you answer yes or no? These are direct budget questions. Do you have in your budget the money allocated: \$300,000 for Silicon Valley and \$200,000 for the UAE?

Ms Fir: Yes, for 2019-2020.

Mr. Bilous: Thank you.

Minister, line 3.1, under program delivery support there was funding – or I should just ask you. For the Alberta export expansion package: will that continue to be funded, or is it being reduced or increased?

Ms Fir: One million dollars for 2019-2020.

Mr. Bilous: Sorry; 1 and a half million dollars?

Ms Fir: One million dollars.

Mr. Bilous: One million dollars.

Minister, is that an increase or a decrease from last year?

Ms Fir: It's a decrease.

Mr. Bilous: By how much?

Ms Fir: I'll ask Sonya.

Ms Johnston: Approximately \$2 million.

Mr. Bilous: Right. I knew that. Thank you very much.

Okay. I mean, there are concerns. I know what you're going to say, but just so you know, there are many stakeholders that have incredible stories where this small sum of money helped them access new markets. I encourage you to meet with businesses like Susan Morrison from Tundra, who expanded into Mexico. Absolute Combustion is an incredible company that is now in more than 13 new markets because of a very small sum of money, in fact, less than \$20,000 a year, which helps our companies expand to new markets. I'm glad that the program is not dead, but if anything, again, if you're looking to fulfill your mandate of helping Alberta companies access new markets and looking at promoting trade, which, of course, is in your business plan, this is a tool that did just that.

Ms Fir: Well, we're focused on bringing companies back to Alberta, not sending them away, and we're focused on investment attraction, looking to realign programming to bring investment into the province.

Mr. Bilous: Just to clarify, Minister, when these companies go abroad, they get new supply chains. They get new buyers, so back home here their companies grow and expand. A great example is a gentleman named Darryl Nelson from Nelson remediation, who now has, I think, over dozens of millions of dollars' worth of contracts, who participated on trade missions and received funding to access new markets. This isn't about Alberta companies going away and leaving the province. This is about accessing new markets so that there is a diversity of markets.

Ms Fir: This is about Alberta companies going away and leaving the province, which is what happened under the previous government and which is why I'm sitting here right now.

Mr. Bilous: Okay. All right. Well, I encourage you to . . .

Ms Fir: Tundra and Absolute Combustion have been doing missions with the government before the NDP were elected.

Mr. Bilous: And I encourage you to talk to them about how much they funded, and hopefully one of your staff can show you the supports that they received under the AEEP. Again, take their word for it; don't take mine.

Ms Fir: Trade is important, and our focus is on attracting investment.

Mr. Bilous: Gotcha.

There are current partnerships on international technology or partnerships that Alberta has with countries like Germany, Mexico, China, and France. I know that in 2017-18 the ministry provided a little over \$800,000 to support the Alberta-Jalisco partnership to support opportunities in research and technology development in both countries. What is the dollar amount for these types of international technology partnerships in this budget?

Ms Fir: We are continuing to focus on investment attraction and growth into our province. With respect to that specific question I'll defer to my deputy minister.

Mr. Krips: Thank you very much, hon. member. The tech partnerships program has had some really good success stories. Like all of our programs – all of our programs are under review, but

we can speak to the success of partnerships we've had to date with these. I'll defer back to the minister on that front.

Ms Fir: The Alberta-Jalisco technology partnership enabled Splice Software, a Calgary-based company, to develop and implement their data analytics technology.

Mr. Bilous: Minister, I'm just asking if those will be continued in your budget and what line item they're under. I know the value of those programs.

Ms Fir: It's line item 4.4, technology partnerships and investments.

Mr. Bilous: Right.

Ms Fir: It will continue but with a reduced amount.

Mr. Bilous: Yes. You've reduced that category by 60 per cent, a 59 per cent reduction in these types of partnerships that actually do promote trade and enhance and encourage investment back to Alberta.

Ms Fir: What's going to encourage investment back to Alberta are the broad-based, macroeconomic things that our government is introducing, from the job-creation tax cut to reducing red tape to killing the carbon tax. These are broad-based economic policies that are going to bring investment back to our province.

4:40

Mr. Bilous: Right. But you will see, Minister, when you travel to Silicon Valley, that those companies don't look at tax rates. They look at talent. Unfortunately, the 3,000 tech spaces that we promised, I confirmed with your colleague, the minister . . .

Ms Fir: The hundreds of millions of dollars of investment that left the province do look at things like tax rates.

Mr. Bilous: Well, I encourage you to sit down with companies like Apple and Google, who look at talent, number one. They don't look at tax rates.

Ms Fir: Well, I would have encouraged the former government to talk to Alberta taxpayers before they introduced the carbon tax.

Mr. Bilous: Speaking of investment, can you tell me the status of Invest Alberta? Is it still being funded, is it still housed in the ministry, or has that been dissolved?

Ms Fir: I'll let my deputy minister take that question.

Mr. Krips: Great. Thank you, hon. member. Invest Alberta still resides within the Department of EDTT. We are realigning our ministry to be much more focused on investment attraction, so the work that Invest Alberta has been doing will continue but probably with an enhanced view towards more aggressive investment attraction.

Mr. Bilous: Uh-huh. Okay. Well, I look forward to asking how the money is going to be spent in the future budget.

I have a couple of quick questions. Chair, how much time do we have?

The Acting Chair: Three minutes.

Mr. Bilous: Excellent.

I'm going to jump ahead. Minister, the 10 per cent cut in line 5, jobs, investment, and diversification: can you just very briefly talk about what is in that line item, what programs you're funding?

Ms Fir: Just to clarify, you're talking about line 5, jobs, investment, and diversification, on page 72?

Mr. Bilous: Correct.

Ms Fir: That's a result of the reduction in the tax credits.

Mr. Bilous: Right. But the existing envelope: what is it funding?

Ms Fir: It's the winding down of the tax credits.

Mr. Bilous: Okay. It's just a payout of the remainder of the AITC, CITC, interactive digital media, and SRED.

Ms Fir: I will pass that over to my ADM, Sonya.

Ms Johnston: The tax credits are under the statutory vote, and there's \$12.3 million for IDMTC and \$11 million for AITC and CEDC.

Mr. Bilous: Right.

Ms Johnston: The voted amount on program line 5, the \$2.48 million, is the staffing component. It's the operational component to support the delivery of the tax credits.

Mr. Bilous: Right. Sorry, Sonya, but under line 5 – right? – you've got the \$2.48 million. What is that?

Ms Johnston: That's the staff component and the ongoing operation, the supplies and services. That's the staff component to administer the tax credit. The tax credit itself is under Department Statutory Amounts, page 74, under operating expense: jobs, investment, and diversification . . .

Mr. Bilous: Gotcha. Okay.

Ms Johnston: . . . \$23.384 million.

Mr. Bilous: Thanks, Sonya.

Quick question if I don't run out of time. I'm curious to know. Alberta Enterprise Corporation is getting an increase of \$1.85 million. What is that going towards?

Ms Fir: I'll defer to Sonya on that.

Ms Johnston: AEC is staying at last year's actuals. The department provides an operating grant of \$750,000, and AEC draws down from their investment income to fund the rest of their operations. Last year their actuals were \$1.842 million. This year their budget is at \$1.85 million. So we're holding them flat to last year's actuals.

Mr. Bilous: Okay.

How much time, Chair?

The Acting Chair: Thirty seconds.

Mr. Bilous: Do you have a 30-second question?

Mr. Shepherd: A 30-second question? No, I don't really have anything.

Mr. Bilous: Okay. Well, I appreciate that. I would love to see the formulas that you've talked about, Minister, as far as how the elimination of the carbon tax has increased investment in Alberta.

Mr. Shepherd: Specifically with that being tracked.

Mr. Bilous: Exactly.

Ms Fir: I would love to see the formula on how introducing the carbon tax helped Alberta.

The Acting Chair: Sorry, Minister. I hate to interrupt.

We will now move on to 20 minutes from the government caucus, followed by a five-minute break. Please go ahead, government caucus.

Mrs. Allard: Thank you, Chair, and through you to the minister, thank you for your work on this budget and to your department as well. I know that it takes significant work to prepare for this. I wanted to start, actually, where the member opposite left off and speak a little bit about investment attraction. I'll start in the ministry business plan on page 41. It states that the ministry

leads efforts to grow Alberta's economy by delivering strategic programs and services to support Alberta's entrepreneurs and job creators, attract investment, grow trade, strengthen Alberta's tourism industry, and ensure Alberta has an innovative and competitive business environment.

Under the ministry outcomes on that same page, page 41 of the business plan, the second bullet refers to investment attraction. Can the minister speak to the key investment opportunities that Economic Development, Trade and Tourism is looking to pursue as part of the overall strategy to stimulate the economy of Alberta?

Ms Fir: I would love to. We are directing \$25 million a year, starting in 2020, to support dedicated investment attraction. The \$25 million investment and growth strategy will bolster Alberta's international efforts to attract investment to the province and ensure that we're connecting government leads with business and invest in the commercialization of promising tech developments. The efforts will focus on the pillars of the Alberta economy and bring investment in growing sectors. We're redirecting resources to bring investment back to Alberta, create jobs, and grow our economic sectors, which, as we know, is what we were elected to do by Albertans with jobs and the economy.

Our plan will be bold and innovative, providing broad-based economic incentive that will allow market conditions to guide the best decisions rather than having government pick winners and losers. As we know, the private sector has proven very successful in driving investment and diversification, not the government. We're streamlining and consolidating our previously fragmented investment attraction programs to clearly message to the world that Alberta, under this government, is open for business.

Mrs. Allard: Well, that's excellent to hear.

In that vein, I just wanted to ask if the minister can tell us a little bit about how foreign investment rates have changed in recent years and how that's impacting the investment attraction strategy.

Ms Fir: Can you repeat the question?

Mrs. Allard: Sure. Yeah. If you can just tell us a little bit about how foreign investment rates have changed in recent years and how that's potentially impacting the investment attraction strategy.

