



Legislative Assembly of Alberta

The 30th Legislature
Third Session

Standing Committee
on
Alberta's Economic Future

Ministry of Jobs, Economy and Innovation
Consideration of Main Estimates

Wednesday, March 9, 2022
3:30 p.m.

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The 30th Legislature
Third Session**

Standing Committee on Alberta's Economic Future

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Standing Committee on Alberta's Economic Future

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Ministry of Jobs, Economy and Innovation

Hon. Doug Schweitzer, Minister

Jennifer Jabs, Assistant Deputy Minister, Stakeholder Relations

Kate White, Deputy Minister

3:30 p.m.

Wednesday, March 9, 2022

[Mr. Neudorf in the chair]

**Ministry of Jobs, Economy and Innovation
Consideration of Main Estimates**

The Chair: Good afternoon. I would like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Jobs, Economy and Innovation for the fiscal year ending March 31, 2023.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, please introduce the officials who are joining you at the table when we get there. My name is Nathan Neudorf. I'm the MLA for Lethbridge-East and the chair of this committee. We will be starting to my right.

Ms Rosin: Thank you, Chair. Miranda Rosin, MLA for Banff-Kananaskis.

Mr. van Dijken: Glenn van Dijken, MLA for Athabasca-Barrhead-Westlock.

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

Ms Armstrong-Homeniuk: Jackie Armstrong-Homeniuk, Fort Saskatchewan-Vegreville.

Mr. Walker: Jordan Walker, Sherwood Park.

Mr. Schweitzer: Doug Schweitzer, Minister of Jobs, Economy and Innovation. We have Paul LeBane, our ADM. We have Sonya Johnston – I was just shown her title – SFO. We've got Kate White, our deputy minister. We've got Jennifer Jabs, ADM. We've got Chris Shandro, another ADM. And the rest of the team I introduced earlier today. I don't think there's anybody new. There's our ministerial office as well, Jonah Mozeson and Tricia from our team.

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

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

Ms Sweet: Good afternoon. Heather Sweet, MLA for Edmonton-Manning.

Ms Goehring: Good afternoon. Nicole Goehring, MLA for Edmonton-Castle Downs.

The Chair: Thank you very much.

Now we'll go to the members participating remotely. When I call your name, please introduce yourself for the record. Mrs. Aheer.

Mrs. Aheer: Hello. Leela Sharon Aheer, Chestermere-Strathmore. Good afternoon.

The Chair: I'd like to note that there are no substitutions for the record.

A few housekeeping items to address before we turn to the business at hand. Please note that microphones are operated by *Hansard* staff. Committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Members participating remotely are

encouraged to have your camera on while speaking and your microphone muted when not speaking.

Remote participants who wish to be placed on the speakers list are asked to e-mail or send a message in the group chat to the committee clerk, and members in the room are asked to please signal the chair. Please set your cellphones and other devices to silent for the duration of the meeting.

Speaking rotation and time limits. Hon. members, the standing orders set out the process for consideration of the main estimates. A total of six hours have been scheduled for consideration of the estimates for the Ministry of Jobs, Economy and Innovation. For the record I would note that the Standing Committee on Alberta's Economic Future has already completed three hours of debate in this respect. As we enter our fourth hour of debate, I'll remind everyone that the speaking rotation for these meetings is provided for under Standing Order 59.01(6), and we are now at the point in the rotation where speaking times are limited to a maximum of five minutes for both the member and the ministry. These speaking times may be combined for a maximum of 10 minutes. Please remember to advise the chair at the beginning of your rotation if you wish to combine your time with the minister's. One final note: please remember that the discussion should flow through the chair at all times regardless of whether or not speaking times are combined. If members have any questions regarding speaking times or the rotation, please feel free to send an e-mail or message to the committee clerk about the process.

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. We need unanimous consent, so I will only ask one question: does anyone oppose having a five-minute break? Hearing none, we will schedule that in.

When adjourned on March 9, 2022, we were nine minutes into the exchange between Member Armstrong-Homeniuk and the minister, with the minister speaking. I will now invite the minister to complete the remaining time in this rotation.

Minister, you have one minute and 10 seconds.

Mr. Schweitzer: Thank you so much, Mr. Chair, and thank you so much to everybody. I really appreciate the opportunity to talk about our ministry and our budget here for six hours today. This is actually – my team thinks it's a little bit off, but I think that this is, like, the best day of the year because we get to talk about all the stuff that we've been working on, and we're proud of the work that we've done here in our department.

The last question we had here: pressure reaction tower system. This is the last question that we had from MLA Armstrong-Homeniuk. The pressure reaction tower system is a Canadian-designed system that brings benefits to the province in terms of processing agricultural fibre into higher value products and increasing opportunities for companies looking to capitalize on the growth and interest in these agricultural fibres. Now, on that front there, this is an investment to make sure that we can connect this in. They bought this equipment in previous years. Now this allows them to hook it up and make it operational to continue the research and development in this area. This has applications in agriculture, has potential applications in forestry, and again it goes to the overall strategy we mentioned in the first half of today around opportunities to diversify through Alberta Innovates and the research and development work that's being done there.