Ms Fir: Just give me a minute.

Mrs. Allard: I'm referring to page 99 in the fiscal plan.

Ms Fir: Okay. Alberta lags Canada in foreign investment. Foreign direct investment in Alberta has dropped severely since 2014. This can be attributed to a variety of factors, but among them can be the previous government's increases to taxes on everything, including on job creators, with their increases to the carbon tax. They also

brought in their investment-killing carbon tax, the largest tax increase in Alberta's history.

Mrs. Allard: Okay. Thank you.

Can you tell us what targets have been set for foreign investment in Alberta?

Ms Fir: The sky is the limit. We want to attract as much foreign investment as possible into Alberta, and we're doing so through measures such as our job-creation tax cut, our repeal of the NDP's investment-killing carbon tax, and our efforts to cut red tape. Over the summer I hosted the Stampede Investment Forum, which had its highest attendance numbers yet in its history at that event, and since then I can tell that our government's creation of broad-based economic supports and tax cuts are very exciting to potential investors in our province. I was also asked to speak at Calgary Economic Development's outlook 2020 recently, and the excitement in the room and the people that I spoke to before and after about Alberta's economic future was palpable. It was great. Great vibe.

Mrs. Allard: That's good to hear. Further to that, can you tell us if you have any targets specifically for exports from Alberta?

Ms Fir: Our government is working to increase our exports outside of Alberta and, in particular, to diversify our export markets. Our business plan has a target to have Alberta Innovates funded projects that export, targeting an increase from 41 to 46 per cent. That being said, we sent nearly 88 per cent of our exports to the United States in 2018, and we will be working to strengthen that relationship both for exports and for attracting investment. Energy products were Alberta's top export to the U.S. in 2018 at \$83 billion, and energy accounted for approximately 80 per cent of Alberta's exports to the U.S. Nonenergy exports to the U.S. totalled approximately \$20.3 billion, greater than all exports to other markets combined of \$14.3 billion.

4:50

Mrs. Allard: Excellent.

I'm going to jump ahead a little bit to agricultural trade. It was really good news to see that China has reopened to pork and beef for us, but with respect to canola they're still closed. I'm just wondering. Line item 3.3 in the estimates supports finding markets for our agricultural sector. Can you explain how investment attraction and export development will continue to support those?

Ms Fir: We have many elements in our budget that will support finding markets for our agriculture sector, but a key part of them will be our export development programs. Part of the budget for our international trade offices is actually supported by Agriculture and Forestry. In June I actually undertook my first mission to Japan and South Korea, where I was specifically working to find additional export markets for agricultural products from Alberta. It was a great privilege to be able to attend on behalf of the Minister of Agriculture and Forestry, who was staying here, rightly so, dealing with the difficult forest fire situation at the time.

It was an honour and a privilege to be able to travel to Japan and to South Korea and to be able to spread the word of our new government and promote our products, which we know are of the highest quality and safety standards in the world. I look forward to more missions like that within Canada, within the United States and internationally to promote what Alberta has to offer under this government. It's very exciting.

Mrs. Allard: It is exciting. Given that the federal Liberals have fumbled the ball with China, I guess I would say, not just with respect to agriculture – certainly, that's been impacted – I'm wondering, looking at line items 3.2, 3.3, and 3.4 in the budget: I know they're just examples that demonstrate what we're doing to address the dispute. Can the minister speak a little bit more about what Alberta will do to stand up for our exports regardless of what the federal government is doing?

Ms Fir: Yeah. Well, first of all, I can say that I was very happy to hear that China lifted the ban on our beef and pork products yesterday.

Mrs. Allard: Hear, hear.

Ms Fir: I know Minister Dreeshen was also very excited about that as well. But we still have work to do in ensuring that our canola products, for example, can get to China, and we will be working with other provinces and with the federal government to ensure that the dispute ends and we can once again have our canola shipped out to China. We're going to be pushing hard for the federal government to resolve this dispute.

Mrs. Allard: Can you just elaborate a little bit further with respect to how our trade policy will shift as a result of this budget?

Ms Fir: We're going to continue to support finding markets for exports. We expect that exports will continue to grow under our government, and agriculture will be a key component of that. Agriculture is also a key sector in our investment and growth strategy.

Mrs. Allard: Excellent.

I'm going to go back to the ministry business plan. Sorry; I'm jumping around a little bit. I'm on page 42. Many of you in this room know that I sit on the red tape reduction working committee under the associate minister, and in my riding of Grande Prairie I've conducted multiple round tables speaking with constituents about their experiences with respect to red tape and some of the barriers they've had either to investment or expansion of their businesses or potential projects.

On page 42 of the ministry business plan, key objective 1.2 identifies the ministry's commitment to "ensure that recommendations from business leaders inform government red tape reduction initiatives to restore the Alberta advantage." I'm just wondering if the minister can identify some of the recommendations that have been received so far and also give us an update on the status of those recommendations. Have they been actioned, or where do they stand?

Ms Fir: Our department works closely with business through its industry, advocacy, tourism, investment attraction work to gather input from stakeholders. We're co-ordinating the eight formal red tape reduction industry panels chaired by Associate Minister Hunter. The panels are designed as a confidential sounding board to gather input and test potential red tape reduction options with industry leaders. The eight sectors are oil and gas, tourism and hospitality, manufacturing, forestry, small business, agriculture, agrifood, and bioindustrial construction and nonprofit. My department will consider all recommendations carefully and will work closely with other departments as we try to restore the Alberta advantage.

Mrs. Allard: Excellent.

I'm going to touch base a little bit. We've spoken about it a bit so far, but there has been a lot of back and forth with respect to the film and television tax credits. Again on page 42 of the ministry business plan under the initiatives supporting the key objectives it states that

a total of \$90 million will be provided over three fiscal years . . . to implement an Alberta Film and Television Tax Credit on eligible labour and production expenses to attract medium and large film and television productions to Alberta in support of the province's cultural industries.

I think there has been a little bit of confusion because some of the budget was in culture, and it's shifting over. I just wanted to ask if you can provide some background on the transition of this program from Culture, Multiculturalism and Status of Women to your ministry – sorry; through the chair – and also provide us with the anticipated impact of the program in attracting further investment into Alberta.

Ms Fir: The screen-based production grant is being converted to a refundable tax credit. As we spoke about before, the total funding of \$45 million will be maintained between the two programs until the transition is complete. The transition to the film tax credit was a platform commitment, which provides long-term stability. It's going to help attract large-scale productions, and it's more in line with other provinces. With the film and television tax credit we are maintaining the same level of funding as the previous screen production grant, and we look forward to working with the film sector to grow and expand. The transition from the grant program to the tax credit will be a gradual process, and payments to productions with current agreements under the screen-based production grant program will be honoured. Due to the outstanding commitments under the screen-based production grant the tax credit budget will be phased in with a budget of \$15 million in 2020-21, \$30 million in 2021-22, and then \$45 million in 2022-23.

Mrs. Allard: Excellent. Thank you.

This question is a little bit longer. I'm going to switch to tourism. Now I'm on the ministry business plan, page 45. The fourth outcome identified is growth of the tourism industry in Alberta. The ministry delivers strategic programs, planning to expand tourism to \$20 billion by 2030, which is, I think, fantastic. One of the things that has come up, I guess, in the last year as I've been more engaged with constituents is the Philip J. Currie Dinosaur Museum in Wembley, Alberta, which is just outside of Grande Prairie. It opened in September of 2015, and before it was open, one of the thoughts or one of the plans was to create a Dinosaur Trail through Alberta, through the province. The idea was to encourage tourism, for people to make Alberta a destination and to travel throughout the province at all the dinosaur stops. I'm not sure where this is at. The museum is an international institute. I'm just wondering if that is still potentially being considered as part of the destination expansion under that outcome and what other tourism destinations are being developed or highlighted.

Ms Fir: Sorry, Member Allard. Can you repeat the question?

Mrs. Allard: Sure. I'll just expand on it a little bit. We have the Royal Tyrrell Museum, and the idea was from north to south to create a Dinosaur Trail, from Philip J. Currie, which opened in September of 2015, through all the way to the south. I don't know where it stands now, but I do have some constituents from the Grande Prairie area that have asked. Just in line with that outcome on page 45 of the ministry business plan, it talks about specific destinations that you're hoping to identify and expand with respect to expanding overall tourism in the province.

Ms Fir: With the status of our commitment to double tourism spending in Alberta by 2030, when we look at our goal to expand that, I think that's going to help areas such as what you're talking about. Our government values the role that the tourism sector plays in creating jobs, attracting investment, and strengthening and diversifying local economies across the province. Our commitment envisioned for tourism is bold, and we have outlined several actions in our platform commitment document that will help provide strategic direction and support Alberta's important tourism industry to grow.

5:00

We're also going to be developing a 10-year tourism strategy which will have a goal of doubling tourism in Alberta by 2030. Travel Alberta will be providing a draft of that document by June 2020. We're going to be consulting across the province to determine with key stakeholders in the development of the strategy. The key goal of the strategy of doubling tourism investment will be in conjunction with a variety of other measures such as our investment attraction strategy, which will be working to bring back investment that left our province over the four years prior to our government taking office.

Mrs. Allard: Excellent.

I know that 60 minutes goes fast, and 20 minutes certainly does, so I'm going to cede the rest of my time to MLA Horner.

Mr. Horner: Thank you very much, MLA Allard.

Through you, Mr. Chair, to the minister, kind of in the same vein, dinosaur museums and tourism. I just wanted to take a moment to ask you about tourism in the badlands, Drumheller specifically. I'd reference line item 6.4 on page 72 in the estimates. I guess my question would be: is any of that funding targeted to support tourism in the badlands or on the eastern side of the province?

Ms Fir: The funding for Travel Alberta contains an expansive and comprehensive consultation with stakeholders for the development of our 10-year tourism strategy.

Mr. Horner: Very good. I guess, to follow up, I would just ask: when you're in development of that 10-year strategy, will you be consulting with stakeholders in eastern Alberta, the Canadian badlands, Drumheller? I know initiatives in the past kind of thought of Drumheller as the gateway to the badlands in that governments previous, even more previous to the most recent government, had that as a goal. Just wondering if there will be more consultations.

Ms Fir: The 10-year tourism strategy will seek to better allocate resources to support and grow Alberta's tourism industry across all areas of the province, and in all areas it will facilitate more private-sector funding and public-private partnerships to support Travel Alberta's marketing and promotional campaigns. Travel Alberta works with the badlands closely.

Mr. Horner: Very good.

How much time is left, Mr. Chair?

The Acting Chair: One minute, 45 seconds, sir.

Mr. Horner: Well, I would cede the time back to Member Allard, and good job on the beef.

Mrs. Allard: Well, thank you.

Yeah. I would just reiterate that I think that traditionally, when people think of travelling to Alberta, particularly from other parts of the world, they think of Banff and Jasper. There's so much more

than Banff and Jasper in Alberta, so I would just encourage you, as you develop that strategy, to consider the Dinosaur Trail or something like that. I think there are some other things that we have to offer here in Alberta that the world doesn't really know exist here. I also have ideas about doing an oil and gas tour if you ever want to hear them. I think it could be very interesting for people who expect there to be puddles of oil on the ground, and that is so not the case.

I'll ask, hopefully, a quick one. I'm on page 44 of the ministry business plan. It outlines optimization of Alberta's innovation system and states that "over \$200 million will be invested in the 2019-20 fiscal year." I'm just wondering if the minister in these last seconds can comment on the role of Alberta Innovates and what technologies in development are most attractive to support the investment attraction strategy of the ministry.

Ms Fir: The role of Alberta Innovates is going to continue to be key in developing that. The work that they do is tremendous. We're looking forward to continuing to work with them in terms of fostering innovation in Alberta.

Mrs. Allard: Excellent. Well, I think I have about five seconds left, so I just wanted to thank you again for your time.

Ms Fir: Thank you.

Mrs. Allard: Thank you, Chair.

The Acting Chair: Thank you very much, members. We will return at 5:10 p.m. Enjoy your break.

[The committee adjourned from 5:05 p.m. to 5:10 p.m.]

The Acting Chair: Thank you, members. We will reconvene with the meeting here, beginning with members from the Official Opposition for 10 minutes.

Ms Goehring: Yes.

The Acting Chair: Do you wish to go back and forth with the minister?

Ms Goehring: Yes, please, if that's okay with the minister. Thank you.

The Acting Chair: Please proceed.

Ms Goehring: Thank you. I just want to start by thanking everyone for coming today. I know that there are lots of people from industry that are here as well as following along online, and I really want to express my appreciation, Minister, that you're going to be meeting with industry tomorrow. I know it's something that they're really looking forward to. They do have a lot of questions, and I have some that have been provided to me, so I will be reading their questions on their behalf. Like my colleague had said, if I interrupt, it's not to be rude. It's just trying to get through as many questions as I can in 10 minutes.

Yesterday and again today we heard you talking about the transition from the previous screen-based production grant to the film and television tax credit, and you continually say that you're maintaining the previous budget of \$45 million between the two programs until they're fully transitioned to the credit in '22-23. During culture estimates the minister said:

No additional funding . . . will be allocated to [SPG]. So the applicants from the May 2019 and August 2019 intakes . . . will not receive support from the original SPG . . .

and they will have to

... apply to the new tax credit.

The minister of culture also said that there is \$42.26 million committed to projects in the SPG for 2019-2020. That leaves \$3 million in SPG until March 31, 2019. Does this mean that no new projects will be approved until April 1, 2020?

Ms Fir: So, as I mentioned before, questions with respect to the grant need to be directed to the Ministry of Culture, Multiculturalism and Status of Women.

Ms Goehring: Minister, who is going to be looking over the transition of the fund?

Ms Fir: Well, we'll be working together closely, the Minister of Culture, Multiculturalism and Status of Women and myself, to make sure that it's a seamless transition and that we're addressing stakeholder concerns. As I mentioned a few days ago, it was massively mismanaged by the previous government. One of your own former NDP MLAs said: the NDP screwed it up. So we're going to do our best to try to fix it.

Ms Goehring: Minister, I was there when the former NDP MLA was speaking at the meeting with industry on Sunday, and he went on to say: the NDP, based on the Auditor General report, added too many layers of paperwork to get SPG; they did, however, raise the cap to \$45 million; while paperwork is burdensome, the additional money supported growth; the UCP dropping the cap to \$15 million next year will crush industry. That was the entire quote that you're referring to.

Ms Fir: Once again, we're maintaining \$45 million between Culture, Multiculturalism and Status of Women and Economic Development, Trade and Tourism. We are maintaining the \$45 million between the two ministries, and it's unfortunate that that's being ...

Ms Goehring: But the \$15 million is next year and then \$30 million and then \$45 million, correct?

Ms Fir: Between the two ministries the \$45 million will be maintained, and it was the industry that told us that they prefer a tax credit to a grant program. This is consistent with other provinces.

Ms Goehring: Yes. It absolutely is something that industry has asked for, for the tax credit, and that's appreciated. There are just so many questions regarding what that will look like, how it's going to be transitioned out, and what's going to happen in the interim.

We continue to hear that people in industry are fearful that production is leaving the province. We hear that major producers that are leaving the province are going to other industries that are much more competitive than Alberta right now, and I know that your government has talked a lot about, you know, attracting investment. We don't need to attract it, Minister, in this industry; we have it. We have world-renowned crews that work in the province, we have landscapes like no other jurisdiction in the world, and you continue to say that Alberta is open for business, yet the cuts that are happening are actually driving industry out of the province, which is very concerning. We know that they are here and that they want to help. They readily employ thousands. There were people that I spoke to on the weekend that used to be employed in oil and gas and now work on crews all over the province and are so appreciative of the fact that industry here can employ so many.

I'm curious, Minister, if you will advocate to your colleagues about removing the hard cap on the new film tax credit and for a simplification of the application process in order to take advantage

of this enormous and unique business opportunity here in the province.

Ms Fir: You talk about things being very concerning and driving industry out of the province. What drove millions of dollars of industry and investment out of the province and resulted in 170,000 job losses were the policies of the previous government.

Ms Goehring: Minister, I'd like to talk about your budget. You may not want to talk about your budget, but this is the impact right now that we're here to discuss.

Ms Fir: The budget that we had to bring down, which is a credible, responsible, thoughtful budget, is the budget that Albertans elected us to deliver.

Ms Goehring: Industry is saying that there are concerns about this.

Ms Fir: We are balancing the concerns of industry with our path to balance, and we are working to expedite the application process in the interim. Once again, we're balancing priorities. We inherited a fiscal disaster, and we are demonstrating spending restraint.

Ms Goehring: Thank you, Minister.

On page 42 of your ministry business plan, key objective 1.3, it states: "Grow Alberta's film and television industry and help Alberta compete for major media projects." We've heard throughout today that we know that B.C. has a \$4 billion screen industry and has a tax incentive program that has no yearly cap and does not have a juried system that picks winners and losers. How do you see a reduced yearly cap and a juried system making Alberta's screen industry competitive with other provinces, and how does this comply with your red tape reduction plan?

Ms Fir: What we're doing is no different than the prior government, setting caps on other tax credits.

Ms Goehring: Minister, we've been talking about the termination of several tax incentives today, including the investor tax credit, which were all successful in helping to create jobs and to diversify the economy. The screen industry fears that the current reduction in screen-based tax incentives is setting the industry up for eventual elimination of the tax credit. Does the industry have anything to fear?

Ms Fir: As I've mentioned, we're maintaining \$45 million in funding for the film industry while we balance our priorities. You know, you talk about the tax credit programs. Again, there's not a reduction in the amount of commitment that we're making with the \$45 million, and we're fulfilling our platform commitment.

Ms Goehring: Specifically on the tax incentives that have continued to be terminated, does the industry have anything to fear with you moving to a current tax system?

Ms Fir: You're talking about the tax credit systems in general?

Ms Goehring: No, specifically for film. Do they have anything to fear? Yes or no?

Ms Fir: It's a platform commitment. We're maintaining the commitment of \$45 million.

Ms Goehring: Thank you.

We keep talking about mismanagement, as you say, and you talk about the overcommitting of the SPG. We've heard, again, that this has led to Alberta's absolute busiest year in film and television in

history, approximately \$300 million in economic activity, and created over 5,000 good-paying jobs. Which part of that would you say was mismanaged? It sounds more like opportunity being seized upon. Do you think that your government providing the industry with uncertainty and driving productions away is actually mismanaging the file?

Ms Fir: You want to talk about uncertainty and driving investment away. Again, that's why I'm sitting here right now. With a government that had us on a path to \$100 billion in debt, that was going to be passed on to our children and grandchildren: that's what was driving investment out; that's what was driving jobs out. The MacKinnon panel made it clear that we have a spending problem, and Albertans elected us to fix it. Budget 2019 is going to deliver on our mandate of creating jobs and growing the economy, and we're taking a low-rate, broad-based approach to corporate tax that leaves business decisions in the hands of business, not government.

Ms Goehring: Thank you, Minister.

We're hearing from people in industry that a delay in their funding of nearly a year will absolutely cripple it, and it's sending the wrong message, which is that Alberta is not open for business. It can take an additional year for the industry to recover. It also sends local crews packing for their work in Vancouver. I understand that you're new at your job and that the tax credit is new to your portfolio, but this is simple stuff. Productions come and create jobs when incentives are there; they don't when they're not. Why wasn't there better planning around the transition from SPG to a tax credit?

Ms Fir: Once again, questions that you have around the grant would be a question for the ministry of culture.

Ms Goehring: But this is about the transition to a tax credit.