I think I'm probably at five seconds.

The Chair: Thank you very much.

Just for a reminder, we will continue the same rotation, moving to the Official Opposition, followed by an independent member,

and then to the government members, and we will continue that cycle throughout the afternoon.

I invite MLA Bilous to begin his five-minute section.

Mr. Bilous: Great. Thank you, Mr. Chair. Welcome back, Minister and to your staff. In this first five-minute block, if I can get through everything, I want to talk about Invest Alberta and our trade offices. Now, I should say at the outset – and I know I said this last year – that the move to create Invest Alberta as a spun-out Crown corp is a decision that I agree with. I think that was the right move. But now that it's been a little over a year, I'm going to raise some of the questions I have. Then, to be honest, Minister, there are some concerns that I have that I'm hearing from some folks, either those that are former staff of Invest Alberta or those that have dealt with Invest Alberta. Hopefully, you can shed some light on this.

Now, in this current budget FTEs are more than doubled, from 20 up to 50 staff. I'm curious to know if we can get a breakdown of where the increases are going. What are the jobs? What percentage of the total spending from this budget is on salaries? What proportion of the budget is for administration in general? What's the pay structure going to be when it's fully staffed?

I've heard anecdotally that staff turnover over at Invest Alberta has been incredibly high, in fact concerningly high; 90 per cent of staff have turned over in that entity. Hopefully, you can shed some light on that. How many of those are employees that have left voluntarily? I'm curious to know about the hiring process. I believe another MLA asked about that.

We'll talk a little bit as well – key objective 2.2 states: “promote Alberta as a prime investment location, engaging companies to grow in the province, including through Invest Alberta Corporation.” Are there any KPIs or other measures at Invest Alberta to make sure that we're doing this as effectively as possible? Are there projected outcomes for this fiscal year? How much investment do we get for every tax dollar invested?

I will jump over to: Invest Alberta is also in charge of our international trade offices. Now, this pains me most because I know our international office network has been gutted. There are no two ways around that. Singapore has shut down. Offices that had numerous staff are a fraction of their former selves. Hong Kong has two. Guangzhou has one. India has one. Of course, as I mentioned, Singapore no longer exists even though it serves a market of 600 million people. That's concerning for me.

I know that in the previous year, Minister, you talked about how we're switching from boots on the ground with brick-and-mortar offices to more of a consultation service. Other provinces have done that model. Other provinces, I would argue, have not been as effective using that model, that there's a real advantage. The challenge, quite frankly, is that, you know, attracting investment is important, I would argue, as is supporting Alberta companies to access new international markets. That's a critical role that our international office network used to play. I'm not sure if you can give me a breakdown of the current staffing levels and the staffing levels for the last three fiscal years. If you could lay out if the offices are doing – well, how their work has shifted and what's changed. If you can talk about their performance.

Again, I'll get into some of the other questions. As far as Invest Alberta, there were questions this morning from MLA Loewen around a \$750,000 spending to Alpine Canada. Now, I appreciate that the first year of that spend is backward looking and belongs in PAC. There are two more years of commitment that have not been paid out. One is in this current budget for \$250,000, and the third is in next year's budget, so very much in line with estimates. I'm curious to know what analysis was done, how this \$750,000 commitment was made. I'd like to know if there's a cost-benefit

analysis. How did the sponsorship assist with investment attraction? You know, hosting an event for 40 people is lovely, but if it's not actually resulting in investment, then I would argue and taxpayers would argue: was it worth spending that much money? And \$750,000 is also a substantive sum of money for any one organization to be sponsored. Again, I appreciate that this is the Crown corp that made the decision, but again they do report to you, Minister, as a Crown corp. I'm hoping that you'll have those answers at your fingertips.

I'd also like to ask: when will Invest Alberta be listed under the schedules of the FOIP Act? They currently are not entitled or allowed to be FOIPed. FOIP, of course, serves as a way for transparency and accountability to the public, which I believe that Alberta taxpayers deserve to know.

The Chair: Thank you very much.

We will go to the minister for his five-minute block to respond.

Mr. Schweitzer: Thank you, Mr. Chair, and I appreciate the line of questioning and the interest in the international offices and the team at Invest Alberta and the great work that they are doing. I, first, should start off that many of the questions that were asked there either are not relevant to the budget process and estimates or are properly dealt with through Public Accounts. I'll deal with the ones that are relevant to our discussion here today, and I'd refer the member to Public Accounts for the other questions that they may have going forward.

3:40

Obviously, this is a budget process. This is a Crown corporation that's independent, has its board of directors. They establish their business plan. They submit their business plan to our ministry to approve. They are subject to the Auditor General for review of their expenses. We have many Crown corporations that put forward advertising strategies. We have ATB, that's a regular sponsor of many endeavours here in Alberta, working with sponsors on many different projects. Invest Alberta is no different than ATB Financial and its efforts there to help market and try and build out its strategic plan to fulfill its mandate on behalf of Albertans. I'd just leave it there on that.