Ms Fir: Our tax credit starts in 2020.

Ms Goehring: Correct. The transition of this is leaving industry uncertain. They're unclear about what's happening. It's forcing industry to leave the province. What I'm asking is . . .

The Acting Chair: Thank you very much. I hate to interrupt, but we'll move on to 10 minutes from the government caucus.

5:20

Ms Issik: Good afternoon, Minister. Just to carry on with the film tax credit, I'm not quite sure why there is so much confusion going on. I'm just going to state what seems to be clear to me, and I'm not sure why it's not clear elsewhere. It seems to me that we had multiple meetings with the film industry where they told us that they wanted a tax credit rather than a grant system because the grant system was overly bureaucratic. It was great for creating a cottage industry of applicant writers, but it wasn't particularly useful for attracting productions to Alberta, so they were asking for a tax credit. They also asked, if I'm not incorrect, that we move film from culture over to economic development because they felt that it was an economic driver. I think that we all agreed that film does have an incredible ROI and it's a great economic driver, so we transitioned to a tax credit. We moved film from culture and multiculturalism over to economic development.

I keep hearing the word "cap." To be clear – and I'm pretty sure I'm correct about this – under the previous government there was a cap on productions of \$7.5 million. Now in the current program for the film tax credit we have a cap of \$10 million, so the cap is actually higher.

We're transitioning from the grant program to the tax credit, and in the process – under the grant program the payments go out to producers after the production, after the money has been spent, so we're seeing the money from productions that are currently going on until they're done being paid out next year and the year after, which explains the phase-in. Correct? Is that not the case?

Is it not also the case that the previous grant was oversubscribed and thus we also have a transition moving into the forward years? In the last bit of the previous government they double oversubscribed the program. Correct?

Ms Fir: Yeah. Correct.

Ms Issik: Okay. At the end of the day, we are not only maintaining the oversubscription; we are also introducing the tax credit. Producers have access to that tax credit as of this past spring – correct? – or this coming spring for applications.

Ms Fir: I believe that's correct. I'm going to ask Michele Evans . . .

Ms Issik: Okay. So there's no gap in anybody being able to apply for a production. Now we're also hearing from the members opposite that somehow crews are going to leave the province. Well, I'm pretty sure that the film industry – did they not tell us that seven crews left the province during the four years they were in government? I'm pretty sure I heard that. Is that not correct?

Ms Fir: That sounds correct.

Ms Issik: I just wanted to get from you: is what I stated actually factual?

Ms Fir: Absolutely.

Ms Issik: Okay. I'm going to cede my time back to Member Stephan, please.

The Acting Chair: Go ahead, Mr. Stephan.

Mr. Stephan: Thank you, Mr. Chair. Thank you, Minister, for being here. I'm going to focus my questions on objective 1.1 of the business plan. I think it's very important that we always begin with the end in mind. I'm just going to read the objective of the economic development ministry. It says: "Work with other Alberta ministries to drive innovation and job creation by making Alberta the most attractive place in North America for businesses wanting to expand and hire." I'm going to ask your opinion relative to the policies that this government is going to be bringing forward, and I want to contrast that with the prior government because I think the reason we are all here is that there was a necessity to do a course correction. We've been talking a lot about tax and tax policy. I'm just going to briefly contrast what has happened in the past, what this government is doing and its priorities, and then we're going to kind of link it back to objective 1.1.

With the prior government, what was sort of their foundational approach in terms of competitiveness and Alberta being a jurisdiction to invest and grow a business is that they increased the corporate tax rate, as we know, by 20 per cent. We know that a couple of years later they brought in a number of boutique credits, which we've been discussing back and forth, and my second question is going to kind of revolve around the boutique credits a bit. But, as I understand it, what was the result of their economic policy? As I understand it, there were tens of thousands fewer private-sector jobs at the end of their tenure than when they started. Of course, this is during a time when Alberta's population increased over the four-year period. Ultimately, without a private sector, none

of us can really be in this room. You have no government. You need a private sector to pay for government. So that's sort of the course correction that needed to be made.

Now I'm going to just speak to our policy here in terms of the fiscal plan. Of course, one of the main, if you like, cornerstones of the fiscal plan is to reduce the corporate rate to 8 per cent. I could spend a lot of time talking about the benefits of that particular, single initiative, that policy initiative, but I don't have time to do that, so I'm not going to. You know, the objective talks about expanding and hiring. Jack Mintz, the leading economists indicated that with that cornerstone policy of reducing our corporate tax rate to be the lowest taxed jurisdiction in Canada from a provincial perspective, it's going to actually create 55,000 new private-sector jobs. When you kind of contrast that with the loss of tens of thousands of private-sector jobs over the past four years, that's kind of a profound contrast.

Kind of going back to objective 1.1, Minister, in your opinion, after these objectives, 1.1 and indeed 1.2, which is sort of complementary to that in terms of reducing red tape, will Alberta be the most attractive province in Canada to start and grow a business?

Ms Fir: Absolutely. We're all here because we believe that. With our job-creation tax cut, with our reducing red tape, with our scrapping the carbon tax, we're absolutely going to be bringing investment back to Alberta. The investment and attraction growth strategy: we're excited about that. You know, the tax cut is going to benefit more than 100,000 businesses, far more than through targeted, boutique-style tax credit programs.

As we know, Moodys Gartner Tax Law is an international tax firm specializing in taxes, and I know that MLA Stephan is familiar with this. What they've said of some of these programs is:

The real winners under these . . . tax credit programs appear to be the government employees who will be hired to administer the programs.

They went on to say:

While the use of investment tax credits can often be good to stimulate economic investment . . .

speaking about the AITC and the CITC programs,

. . . the AITC and CITC programs developed by the Alberta government are a textbook example of the creation of a program that is overly bureaucratic, ridiculously uncertain (the sign of a good tax system is certainty) and condescending.

Small businesses with fewer than 100 employees make up 98 per cent of all businesses in the province, and for this reason the government has committed to keep the small tax rate at 2 per cent. Our government knows that the best way to promote business in Alberta is to have broad economic conditions that benefit the maximum number of businesses possible: get out of their way, cut the red tape, cut the bureaucracy, and let businesses do what they do best.

Red tape reduction is focused, as we know, on decreasing costly regulation, that is so burdensome to businesses that are just trying to thrive. We know that businesses in Alberta have struggled with the burden of red tape. The Canadian Federation of Independent Businesses estimates that red tape costs businesses \$6,744 per employee. The government's immediate work to reduce red tape by one-third has already had significant impact on businesses by making it easier for them to operate within the province. The one in, one out rule introduced in . . .

5:30

The Acting Chair: Thank you very much, Minister. I hate to interrupt.

We will now move over to the Official Opposition. Mr. Bilous, you have the mic.

Mr. Bilous: Yes. Great. Thank you very much, Mr. Chair. I'll continue to ask the minister to – that I'm searching for information, not platitudes. In your previous statement, Minister, you talked about the AITC. I just want to remind members, one, that that credit was asked for by business. You can attack us and say that it was an NDP idea; it actually wasn't. It came from the business sector. It came from chambers of commerce. It came from businesses who said to us: "Other jurisdictions like the province of British Columbia have an investor tax credit. They have since 1985, and it's helped diversify their economy." Why? They're not boutique. They're actually sector-wide. They apply to any company whatsoever.

You know, as far as that they were burdensome, I think that's rhetoric. I will acknowledge that when we first rolled out the investor tax credit program, we heard from businesses that initially the application process was a little burdensome. I will admit that. But that's where the department went back and looked at how to simplify that process so that businesses register once and then can go out when they're raising capital and offer 30 per cent tax credits. It's for small businesses and start-ups. Once again, the corporate tax rate could be zero and will not help those businesses. I know my colleague across the way is an accountant and understands taxes very well. If a company has no retained earnings and doesn't withdraw money from the company, they're not paying tax. It's staying in the company. In fact, they're reinvesting every penny they have to grow in scale. That was the value of these.

Minister, I just want to clarify that this wasn't an NDP idea. It came in under our government, but it came from business. Business asked for that tool. That's why I'm urging you and the government to reconsider in future budgets some iteration of an investor tax credit.

Ms Fir: I'd say that even the Calgary Chamber of commerce, which lobbied for the creation of the AITC, said: we've heard of situations where people need legal advice or outside counsel just to apply for the program, so we hope it can be made less burdensome. They also wanted it expanded to all industries, not just certain ones.

Mr. Bilous: Which it was. No, no. It was. When it first came out, it was limited, and we opened it up right away after. Like, we don't need to get into it, but I'm curious . . .

Ms Fir: The tax credits benefited, between the AITC, which was 150 companies, and the IDMTC, which was 23 companies, a couple of hundred. Our job-creation tax cut is going to benefit over 100,000 companies . . .

Mr. Bilous: Okay. But, Minister . . .

Ms Fir: . . . and it is boutique when it's the government picking winners and losers.

Mr. Bilous: Minister, they're two different tools. What you're saying – your message, by just saying that, is telling those 200 companies: you're not important; we don't care if you're here. Those tax credits were helping to attract big venture capital. We partnered with the Alberta Enterprise Corporation.

Ms Fir: And the previous government told hundreds of thousands of dollars of investment, "We don't care about you, and you're not important" by raising taxes on job creators.

Mr. Bilous: Okay. I'll move on. Clearly, there's a disconnect in the tool of a corporate tax rate reduction and who it helps . . .

The Acting Chair: Excuse me. I hate to interrupt. Could we direct through the chair?

Mr. Bilous: Yes. Absolutely.

The Acting Chair: I think it's starting to get a little personal back and forth.

Mr. Bilous: Absolutely. Okay. I'm going to change the subject, Minister, and thank you, Mr. Chair. Through you, I just want to clarify. We have people who are from the film industry that are watching these estimates. When my colleague across the way was asking about the SPG and if it's continued and that it has been, that's actually incorrect. It's incorrect because in 2019 the program has been frozen. The tax credit is not up and running, and the SPG has been frozen since your government formed office. So there has not been a new intake – sorry; through you, Mr. Chair – for this, and the industry is asking for details on unfreezing that program and if that's going to happen before April 2020.

Industry has said to us – and I encourage all members to look on social media or read the papers – that, well, this is telling production companies that you're not welcome in Alberta. I appreciate that many of them did ask for a tax credit. I'm not going to disagree on that, but the challenge has been that there is a gap between the previous program and it being frozen and where we are today.

Ms Fir: They actually absolutely are welcome in Alberta. That's why we've listened to them and switched from a grant to a tax credit. Again, through you, Mr. Chair, questions about the grant program are to be directed to the Ministry of Culture, Multiculturalism and Status of Women.

Mr. Bilous: Yeah. Fair enough. I just wanted to clarify that.

Minister, I'm going to change topics. There's still quite a bit I want to get through. Let's jump to tourism if we can. Now, just a quick background and then a very short, simple question. According to the budget, the government intends to bring forward legislation next spring that will ensure short-term rentals will pay the tourism levy, just as hotels already do. It's expected to raise, I believe, from your numbers, around \$5 million in revenue starting in 2020-2021. I would like to know if you can confirm if that revenue will end up in general revenues or if it's going to be used to directly grow and fund tourism initiatives in Alberta.

Ms Fir: It's something that's under review and will be determined in Budget 2020.

Mr. Bilous: Okay. I look forward to asking you that same question in a few months.

On the destination marketing fund. Hotels and motels in communities around Alberta volunteer to contribute to sustainable funding for tourism marketing, of course, the mechanism being the destination marketing fund. Now, currently municipal governments do not have the authority to make it mandatory for hotels to contribute to a destination marketing fund or to implement a selective pillow tax. That would be the DMF if it was mandatory. It helps to maintain industry-leading accountability and transparency. I'm just curious, Minister, if you can confirm or refute if the government is considering giving the authority to the municipalities to administer the destination marketing fund in the future?

Ms Fir: The collection of destination marketing fees is not legislated or regulated by the government of Alberta. Participating hotels and motels collect these fees on a voluntary basis. While the majority of destination marketing fees are used to support local destination marketing organizations or tourism marketing programs, how these fees are collected and how the proceeds are distributed can vary by community. Our government will continue to engage with local communities and destination marketing organizations to ensure the appropriate and transparent use of destination marketing fees. The future of these fees in Alberta as well as sustainable funding for destination marketing organizations may be considered in the development of our 10-year tourism strategy.

Mr. Bilous: So I'm going to interpret that as a no to the question on municipalities.

Now, a question for you. Line 6.2, destination development and visitor services, which I believe helps to do exactly what you were just talking about, Minister, has seen a reduction of 16 per cent. Can you give me some details as to what's being cut out of that budget, that line item, and how that's going to impact the tourism sector?

Ms Fir: The estimate of \$1.2 million lower will be due to \$0.2 million for a reduction in resources to be realized by not filling vacancies; \$0.7 million for a reduction in the tourism growth investment fund and tourism opportunity fund grants; \$0.2 million for closure of 1-800 contact centres; and \$0.1 million for cancellation of visitor services innovation fund grants.

Mr. Bilous: Okay. Thank you for that information. I appreciate it.

I see that Travel Alberta has been reduced as well. Now, you know, it's a 5 per cent reduction. It's about \$2.2 million. I'm curious to know: how is that going to impact Travel Alberta?

Ms Fir: Travel Alberta does amazing work. We have a remarkable CEO in Royce Chwin. We have a great new chair, Linda Southern-Heathcott. We're confident that you don't need to throw more money at something to still be successful. We're excited to work with Travel Alberta as they develop the 10-year tourism strategy. With an allocation of almost \$42 million to Travel Alberta, our government's commitment to tourism marketing remains among the top four when compared to commitments made by other provinces and territories. We recognize that this budget marks a decrease in funding to Travel Alberta. However, the 10-year tourism strategy will seek to better allocate resources to equal support and growth.

Mr. Bilous: Right. Minister, I'm just looking for specifics. The 5 per cent reduction: how is that going to impact Travel Alberta? Is that a reduction in FTEs? Is that a reduction in purchasing marketing spots? Is that a reduction in trying to appeal to international tourists to come to Alberta? Can I get just a couple of specifics, please?

Ms Fir: Yeah. Well, unlike the previous government, which tried to dictate to organizations how to run their business, that is something that we would let Travel Alberta decide. I can bring Royce up here to speak to that.

Mr. Bilous: If Royce can briefly explain, Minister.

I will, through the chair, remind the minister that the purpose of estimates is to respond to budget questions. This is a legitimate budget question to which a political answer is not what I'm looking for. I'm looking for a 5 per cent reduction in Travel Alberta. What does that mean for the entity?

5:40

The Acting Chair: I'll also remind the member that the minister is not compelled to answer a question at any time. If she gives you an answer, that's her prerogative.

We will move now to the members of the government caucus. You have 10 minutes.

Ms Issik: Thank you, Mr. Chair.

The Acting Chair: I assume you'll want to go back and forth with the minister?

Ms Issik: I will, actually.

The Acting Chair: Thank you.

Ms Issik: I want to talk a little bit about: we've been having some conversations about venture capital, and we've certainly talked about the AITC along with many other mechanisms. Before I get started, I will ask this: would you please table with the committee at a future date a list of all of the programs, tax credits? It sounds to me like there must be several pages of acronyms representing programs that are under your department, and I'm just wondering if we could have a full listing because I recognize that they're not all listed in this document or any of the documents that we have presently. I would appreciate having a listing of those so that we understand sort of the number of different programs that you have under your jurisdiction as minister if that's possible.

Ms Fir: Yeah. We can commit to providing that later.

Ms Issik: Fantastic. It sounds like you have a number of programs that you have inherited from probably multiple governments at this point.

Ms Fir: Absolutely. What we're working to do is . . .

Ms Issik: A little patchworky?

Ms Fir: Yeah.

Ms Issik: Let's talk about economic diversification and economic growth in Alberta and sort of what some of the key factors around that are, and specifically I'll get to some questions that relate to actual line items here. We know that in Alberta we have a great value proposition. We are a fantastic place to live. People want to live here. Compared to other jurisdictions in North America, we have a great health care system. I think that's a benefit to many companies as well. We do have centres of excellence here in this province. Certainly, you know, specific groups of innovators that exist in our province: you think of AI; you think of GPS and pharmaceuticals and medical technologies. We have some really amazing, innovative economic growth starting to really shine in this province.

We know that economic diversification is driven with innovation when we have these ecosystems that are able to support, specifically, projects. If somebody wants to come here to Alberta, they know that the project that they're on, the start-up that they're on perhaps fails because the technology doesn't work out. We know that that happens, and they don't make it to the commercialization stage. They want to go down the street to another project, and it's important, if we're going to grow in Alberta, that they're able to go down the street to another project as opposed to having to go to California or elsewhere to pick up another project. Correct?

Venture capital is important, and we recognize, you know, obviously, that one of the issues around the AITC was government sort of picking and choosing or trying to match up investors with businesses and qualifying the businesses. That was part of the problem with the application program. You talk in your business plan about the Alberta Enterprise Corporation, and specifically you have some resources that are contributed to the AEC. I just wonder if you can talk about the mandate of the AEC as well as the contributions from the Alberta government to the AEC this year as well as what you might expect or what the goals are for the return on investment for the AEC if you don't mind.

Ms Fir: Absolutely. With respect to the Alberta Enterprise Corporation the government is providing \$750,000 for AEC, and AEC has invested or committed a total of \$183 million for investment into 15 venture capital funds and two angel co-investment funds. Through these funds the corporation can access more than \$1.7 billion in venture capital to leverage their invested capital. To date AEC together with venture capital funds, angel co-investment funds, and syndicate partners have invested \$496 million into Alberta technology companies.

The government of Alberta has invested a total of \$175 million into AEC to develop and attract investments in the Alberta venture capital industry and knowledge-based industry. When we think about what some of our government mandate is around AEC, AEC is going to be a key part of our investment and growth strategy, with clear goals for funds that Alberta Enterprise Corporation invests in. AEC will work to enhance investors' awareness of the benefits of doing business in Alberta and to ensure that investment in the province and trade continue to grow the economy and create new jobs. As we know, jobs and the economy are two of our three main items that we ran on.

Economic Development, Trade and Tourism will work with our colleagues in other Alberta ministries to attract, retain, and expand investment in the energy, agriculture, technology, data, telecom, aviation and aerospace, finance, fintech, and tourism industries. Our government, as you know, is not an "or" government; it's an "and" government. We support all sectors, all industries, to be successful.

The ministry is also going to work through AEC to attract venture capital investment to the province. With respect to return on investment for AEC, some of the goals that the government has for ROI from AEC, every \$1 invested by AEC is currently worth \$1.16. This means the value of investments plus distributions received to date exceeds the capital called for, investments, and management fees. Every \$1 invested by AEC has resulted in more than \$4 of attracted investment back into Alberta companies. AEC venture capital funds have already had 25 profitable exits, resulting in \$39.3 million of distributions to AEC, which will be used for future investments to support more Alberta technology companies. These investments have created global connections to more than 600 investors and venture capital firms and more than 500 portfolio companies. Our business plan has a clear return on investment mandate for the Alberta Enterprise Corporation to leverage \$482 million in 2019-20, \$532 million in 2020-21, \$593 million in 2021-22, and, finally, \$665 million in 2022-23.

Ms Issik: To be clear, the AEC essentially is partnered up with venture capital firms, who then are the ones that identify those start-ups that look promising and that they want to invest in. It's the venture capital firms that are picking the winners and the losers as opposed to your department, correct?

Ms Fir: Absolutely. The private sector, as it always has in Alberta, should be doing the picking, not government.