As it relates to staff, we met with the incoming CEO, Rick Christiaanse, when he first took the position as CEO, and they made a request to expand their FTE count to 50 to allow them to fulfill their mandate. They have that capacity within their budget. They're working with their board of directors on their strategic plan. They've submitted their business plan to our ministry, as is the proper course for a Crown corporation to do. As far as turnover goes, I'll refer you again to Public Accounts, like I mentioned earlier on.

New organization. Obviously, we had our initial CEO, and we've replaced that CEO with Rick Christiaanse, here now in the office, doing an excellent job building out Invest Alberta and attracting numerous investments to our province. I mean, I could go on with a pretty substantive list here of the investments that have been brought in from Mphasis, Infosys. You've got RBC. You've got Ernst & Young. You have many more that, actually, you're going to see here in the next few months in leveraging the investment and growth fund, from GoodLeaf to many others that you're going to see where Invest Alberta was a material part of the strategy and the efforts to bring them in.

As it relates to the international offices, the initial strategy, when we put this forward, was to have all the international offices and all of their functions go to Invest Alberta, obviously a new endeavour, a new Crown corporation, and I appreciate your support for it. One of the things that we recognized, though, was that Invest Alberta's

mandate was very specific, investment attraction, and had a trade function as well.

That being said, there are many other pieces to our efforts internationally. We want to make sure that we attract students to our postsecondaries. We want to make sure that part of our labour strategy is attracting immigrants to Alberta. We want to make sure as well that there's an advocacy piece. We had James Rajotte in Washington, DC. We noticed that there were certain advocacy pieces that were needed in the United States, so we worked there on establishing new offices in Denver, Chicago, Seattle. We're in the process now of getting those up and off the ground.

That being said, Invest Alberta is still moving forward. You would have seen this week down in Texas that they established a new relationship with the Chamber in the state of Texas. They did a new relationship with a group called Maple in New York. Expect more announcements of that line when it comes to service contracts to help them with sourcing prospects and bringing investment into the province of Alberta.

You also mentioned some of our international offices. Invest Alberta, I believe, is still working on its strategy to get the Singapore office up and running. That being said, with current shifts in the geopolitical landscape internationally, Invest Alberta has done an analysis of: where are the deals and investment coming to Alberta from? The thing that confirms my initial hunch – this comes from my background in business and corporate law – is that the vast majority of deal flow comes from within Canada and the United States. The focus of Invest Alberta: you hunt where the activity is, and you want to make sure you do that. So they're going to be focusing a lot of their efforts on making sure that we're getting those prospects and that potential investment deal flow here in Canada, with an effort into Toronto as well as into the United States. You've got to hunt where the activity is, and that's where Invest Alberta is going to be putting more and more of its time.

Invest Alberta did an analysis, and they looked at where the offices are. We're not seeing material deal flow particularly out of the offices that are located in China. We will be scaling those back. It's just that the deal flow just does not exist. We're looking at reprioritizing, and you're going to continue to see more and more of an effort to engage in the United States going forward.

I'm going to check here to see if I have any other questions to answer. I'll just double-check. No. I don't think we have anything further to cover.

The Chair: All right. MLA Barnes, you have five minutes for your questions.

Mr. Barnes: Okay. Thank you, Mr. Chair, and thank you to the minister and to your entire staff for all the work you do for us and for Albertans. It's appreciated. I would like to start on page 71, key objective 1.4, removing barriers and supporting growth. You made a comment this morning describing the film industry as low-hanging fruit. Well, I'm glad to see us capture these easy opportunities, Minister, but we're three years in now, and I know Albertans would like to see us go after the fruit at the centre of the tree.

I read an article this morning about the trans-Canada Keystone pipeline system, and two things were of interest. First of all, the former CEO said that because of the regulatory burden in Alberta, in Canada an increase of 500,000 barrels a day of production to help the situation in Ukraine and Europe would take a minimum of five years and for that reason it's not going to be pursued. With the volatility of interest rates and pipelines and resource movement it makes sense.

TC Energy also said on Tuesday that its Keystone XL pipeline project to carry Canadian oil to U.S. refineries will not be revived,

even as politicians on both sides of the border call for its resurrection to help replace these Russian oil inputs to North America and help our friends in Ukraine. A TC Energy spokesman said in the e-mail that the Keystone XL pipeline project was terminated and will not proceed. This would have carried 830,000 barrels per day of Canadian crude from Alberta to U.S. refineries. It ran into years of regulatory delays and fierce environmental opposition before being scrapped. Again, the TC Energy spokesperson's and the former chairperson's words were: years of regulatory delays.

Really, the question is, Minister: what is your ministry doing to reduce red tape, to create jobs, and to end these years-long, multiple years of regulatory burdens? Again, you're three years into the UCP government now, and here's an opportunity that we cannot capitalize on for the benefit of Alberta businesses and Alberta social programs and public programs and those kinds of things. I'm wondering why in three years your department hasn't maybe worked tighter with red tape reduction and caused some of this to happen and done something about the regulatory burden. I very much appreciate the chance to hear about that.

Now, I'm also a traditional fiscal conservative, and I believe the solution to poor job numbers is a reduction in broad-based taxes and slashing regulations. I do wonder how much time and energy you've spent looking into and advocating for conservative solutions that don't involve corporate welfare, broad-based solutions that don't pass the tax burden back to existing companies or new companies, instead of picking winners and losers in the market that do not involve corporate welfare.

I was listening to a Freakonomics podcast, a very interesting podcast out of America about Dallas, Texas. Texas, because they have reduced the red tape and burden around land development and homebuilding for first-time homebuyers, because they have no state or local income taxes, has become the fastest growing jurisdiction in America. Dallas is about to pass Chicago as the third-biggest metro area in America. What was even more amazing is that the smaller centres, the smaller communities around Dallas are growing even faster, are growing even more, you know, because of the adherence to low competitive taxes and affordable housing. I'd like to hear your thoughts on that.

Of course, the difference is that in Alberta before the pandemic, during the pandemic, and now after the pandemic, especially our two big cities – Calgary and Edmonton are Canadian leaders in high unemployment rates. We are facing a huge difference compared to other jurisdictions. Again, we entered the pandemic with high unemployment rates, we lasted the pandemic with high unemployment rates, and we're still living with high unemployment rates.

I'd like to hear your thoughts on a more conservative fiscal approach and a broad approach to actually reducing more taxes, particularly the 2 per cent small-business tax.

The Chair: Thank you.

Minister to respond for five minutes.

Mr. Schweitzer: Thank you, Mr. Chair. You know, many of the questions that the member asked, particularly around red tape and the approval of pipelines and energy projects, might be more appropriate for other ministries. But I'll gladly dive into as many of these topics as are relevant to our ministry and the discussion here today about the budget that we've put forward.

I'll start, first, with your observations and questions around the state of Texas because that is actually where we started when we started our initial recovery plan strategy, for taking a look at: how do we diversify Alberta's economy, build on our foundation that we have? You know, you have a strong energy industry, you have a

strong agricultural history in the state of Texas. Texas is one of the most diversified economies in the U.S.

3:50

I share your kind of determination for a low-tax environment. That's one of the reasons why we accelerated the job-creation tax cut, to bring our corporate tax rate down to 8 per cent. I know you campaigned on the same topic of that as myself.

When it comes to red tape, as well, our ministry with Alberta Innovates was our largest ministry for areas that had applications and forms. We're one of the top performers in government when it comes to reducing red tape. Our goal, as you know, is to reduce it by one-third, and we're well on our way to hit that metric in our department, to make sure that our services are as present and immediate as possible to meet the needs of the people that access them.

The other thing that we noticed about the state of Texas: we did our homework on a thing called the Texas enterprise fund. This is the site competition fund that they have in the state of Texas, that they use as that deal-closing fund. That's one of the reasons why we did our homework on it and we created the investment and growth fund for the province of Alberta. I know you're an advocate, you know, kind of for pure tax relief as the only answer: this is the answer and what we need to do. I know you're a big advocate for that. I've heard your questions in question period.

One of the things that we want to do, though, is that the way that business is done right now internationally is that there are so many jurisdictions that try and say, "Hey, look, come to our jurisdiction. We're going to give you this large cheque." What we found is that Alberta is highly competitive. We have no payroll taxes. We have low corporate taxes. Property taxes are lower here than in other jurisdictions. We have this built-in competitive advantage. But when these investors were going back to their decision-making boards, saying, "Look, how do we make a decision on what jurisdiction to go to with?" one of the questions that continually came back was: "Well, is the province going to be there? These other 10 jurisdictions say that they're going to provide us with an incentive."

What was kind of that lowest little bit that gets the deal done, that brings those investments into Alberta? That's what we've done here with a very modest, you know, \$10 million investment and growth fund to start. It has been so successful out of the gate in attracting investments into particularly the agricultural industry. If you look at Saskatchewan and Manitoba, they have massive credits that they use to bring in investment into the ag space. With the very focused investment and growth fund, we've been able to use that as the deal-closing fund so that those organizations can go back to their investment advisory boards and other decision-makers and say: "Alberta wants us. They want to be there with us, and they have skin in the game."

It's been highly effective. It's the same strategy that the state of Texas used very effectively, from financial services to manufacturing, advanced manufacturing, and we're seeing the same success here in Alberta. A lot of it is value-added ag. You'll see here this spring that we're very close to, hopefully, bringing in some significant manufacturing investments into Alberta as well, in particular, hopefully, down near your neighbourhood in southeastern Alberta for some pretty significant investments that will hopefully help provide some stability in many communities in rural Alberta.

Because of the success that we had with that as well, another thing that Texas had is actually for their smaller communities. They actually had a very focused one similar to the Texas enterprise fund. They actually had a very strategic one that they use there for their

small communities, and that's why we put an additional \$5 million into our rural stream of the investment and growth fund. You're going to see more details of that coming.