Ms Issik: Excellent. If we're going to grow our economy through diversification, which will involve innovation, we know one of the key aspects around growing innovation in our province will be the role of our postsecondary institutions. Earlier I noted the members across were sort of having a dance through the line items here, and we've identified that there's \$83 million that is going to flow into the postsecondary institutions. I just wonder if you can talk about what programs Alberta Innovates is funding in the postsecondary institutions and just explain what the role of those programs is.

Ms Fir: Maybe I'll let Maureen speak to that a little bit.

5:50

Ms Lomas: Sure. Thank you for the question. In terms of funding from Alberta Innovates, a significant portion, over \$14 million, goes into various faculties to provide training and educational opportunities in the areas of health and technology. There is also further strategic research, planning, and chair positions that are brought in in the key focus areas based on the technology platforms we're looking at as well as a number of funding programs, anywhere from bench to bedside, on health innovation, particularly over \$5 million of partnered money with Alberta Health Services to look for innovation and research opportunities in the health care system. I'd say that those are our top five programs and then, of course, further funding . . .

The Acting Chair: Thank you again, and thanks to the government caucus members and the minister.

We will now move back over to the Official Opposition for 10 minutes.

Mr. Bilous: Excellent. Thank you, Mr. Chair.

The Acting Chair: Back and forth again, I assume?

Mr. Bilous: Yes, please. I'm going to pick up where the members across the way were talking about the Alberta Enterprise Corporation. I think great questions, absolutely. Minister, I'm curious: if you agree that they are such an excellent organization for attracting venture capital, why haven't you recapitalized them?

Ms Fir: Pardon me?

Mr. Bilous: If you agree that they are an excellent vehicle for attracting investment here into Alberta, I'm curious to know why in your budget you don't recapitalize them.

Ms Fir: Because we inherited a fiscal mess from the previous government, and we had to demonstrate some spending restraint in our budget.

Mr. Bilous: Right. You are aware, Minister, that of their \$175 million, \$75 million was allocated to them by our government, the first time since their fund's inception in 2007, and that the full \$75 million has been allocated. I agree with you that the Alberta Enterprise Corporation is an incredible vehicle who have no more dollars to be attracting new venture capital into Alberta. Your talking points are very good, but the challenge is that unless AEC has some dollars allocated, new dollars – they've already tied up their dollars from the \$175 million, so I'm curious if, then, you'll be advocating for your 2020 budget with your cabinet colleagues to identify new dollars so that AEC can go out and find partners to build funds to then invest in companies.

Ms Fir: We will be looking at options for AEC in the future . . .

Mr. Bilous: Great.

Ms Fir: . . . and more information to come once the decisions are made.

Mr. Bilous: Okay. Excellent. I appreciate that. I wish that there were some funds here. I know Kristina Williams would be thrilled if you had a line item for Alberta Enterprise Corporation. Excellent. Just to clarify, for the most part, with the AEC funds, my understanding is that they're not going into start-ups, that they're going into companies that have been established, so this isn't the vehicle to support those that are just getting going. That was other vehicles through Alberta Innovates in their microvouchers.

I guess that brings me to my next question, to Alberta Innovates. The enhanced innovation vouchers: there was \$28 million in funding that supported 556 completed projects and 890 new projects, a 5 to 1 return on investment, which I'm sure my colleagues across the way will appreciate, and a 28 to 1 return on investment of follow-on funding, which is remarkable. To our friends or through you, Minister, possibly to a representative from Alberta Innovates: will those innovation vouchers continue?

The Acting Chair: It's through the chair, right?

Mr. Bilous: Oh, through the chair to the minister.

The Acting Chair: Don't forget about me.

Mr. Bilous: Apologies, Mr. Chair. Apologies.

Ms Fir: Absolutely. I'll have Maureen comment.

Ms Lomas: Thank you for the question. I can tell you're citing our technology scorecard, with some great statistics. All of those programs are still continuing: the vouchers as well as product demonstration, industry associates, and overall over \$25 million in entrepreneurial and technology investments for that group.

Mr. Bilous: Great. Thank you, and I appreciate that.

Minister, I mean, this is again an example of small pockets of money. These microvouchers are, like, \$10,000 but the difference between a small business prototyping or going to market or not, and they're absolutely critical. Again, the return on investments is absolutely fantastic. Great news. Thank you very much. I appreciate that.

I wanted to ask, Minister. I asked the Minister of Advanced Education about intellectual property in postsecondaries. One of the things that we tried to do was to engage in our postsecondaries with conversations because we want postsecondaries' researchers to be able to commercialize the incredible data and discoveries that they're coming up with. I had heard that one of the areas, one of the bottlenecks, was in some of the postsecondaries' IP policies. The Minister of Advanced Education told me in estimates that he's working on – I'm asking you, Minister – that your government is working on an intellectual property framework, and I'm wondering if you can comment on that at all.

Ms Fir: If it was the Minister of Advanced Education that told you that, then I would direct you back to him.

Mr. Bilous: Right. But I would hope that as the minister of economic development and trade you'll be involved in that framework because this is about helping our researchers

commercialize their discoveries, to start companies and then grow in scale. I mean, this is all about economic development.

Ms Fir: Well, it's a platform commitment, and we'll be working on it.

Mr. Bilous: Okay. Thank you.

Minister, I wanted to ask briefly about artificial intelligence. You're well aware, I'm sure, Minister, that Alberta ranks third in the world when it comes to AI, primarily through our institute of AMII, which has some of the best talent in the world here in Edmonton. The reason that Google DeepMind came out of the U.K. and set up shop in Edmonton, Alberta, is because of those investments in artificial intelligence. I will happily give credit to governments going back 15 years, including ours, that continued to fund AMII and artificial intelligence. Our commitment this spring was \$100 million over five years for artificial intelligence. I'm curious, Minister, if you can highlight for me in the budget what funds your ministry is earmarking to support artificial intelligence.

Ms Fir: We will continue to support artificial intelligence. Early into my ministry I met with AMII, and it's quite impressive, the work that they do. We're taking a deliberate approach to building technology, data, and telecommunication strength, including leadership in artificial intelligence. Over the next four years we will spend over \$34 million on initiatives related to artificial intelligence in groups like AMII, the Alberta Machine Intelligence Institute. We will also be supporting innovative new research in areas like autonomous systems that build on Alberta leadership in this area and also invest in critical cyberinfrastructure that will be needed to bring artificial intelligence technologies to our companies and to our innovators.

In addition to this, Alberta Innovates is committed to advancing data and enabling innovation and digital technology for business, with \$6.5 million in programming and supports to accelerate investments in emerging technology. AMII continues to transition to a stand-alone not-for-profit organization and is providing valuable programs to educate and build skills and nurture machine intelligence talent in Alberta. Under Budget 2019 our government will continue to support key programs such as the innovation affiliates program.

Mr. Bilous: Okay. That's great. Just to clarify or to correct, Minister, there's AMII the institution and then AMII the not-for-profit that is being stood up right now, but AMII the institution at the U of A is continuing in its form.

Now, \$34 million over four years. You know, Minister, I need to flag this, that when you are talking to industry – and I encourage you to continue. We had consulted with a number of venture capitalists, tech entrepreneurs, tech start-ups, the Rainforest group, our innovators, some of our top innovators in Alberta, who had said that you need to seize this opportunity. The rest of the world is investing heavily in artificial intelligence. It does require government to be at the table, so I would strongly urge you, Minister, to look at that \$34 million over four years. I can tell you right now that Alberta will slide from third in the world with that little of an investment.

AI has huge opportunities in health, in energy. In our oil and gas space artificial intelligence is used in pipeline monitoring. It's used in aerospace. It's used in health care. It's used in every – every – sector. So I hope, Minister, that there are opportunities for your 2020 budget to really beef up that number.

I encourage you to look at that report. Again, it was not done by government; it was done by industry for government. I know that you have access to it. It really highlights some of the initiatives

industry was asking for. The city of Calgary really wants an AMII satellite – that was supposed to be in the works; I would encourage you to take a look at that – as well as a tech accelerator, you know, put forward and run by the industry, not by government, a hundred per cent. I encourage you to look at those.

I'm glad to hear that there's some funding, but I can tell you, Minister, that \$34 million over four is not going to keep Alberta competitive and keep the talent here. Guys like Dr. Rich Sutton that are at the U of A daily are offered contracts that are double and triple and larger than that in their size because industry in the rest of the world understands it's talent that attracts talent that attracts the companies.

Ms Fir: And I can tell you that continuing on a spending trajectory on a path to \$100 billion in debt is not going to keep Alberta competitive.

6:00

Mr. Bilous: Yeah. Well, I mean, not investing in AI isn't going to help diversify the economy.

If I could switch now to the ASBIRI program, this is the Alberta small business innovation research initiative pilot. This supports Alberta SMEs to develop new technologies with real-world solutions, real-market solutions, everything from pipeline leak detection to hypertension, ICT technologies, breast cancer diagnostics. These are real, critical projects. I'm curious, Minister, if you can tell me how much the ASBIRI pilot projects will be funded.

The Acting Chair: Sorry, Mr. Bilous.

We'll be moving back over to the government caucus for 10 minutes. I believe Mr. Reid has the microphone.

Mr. Reid: Minister, thank you so much for your time. My thanks to you and your ministry for the hard work that's gone into preparing what's been a very difficult budget. I want to thank you for that and thank you for being here today. I'm going to switch up the theme a little bit. I want to focus on some rural issues that have been raised by my constituents and those of us that have the privilege to serve in rural ridings.

The first place I want to go to is your fiscal plan. On page 99 it states that

Investment strategies will:

Attract large corporate investments that bring economic growth, prosperity and jobs.

I just want to know how you think this strategy will translate into smaller rural communities because I know companies like Google are not going to build in Granum, but we certainly see some opportunities for growth in communities outside of Calgary and Edmonton.

Ms Fir: Sorry. Can you repeat the question?

Mr. Reid: Sure. Just in terms of the plan to bring in large capital investment, what's the plan to be able to make sure that smaller rural communities like those in Livingstone-Macleod also benefit from these types of investments in Alberta?