Again, it's meant here to build on the foundation. Our strategy is built on the macro. Alberta has the cost advantage. We have the low-tax environment. We want to make sure we focus on the red tape reduction, making sure that this is the best possible place in Canada to do business, the best possible place arguably in North America to do business. But we designed that program, building on it as well.

You mentioned also the film industry. Texas as well has the same structure. The film industry internationally is built off a tax credit model. If you want to compete in it, you have to have the right tax structure, and we now have a competitive tax structure for Alberta in order to bring those projects into our province.

One really encouraging part as well is that Calgary is kind of seen as a bit of a hub because within an hour to two hours you've got mountains, you've got prairie, you've got Drayton Valley. You've got all the different things that are there, a small-town feel. But a lot of the activity and investment is actually going to our smaller communities.

When you go to the town hall – I was in, I think, Didsbury. They were talking as a point of pride in their community that the film industry was there for them, and they saw it as diversification. It engages many of the small businesses in those communities as well, which is again seen as a big driver long term for them.

I share your passion for the KXL. Obviously, our government has made a big push for that. The Premier and our Energy minister were down in Texas yesterday and today making that similar pitch around ESG and national security. Energy security is a big part of kind of an emerging opportunity for Alberta.

The Chair: Thank you very much.

We now go to the government member MLA Van Dijken for five minutes.

Mr. van Dijken: Thank you, Chair, and thank you to the minister and your team for being here today. One thing I will note is that I'm very appreciative of all the answers that we're getting today. I'm learning a lot, and I'm very thankful that you're willing to actually highlight the good things that your ministry is doing with straight-forward answers. That really helps me.

The Ministry of Jobs, Economy and Innovation. My constituents often ask me, "Well, okay, we're doing all this with Alberta Innovates and investment; how does it really translate into jobs for me?" jobs in rural Alberta that many of my constituents will say, "I don't know if it's actually helping me, helping our town." Some of the questions I ask are going to reflect on those questions that my constituents are asking me. If you could highlight how some of the work that's being done at Alberta Innovates and with the technology and innovation strategy, how that's going to actually filter down into rural Alberta and how it can help the people in my constituency.

I see that outcome 3 of your business plan indicates that technology and innovation are enabling Alberta to build on its strengths. Of course, from my constituency the strength is energy, forestry, agriculture, largely, you know, based off our core industries that have helped build this province. Your performance metrics on page 72 of your business plan show that we have seen incredible growth in technology-sector jobs over the last few years. The question my constituents have is: how might a strong technology and innovation sector continue to benefit their young people and the people looking for work and seeking career advancement?

I think what's become very evident is that Alberta has an affordability advantage, with lower taxation typically than other provinces and some lower costs. Again, with your department we're looking at improving and growing, diversifying our technology sector. The question is: is there opportunity in the technology sector to help attract workers from other parts of the country? Not just based on our affordability advantage, but are there jobs available in the technology sector? What exactly does Alberta have to offer that makes it such a great place for those working in the technology sector to come to?

I also would like to move on to your expenses report. In the business plan page 73 shows an estimated \$9 million increase in investment and trade. Again, my constituents would ask: okay; how is that going to translate into a strong economy and jobs in rural Alberta?

With reference to outcome 3 of the business plan it appears that your ministry sees this area, the investment and trade area, driving a significant portion of Alberta's economic recovery. If you could please outline what the implementation of the investment and growth strategy will mean for Alberta's economic recovery. Then, also, the majority of my constituents are hard-working, rural Albertans, and I'm wondering what the implementation of this strategy can mean for them in particular or where they might see the benefits of an expanded investment and trade sector.

Finally, I'd also like to talk about line item 2.4, page 145 of government estimates. It's the grant to Alberta Innovates Corporation. This year it is estimated to be \$161 million. Of course, it appears to be the largest line item in the budget for Jobs, Economy and Innovation. I think it's important to highlight their work and talk about the contributions they make to the lives of everyday Albertans. I know we talked about it this morning a little bit, but can you explain a little more of the value of Alberta Innovates and why the work they do is so important?

The Chair: The minister.

4:00

Mr. Schweitzer: Thank you so much, Chair, and thank you to the member for that question. I appreciate all of your work as the chair of our jobs committee in caucus as well and also just the practical advice you provide along the way as to how to make sure that our recovery plan is relevant to your community and to the people you represent. I appreciate all of your advocacy on that.

I'll start first with the Alberta Innovates question. The \$160 million line item: you're correct; it is our largest Crown corporation. A lot of our funding goes out and flows out to our Crown corps. The funding this year that's new or should be highlighted is that we're in the final year of our three-year commitment on TIER funding. That goes into Alberta Innovates for ways to look at carbon capture.

They're doing projects in hydrogen space. They're doing lots of different parts there in partnership with the federal government and the private sector as well on that research and development that's required. Another big part of it, as well, is the hydrogen centre of excellence. This should be of interest for anybody that's interested in the energy industry and the natural gas space. We want to make sure that we capitalize on the multitrillion-dollar opportunity worldwide to develop out hydrogen expertise and resources and just the assets here in Alberta, and that impacts natural gas. For people that are involved in the oil field service industry and drilling rigs, this should be of interest for them there as well to highlight for your constituents.

The other one is on the accelerator front, which is helping small businesses that are there in the technology and innovation space and

helping them scale and grow to become larger businesses faster, finding customers as well as access to capital. That would be the one on Alberta Innovates.

As it relates to, "How does our strategy around technology and innovation impact somebody in your constituency, particularly in rural Alberta?" the big focus there and I think the most material thing that we've done is actually an announcement that was made this week in partnership, as well, with the federal government on rural broadband. That is a game changer. I think when you take a look at, you know, the workforce dynamics, people can work from home. You don't have to be in Bay Street. You don't have to be in downtown Edmonton or Toronto or Calgary in order to work in very high-paying, quality jobs that have global applications. People can do it from their homes now, but all they need in order to do that is access to high-speed Internet.

The rural broadband piece is going to be a big equalizer. Not only does it have that economic part to it – and we're also seeing, too, through this pandemic that, you know, people that have been in small apartments in downtowns want to get outside the city. They wanted to have that open landscape. They want to be out there and living life and not necessarily in an apartment setting. Everybody should have that choice for where they want to be, and by having that rural broadband investment, it's going to make a big impact. It'll give them that choice if they want to have those remote work opportunities in many of our beautiful rural communities, that also have an affordability aspect that goes into it as well.

It also helps level the playing field for access to health care, health services, education. More and more we're seeing creative solutions that are going to help improve the quality of everyone's life, but you need to have that rural broadband to be able to access many of these services. I think I've heard you dial in from time to time from remote Alberta, and every now and again the speed isn't quite up to the standard that you want. You may have to turn your video off from time to time. Hopefully, this investment will help make sure that you'll be able to have that full video quality, full access to all those services.

Again, you had a point here as well around affordability, inflation. You know, obviously, in our Legislature there's been a lot of discussion recently around affordability, bills going up, cost of living. Obviously, we were already, before the geopolitical tension and the war that happened this last month, starting to see some inflationary pressure overall globally. This comes from the strategies of our federal government, the United States, other countries in dealing with the pandemic. Already that pressure was there. On top of that, now we've got a situation where many countries, including our own, are cutting off Russian oil supplies, they're taking distinctive positions internationally, and that is having significant impacts on our mineral prices, energy prices, commodity prices.

We're working on watching that in real time. That's one of the reasons why we brought in the gas tax relief that we just announced this week. We also have a rebate that we've done on electricity prices. We're going to continue to monitor it. It seems as though our time in office has gone from one crisis to another crisis to another crisis, and now we're dealing with a geopolitical one. A lot of these issues aren't made by Alberta, but it affects Alberta and it affects the people that we represent, so we're going to continue to be able to respond to them as best we can.

Your question about the \$9 million in investment and growth strategy: on the rural side of it, I talked earlier on about our investment and growth fund. We found that there was a lot of interest in building out manufacturing facilities, value-add ag facilities in our rural communities, and one of those deal-closing pieces that was needed was just that little bit to put the deal over the

edge with that site competition fund, so we're putting additional resources there to help focus on our rural communities in Alberta, to help bring further investment in, because a hundred jobs in one community is big. It's a stabilizing force.

The Chair: Thank you, Minister.

We'll now go to the Official Opposition with Ms Goehring for five minutes.

Ms Goehring: Thank you, Mr. Chair. I have to say that I'm really happy to hear that you, Minister, and your team are quite excited about the film projects that are happening in the province of Alberta. I know that myself and those in the industry are really looking forward to hearing a response regarding if your government is effectively addressing industry concerns in this budget.

This year the film and television tax credit, or the FTTC, is budgeted for \$70 million, as identified in the fiscal plan. Where would that be reflected in the estimates? Do you have projections for the next three to five years? How much did you spend on the tax credit last year? Are there any other initiatives funded through the budget to support the film industry, maybe some that you're planning to announce in the upcoming days?

With the industry seeing such growth, many in the industry believe that deeming will undermine the industry's growth, as it did in Manitoba. Those opposed to deeming also don't believe that Alberta taxpayers should be paying for non-Albertans to work here. It's been stated that over 9,000 jobs were created in film and television in Alberta last year. Do you have a breakdown of what those jobs were? Were they direct jobs in the industry, or does that include ancillary jobs like restaurants, hotels, et cetera? Of those 9,000 jobs, do you know how many of them were filled by Albertans?

One concern that has been shared with me, coming from industry, is around employment in Alberta versus jobs being filled by non-Albertans. Can you break down how that broke down for the projects supported last year and what you expect for this year? Is funding tied to a criteria based on this, and if so, how are they held accountable to this agreement? I think you highlighted this morning that supporting the labour force in the industry is a concern for you. Can you explain more what actions you are taking on this?