Ms Fir: By reducing red tape burdens on businesses and industries, we can greatly improve business conditions so our economy can once again thrive. Our department works closely with businesses across the economy through its industry advocacy, tourism, investment attraction work to gather input from stakeholders. We're co-ordinating the eight formal red tape reduction industry panels chaired by Associate Minister Hunter. The panels are designed as a confidential sounding board to gather input and test potential red

tape reduction options with industry leaders. Just again to share, the eight sectors are oil and gas; tourism and hospitality; manufacturing; forestry; small business; agriculture, agrifood, and bioindustrial; construction; and nonprofit. EDTT is also working on its baseline count of regulatory burden against which future progress will be measured.

Mr. Reid: Thank you. That kind of leads into my next question. Even though I don't see Google going into Granum, I do have three major international companies that are looking at development in the Crowsnest Pass. The projections from those companies are about 2,200 direct jobs and a spinoff of 4 to 1 indirect jobs. The one player has been facing red tape for seven years. They've continued to invest in the community and hold on. Specifically, in terms of page 42 of your business plan you state that there will be a focus on removing policy and red tape that hinders business growth. Can you tell me what some of those priorities are for your ministry in terms of that red tape reduction that would help these businesses get shovels in the ground faster and get Albertans back to work?

Ms Fir: With the red tape reduction we have the cut red tape site, which the associate minister, Grant Hunter, has developed, and we're working on reviewing the submissions that are coming in from small and large sectors, urban and rural. We're seeking feedback from the actual businesses and communities in terms of how we can improve the situation for businesses.

Mr. Reid: Thank you.

The last question that I have is again related specifically to Livingstone-Macleod and to tourism. I'm fortunate to live in one of the most beautiful ridings in our province that is really a gateway to Alberta for many people who visit the province, whether it's from the States or from British Columbia. On page 45 of your business plan you state the intention "to grow tourism spending in Alberta to \$20 billion by 2030." My question is: how are you planning on engaging stakeholders in gateway communities like the Crowsnest Pass, Pincher Creek, and Waterton and ensure their input is given to take advantage of these potential opportunities?

Ms Fir: We're going to be developing a 10-year tourism strategy through Travel Alberta, which we're really excited about, which will engage stakeholders and communities across the province, including in Livingstone-Macleod, Drumheller and the badlands, and many others. There's tremendous potential for our tourism sector, and we intend to embrace it. This government recognizes the value and the importance of tourism as an economic driver. That's why tourism was added to the ministry of economic development and trade, because we know how important it is. That's why in our mandate we have the ambitious and exciting goal of doubling tourism spending by 2030.

I was just recently at the Travel Alberta Industry Conference in Banff, and the excitement with all of the tourism operators and providers there about the goal – I was able to sit in on various roundtables where small and big tourism operators were talking about some of the input and ideas that they have to double tourism spending. What was most exciting was to hear the collaborative approach amongst the different areas. They recognize it's not about Banff competing against Jasper or the badlands competing against Lethbridge. When they work together, Alberta prospers, and that genuine, collaborative approach is so exciting.

I can't wait to see the 10-year tourism strategy that we roll out in late spring, early summer of next year. We've directed Travel Alberta to provide us with a draft of this strategy in 2020. The 10-year tourism strategy will seek to better allocate resources to support and grow Alberta's tourism industry and facilitate more

private-sector funding and public-private partnerships to support Travel Alberta's marketing and promotional campaigns.

What we know as our government is that you don't have to spend more to get more. There are so many things that we can do to improve tourism that don't involve government money. It's working with the airline companies in support of them having more flights into Alberta. Take WestJet as an example, the exciting direct flights that they have coming into Alberta from Rome and Paris and Dublin. Working with increasing public land leases: we've worked with Environment and Parks to increase that to 60 years. It's about working with private-sector operators and getting their input and getting feedback from communities and operators.

We also have a newly formed Tourism Industry Association of Alberta, which will have representatives from across the province. It's recognizing the value, that Alberta is so much more than just skiing in the mountains, which – don't get me wrong; that's extraordinary. We'll always be known for that. But there are so many other opportunities that we can encourage and continue to support such as the badlands and some of the smaller, more unique-style tourism experiences. Indigenous tourism: we're excited about that moving forward. So many possibilities going into the 10-year tourism strategy.

Mr. Reid: I appreciate hearing that. I have a constituency full of people who are very proud of where we live and would love to share what we've got. I'm glad they'll be a part of that.

I'm going to cede the rest of my time to Mr. Stephan.

Mr. Stephan: Thanks, Mr. Chair. Thank you, Minister Fir. I just want to talk a little bit about tax credits. It's been instructive actually sitting and hearing the dialogue from members on both sides. One thing that I find a little bit ironic as we've been discussing this is that I'm encouraged by the members opposite who have become a champion of industry as it relates to tax credits. I hope that in other matters as well they'll be supportive of private industry because without private industry there is no money to pay for government and the services that we enjoy.

On the tax credit decision, it's a tricky one, Minister, and I appreciate the fact that you've had to wrestle with it. One of the challenges when you're dealing with a tax credit is that, like any government expenditure, it involves you making a choice to, in this case, take away from businesses that are paying tax, that are profitable. As well, to the extent that we do grant a credit, it unfortunately reduces our capacity to provide services. There is that sort of difficult balance to meet.

6:10

You know, the members opposite have also cited in terms of some of the investments that were made under that program. I know from my experience that tax credits ultimately don't result in the business decision to make or not make an investment. The commercial merits of an investment make that decision. But here's a question that I have. Assume you have a tech company in another province that has become profitable because their business works, and they are generating profits. And let's say that they're mobile. Will there be incentives for them to locate and grow their business in Alberta if, you know, under our objective we are the most competitive jurisdiction?

Ms Fir: Well, if I could just respond initially with a couple of other quotes on some of the . . .

The Acting Chair: Unfortunately, we might have to wait for that answer, Minister.

We'll be moving over to the Official Opposition for another 10-minute block. Mr. Shepherd, please go ahead.

Mr. Shepherd: Thank you very much, Mr. Chair, and through you, thank you very much to the minister. I appreciate the opportunity to have a chance to chat with you a little bit. My colleagues have had the chance to touch on a number of things, and I've just got a couple of things that I'd like to talk with you about.

I'd like to begin with the SRED, the scientific research and experimental development tax credit, which you, in this budget and in legislation that's currently before the House, are choosing to end. I was just wondering, Minister: did the recommendation to end that tax credit come to you through your ministry?

Ms Fir: It's through Treasury Board and Finance.

Mr. Shepherd: The Ministry of Treasury Board and Finance recommended to you . . .

Ms Fir: Sorry. SRED is through Treasury Board and Finance. It's not through EDTT.

Mr. Shepherd: Okay.

The Acting Chair: Okay. Thank you. If we could kind of stick to the – we've got the business plan, the fiscal plan for this.

Mr. Shepherd: Absolutely. Well, what I will say is that, certainly, incenting business here in the province of Alberta is part of the business plan and the discussion here with this minister and, indeed, part of the fiscal plan that's laid out, in the intentions to raise jobs and the economy here in the province of Alberta.

Now, in regard to the other tax credits, then, Minister, were the capital investment tax credit, the Alberta investment tax credit, the interactive digital media tax credit brought forward to you by your department as suggestions for where you could make cuts?

Ms Fir: As I've said before, the decisions we made in terms of moving forward were: what were the best overall macroeconomic conditions that we could set for Alberta businesses to thrive? The tax credits were boutique-style credits that were application based and administratively heavy. As I've said, the AITC benefited 150 companies . . .

Mr. Shepherd: Okay. I understand.

Ms Fir: If I could just finish . . .

Mr. Shepherd: So in your view, Minister, these credits were too specifically focused. You wanted to focus simply only on credits that would benefit the larger economy and all businesses is what I'm hearing you say.

Ms Fir: Incorrect. We wanted to focus on decisions that would benefit the maximum number of businesses possible in Alberta.

Mr. Shepherd: Okay. I understand. Thank you, Minister. I appreciate your clarification on that.

Within your ministry, then, you are not making any decisions to try to support any particular industries given that each industry, say, whether that's tourism, whether that's tech, whether that's folks that are working in value-added in the food sector – none of them have any specific needs or assistance. Your ministry is simply about the broader, high-level macroeconomics.

Ms Fir: What is your specific question?

Mr. Shepherd: I'm asking, Minister, if in your consideration, in the decisions you're making, you are only looking at the highest level macroeconomics.

Ms Fir: Incorrect. We're looking at creating the best overall economic conditions, and a huge part of that will be our investment attraction and growth strategy, which will seek input from stakeholders.

Mr. Shepherd: My concern, Minister, I guess, is that in making that approach, in making that decision, the fact is simply that all sectors are not the same and the needs of all sectors are not the same and the sorts of macroeconomic decisions you are making do not benefit all sectors.

For example, the A100, which is a group of expert investors here in the province of Alberta who have been working within the tech industry for some time, have put out their thoughts on what the tech industry in Alberta needs to thrive. They stated clearly that tech companies require large up-front investment, high risk for the potential of high future return. As a result, they technically aren't profitable at the outset, so a low corporate tax rate has minimal impact. Investment tax credits are a more powerful tool to spur growth. In addition, tech companies require access to smart capital, typically capital from sophisticated, experienced investors such as the individuals involved with the A100. You disagree with these investors in the tech sector as to what is needed for the tech sector.

Ms Fir: Going back to your previous point, we are introducing things that benefit all companies, all sectors, all business sizes such as reducing red tape, such as cutting the carbon tax. All sectors and industries benefit from that.

Mr. Shepherd: I can tell you the conversations I've had with the tech sector in my constituency. I can tell you, Minister, that the tech sector is a significant one here in my constituency. It is home to AMII. It is home to TEC Edmonton, to Startup Edmonton, to a large number of start-up companies who are helping to build and diversify the economy here in the province of Alberta. Some rapidly rising companies like Jobber and Mover are located here in my constituency. None of them have come to me and said: what we really needed was a break on the carbon tax.