Minister, I also heard many in the industry asking for your position on deeming in the film industry here in Alberta and how that fits into your plans for the industry going forward. Minister, will you advise your position on deeming?

Next I would like to go into tourism. Tourism as a sector has been one of the hardest hit by COVID-19, and it's largely understood that they will be the last to recover within the Alberta economy. The sector saw a 48 per cent revenue decline in 2020 revenues and has not yet recovered these revenues. We still don't know for sure how the sector and global travel will develop over the next year. Supporting the sector is a key objective for your ministry under 1.3 of the business plan. Starting April 1, the abatement of the tourism levy ends. Has your department done any analysis of what the effect of that will be on the sector? What are the expected effects in terms of total tourism employment, number of businesses, or GDP? I believe that we are all hoping for the sector to grow significantly in the next few years, but I think we also agree that the sector will be best positioned to do that when we protect as many businesses and jobs in the sector as possible.

Estimates indicate that your visitor spending might need three additional years to recover. Has your ministry done any analysis on this? Is there an estimate on recovery of visitor spending? Can you outline if you're planning to take any actions to do so? Are you

expecting to roll out any stimulus to support growth in this sector such as an incentive for Albertans to travel more locally?

In the budget you have \$155 million contingency. Is any of that set aside for tourism? Under what circumstances would you be prepared to provide emergency support to the Alberta tourism sector, and will you be able to publish further details on that?

Another immediate concern, of course, is for the current labour shortage in this sector. Many businesses in the industry have expressed that this is a major concern. This morning you highlighted the job growth we are currently seeing. Certainly some good news, but it appears to be unequal across industries. The tourism industry is seeing massive labour shortage in their industry, which is a big concern, and I'm sure you have heard the same. It's common for there to be a shared responsibility between departments. What will your role be in supporting the sector addressing these shortages? How will you be addressing this challenge and the recovery for the sector? Will we see anything in your ministry budget?

A Tourism HR Canada study shows that when comparing 2021 to 2019, the categories of accommodation and travel services both have lost about one-third of their previous workforce. Is there anything in the budget in your ministry . . .

The Chair: Thank you.

Minister, for your five-minute response.

4:10

Mr. Schweitzer: I really appreciate the questions, and I share a lot of the concerns and observations that you have as well for these industries and how they can grow. I'll deal first with the film and television tax credit in your observations and questions that you have around the film industry.

First, on the deeming front. We had a town hall last year – IATSE was on it and a bunch of other industries – and I was clear on that call with industry stakeholders that we weren't going to be moving on deeming, that we wanted to make sure that we supported the local development of talent, that we wanted to make sure we supported IATSE and its efforts to build up the labour pool. As you're well aware, the vast majority of the labour force in film and television is unionized. We want to make sure that, you know, we support them in their efforts to build out that workforce here in Alberta. The deeming strategy that some people proposed to try and kind of get a spike in activity is not a long-term strategy for Alberta. We want to make sure this is sustainable long term. Obviously, we've had some success in the last 12 to 24 months in this industry, but it has to be long lasting and it has to be something that you can justify at the Treasury Board table and to taxpayers and it has to be local in the talent. If you saw, that's on there. I've had the pitch from industry, and we've rejected the pitch from some folks in industry on that deeming piece.

The \$70 million that's there – there will be a Public Accounts where we can go into all the different details on projects and we can give you all that accounting. There is a rolling piece that goes into tax credits. You will see that a project that's, you know, actively going on right now: some of that tax credit may be this year, some of it may be in following years, depending on when those projects complete and when they submit all of their paperwork for final production that they do. So there is a little bit of that piece.

As far as the accountability that goes into it – your question there was kind of framed around accountability – the department gets the initial application in, we review it, it has conditional framework approval that if they meet these criteria, they would be eligible up to a certain amount of a tax credit, but then it's on to the production to submit all that information in order to get the tax credit back.

They have to submit all that information, and it goes through that accountability process, where they review everything to make sure that it meets, you know, the commitment that they made to Albertans, that the spend was in Alberta on Alberta labour, in particular, or also on Alberta-based expenses as well. So there is that accountability that's built into it.

When it comes to training, you would have seen this week that Bow Valley College, for example, built out their new school focusing on primarily this space and some digital pieces as well. Again, we want to make sure that we work with postsecondary institutions on meeting the labour demands. It's great to see Bow Valley College step up to the plate on that piece there. We have other institutions that are training people.

The one thing, too, that we've seen as well – I've heard your questions in question period around the arts and how much the arts community was impacted during the pandemic. The increased activity that we saw in the film and television industry: we saw a lot of people from the arts community actually getting employment in the film industry as well. While many of our theatres were closed for public performances, many of them did go over to the film industry as well, which we thought was encouraging.

Again, it's been a tough year in the arts side, but even though it's in my jobs ministry and it's not in the Culture ministry, I do see this as an arts and culture piece as well and a community-building endeavour beyond just the economic piece that goes into it. It also dovetails well into the tourism side that you asked about, because film and television can lead to tourism and everything else. So excellent segue that you've done there.