Ms Fir: And I'm sure no business . . .

Mr. Shepherd: Not a single one has come to me and asked for a break in the corporate tax.

Ms Fir: As I'm sure no businesses came to your government and asked for a carbon tax and driving business out of the province . . .

Mr. Shepherd: What they have consistently come forward and asked for are supports like we have discussed here earlier today . . .

The Acting Chair: Members, through the chair, please.

Mr. Shepherd: Yes. Through you, Mr. Chair, what I have heard directly from industry in multiple conversations with individuals at all levels, including investors, including people that work with the Alberta Enterprise Corporation, including people who work at all levels of the start-up industry, including entrepreneurs on the front lines and entrepreneurs who are working throughout at different levels of investment, is that what they need is assistance to allow small companies that are just getting started, that do not benefit from a corporate tax break or even from a lot of these things that you're bringing forward in terms of red tape reduction because they are still in the process of getting started – what they need is early

investment capital. The challenge is that if all we are interested in is large investors who are looking to invest in successful, already profitable corporations, we are never going to help to grow the kinds of businesses that are going to drive jobs here in Alberta, that are created in Alberta, not just simply brought in and planted from another jurisdiction half-grown already.

Minister, I think of James Keirstead, who I've had the chance to have lunch with, many conversations with. He's the president and CEO of Levven Electronics. Through you, Mr. Chair. He said: "The changes you're making are going back to the old way of doing things as opposed to targeted programs that drive diversification. A broad-based tax decrease doesn't help drive the economy. It's really near-sighted. I can't believe I'm saying this, but I kind of agree more with the way the NDP were doing things, and I'm a staunch Conservative."

Now, through you, Mr. Chair, I can appreciate that the minister may not wish to drive investment in or support this level of industry, that she may prefer to simply drive investment in, as I said, large-scale companies, to draw that investment from outside the province. But it seems very clear to me, indeed from the history of our oil and gas industry, which I would remind all members at one point was itself picked as a winner, that it did not start because outside investment came in and saw that as profitable. It started because government made the investment in the initial research, which got it to a point where outside investment began to consider it to be profitable.

Through you, Mr. Chair, to this minister, do you have any intent to consider the kinds of supports that industry is asking for, for seed and early-stage companies, to help drive angel investment in technology companies in the province of Alberta that is not attracted or driven by your corporate tax cut?

Ms Fir: Our investment and growth strategy will focus on five sectors for attracting investment: energy, agriculture, tech and telecom, financial services, aviation and aerospace. When we want to talk about, you know, diversifying and various companies, let's use an example of how focused the Alberta economy was in, say, the '80s on oil and gas versus how diversified it is now. We don't need government bureaucracy and programs and tax credits to diversify the province. That happens organically through the private sector as demonstrated . . .

Mr. Shepherd: So, Minister, you're saying that you feel there is no need to support any level of the tech industry with anything other than a corporate tax cut, which they have clearly said . . .

Ms Fir: . . . by how much more diversified we are now versus the 1980s, and that happened without government programs.

Mr. Shepherd: Through the chair, to the minister, what I'm hearing being said . . .

The Acting Chair: If we could please allow the minister to finish her answer, that'd be appreciated.

Are you finished, Minister?

6:20

Ms Fir: Yeah. Thank you. Diversification and supports of various industries and sectors have happened organically. The private sector drives that, and that's evidenced if we look at Alberta's economy now versus 10 years, versus 20 years ago. Again, our investment in growth strategy will focus on attracting investment in various sectors, one of which is tech and telecom.

Mr. Shepherd: Thank you, Minister. I appreciate your answer to that question.

What measurements are you going to be using to track precisely how the corporate tax credit creates jobs? I can tell you exactly how much investment we brought in under the Alberta investor tax credit: \$94 million, including \$72 million in the city of Calgary. We can count precisely how many jobs were created through the interactive digital media tax credit. With the corporate tax credit how do you intend to demonstrate that it's in fact that particular decision of your government that is driving investment or creating jobs?

The Acting Chair: Sorry to interrupt.

We will move on to the government caucus for their 10-minute block. Go ahead, Mr. Stephan.

Mr. Stephan: Thank you, Mr. Chair. I'm going to talk a little bit more about tax credits. We seem to be spending a bit of time on that, and I happen to like this topic. I might just mention that, you know, we've kind of talked about industry and business owners, and what I can honestly say practising as a tax lawyer in central Alberta is that I can't recall meeting a single business owner that thought that the NDP was doing a good job. Now, I expect that there were some somewhere out there. But, honestly, in my experience I, unfortunately, didn't meet anyone, but I expect there are.

I just want to talk about how, you know, there seems to be a desire to defend the status quo. Again, earlier on I talked about the policy choices of the prior government. They had a choice where there was high tax, and then they inserted some boutique credits. We saw that we had lost tens of thousands of private-sector jobs. We are making a different decision to have a low-tax jurisdiction with low credits.

Now, I expect the fact that we lowered the tax rate – I know from my friends across the table here that they're quite upset about that. I find it interesting that they are also arguing yet for more, you know, stimulus for businesses when they generally view assistance or business competitiveness as more of a zero-sum game where you have dollars for tax competitiveness. They feel that that is somehow detracting from other areas.

But I guess the challenge that I have is that the tax credit system that they are arguing for us to retain was fundamentally flawed, and I'm just going to read – and I'd be interested in your comments about this – a few quotes from an article written by Moodys Gartner, which is one of the top tax law firms in the country. The title of this article is New Alberta Investment Tax Credits – Great for Business or Bureaucrats? I won't spend as much time because I know it's short. Most of the article is devoted to the fact that the Alberta investor tax credit was very heavy on the red tape side of things. I see in objective 1.2 that our government is focused on reducing red tape.

What the Moodys Gartner – I'm just going to kind of read their conclusions because, again, time is of the essence here, but as it relates to the Alberta investor tax credit, it says that there is heavy bureaucratic involvement in the process, government discretion to [fund] or not, government selection of eligible businesses and industries, and [a] short sunset of the program. All of these issues lead to a program that is unlikely to attract . . . new business to Alberta.

As it relates to the CITC, it says that

the CITC program is fraught with bureaucracy, is short term in nature, is not refundable . . . is overly prescriptive and full of unnecessary reporting steps.

And then to kind of summarize the article, it says:

The real winners under these two tax credit programs appear to be the government employees who will be hired to administer the programs . . . The AITC and CITC programs . . .

I hope the members are listening.

. . . developed by the Alberta government are a textbook example of the creation of a program that is overly bureaucratic, ridiculously uncertain . . . and condescending. Apparently the Alberta government . . .

The Acting Chair: Mr. Stephan, I hate to break in, but this isn't a monologue. It's actually a back-and-forth with the minister. You're only given five minutes, and you've used that time up, so I'll ask for a response from the minister if we could.

Ms Fir: I'd like to share some other important quotes around these tax credit programs. One quote: ironically, it seems downtown is still attracting investment in tech start-ups; a lot of the private investment is going ahead regardless of what's happening at the provincial government level, and I think that's going to continue to be the case. That was Chris Buyze, president of the Downtown Edmonton Community League. Another one: "It is unlikely that a new technology company will decide to start up in Alberta as a result of this credit." That's from the Canadian Tax Foundation, *Tax for the Owner-Manager*, volume 17, number 5, January 2017.

I just would like to talk a little bit more about some of the red tape that surrounded the AITC. The AITC had substantial eligibility requirements, with over a dozen criteria ranging from being limited to certain sectors and having fewer than 100 employees and others. It also had an extensive process just to be eligible for the credit. The process required contact with government officials on at least four different occasions, and ultimately the ministry had a veto over the credit even if the applicant met all of the requirements. They didn't get the job done.

Werner Biegler, president of the Alberta Council of Technologies, said of them that the tax incentives didn't draw the much-needed hundreds of millions of dollars from noninvestors becoming investors, so in that sense it didn't move the needle considerably at all. And Sandi Gilbert, founder and CEO of SeedUps Canada, said that the government started off on a bad foot; they came out with some really bad rules and regulations in the beginning, so people got a bad feel for the program.

Mr. Stephan: Minister, you said something that I'd like to ask a follow-up question on, and that is one of the most troubling actual aspects of these tax credit programs administered by the NDP. They actually had the subjective discretion to decide whether or not they were going to grant the credit to a business. And one of the things that Moodys Gartner identified: "any technology [program or] company that might not share the same views on public policy as the reigning government could be disqualified."

As it relates to the 8 per cent corporate tax cut, will this government have discretion? Would it deny the reduced tax rate to any business? You know, say a business totally agreed with the NDP ideology and they were actually successful and profitable: would this government deny them the corporate rate deduction that we're moving towards 8 per cent on?

Ms Fir: The job creation tax cut is nonpartisan.

Mr. Stephan: All right. I appreciate that.
I'm not sure how much time I . . .

The Acting Chair: You've got 50 seconds left, sir.

Mr. Stephan: All right.

Well, maybe I'll just close. Minister, I really appreciate your time today. And again, I think that in your ministry business plan all of the discussion and all of the initiatives really feed back into beginning with the end in mind, which is in 1.1, which is working within government to drive innovation and job creation by making Alberta the most attractive jurisdiction to start and grow a business. I appreciate the good work that you've made, Minister, as well as other members and ministers in this government, with that goal in support of the public interest.

The Acting Chair: I'm so sorry, and I apologize for the interruption, but I must advise the committee that the time allotted for this item of business has concluded.

I would like to remind committee members that we are scheduled to meet next on Thursday, November 7, 2019, at 8:30 a.m. – that's tomorrow morning – to consider the estimates of Executive Council.

Thank you, everyone, for your participation. This meeting is adjourned.

[The committee adjourned at 6:30 p.m.]