When it comes to the \$155 million in the contingency, \$22 million of that is for Travel Alberta and Travel Alberta's project bootstrap that it has put in place. Initially, based off our election platform, we had a very ambitious tourism strategy for Alberta. It was meant to double tourism revenue in our province. We've adjusted that now. Now it's about tourism recovery and getting Alberta tourism back to where it needs to be and kind of back to prepandemic levels. Right now project bootstrap kind of forecasts 2024-2025 to be able to get the tourism ministry back to its historic levels, so we're working on that.

We're focused on making sure that we have the products so that when people come here, they have the amazing experience, so there is additional funding in Travel Alberta as a destination management organization on that front.

There are also routes. We want to re-establish routes. Right now Edmonton in particular – a lot of routes in Edmonton were shut down, so that's impacted the tourism industry for Jasper and Edmonton, in particular. So making sure that we get those routes re-established. They have a strategy in collaboration with the airports and the airlines and also working on advocacy in those target markets to get that done. They also have provided an immense amount of support to our destination management organizations, our DMOs, to help them on that side there. There's that piece as well during this pandemic, and our department could always give you a further briefing.

Obviously, with immigration issues – a lot of Australians come and help us on our ski hills and everything else in those winter seasons – the pandemic brought challenges. Hopefully, now when the federal government starts to loosen some of those COVID protocols, it gets easier and easier to get back to kind of the normal operation of our tourism industry, and our department has been working with the federal government.

The Chair: Mr. Barnes, for your five-minute segment.

Mr. Barnes: Thank you, Mr. Chair, and thanks again to the minister. I want to start again with where I left off in the first five minutes. I just want to talk a little bit more about what the heart of my initial question was. The executive from TC Energy, the former chair, was clear that it was too much red tape, too much regulation from Alberta and from Canada that has prevented the opportunity that the TC Energy pipeline, the Keystone, would provide. I remember meeting a young guy in Lloydminster a year or two ago who just started seven wells in Saskatchewan because he could get fast track on the process and get right into business, start earning for his family. He told me that the same in Alberta would have taken a year or longer. It's back to – Minister, you had some full information on what you were suggesting there, but, again, I want to get to the heart of what business people are looking for and, you know, how ineffective the government has been at reducing red tape.

I was talking to my lawyer the other day, and he said two things of interest. Because of the UCP government, now when he registers an annual return, it's more paper than it used to be before. That is not reducing red tape. He also told me that land titles are 11 weeks in Alberta, one day in British Columbia, and seven days in Saskatchewan. Now, I know that's not under your direct purview, but it's the red tape and regulatory removal that people are looking for. Minister Schweitzer, I'll suggest that TC Energy asked for regulatory removal, and your answer was about more corporate welfare, more regulation. I'll suggest it's like a customer asking for a burger and the waitress bringing them a clubhouse. It isn't what business is looking for.

If you don't mind, I'd also – again, I know it's a little bit more Treasury Board and Finance, but jobs and the economy and the future of Albertans is crucial. Again, when Alberta, particularly Edmonton, has led the country in unemployment, it's a big concern. Saskatchewan temporarily reduced their 2 per cent small tax to zero. Manitoba has permanently reduced their 2 per cent small-business tax, on top of the 10 per cent federal tax, to zero. Are you bumping into that as a concern? Is it an area of importance?

The next thing I'd like to go to is international offices. My colleague from Edmonton-Beverly-Clareview just mentioned some shocking numbers. I'm sorry; I may have missed it, but I didn't hear the answer about a lot of these offices not being fully manned. Of course, your line item, I believe, is \$33 million of taxpayer money, taxpayer contributions to these. What we care about, of course, is cost benefit and benefits from this money spent. Mr. Minister, I think it's especially important in the international offices and agencies, boards, and commissions under your ministry, because no ministry is exempt from the idea of favouritism and partisan appointments. I think, you know, lucrative positions in international offices are maybe the pinnacle of that. I think we have to be especially careful to make sure that Albertans get the most bang for their tax dollars.

I heard you talk about some of the new American offices that are about to open up, and I'm wondering how many offices. Did the Houston office ever open up? There was a fairly high-profile hiring for that. What are the new ones being planned? What are we spending on each office? And, most important, what are the goals? What are the metrics of success? How do we know when one office is working or isn't working? Then, I guess, the other: is trade increasing? Are we seeing the job creation? Are we seeing new investment?

Then I'd also like, if you have a second or a minute or two, rather – of course, we're part of Canada and we're in partnership with the other provinces and territories. How are relations with them? How do things work with them when it comes to Alberta getting its fair

share of investment and jobs and opportunity? Minister, I'm concerned about Albertans not getting value for these international offices, and I'm concerned about it not being monitored enough.

Thank you.

4:20

The Chair: Minister, for your five-minute response.

Mr. Schweitzer: Perfect. We'll start off with – we have some representatives here from the city of Edmonton, and I think your observation around the city of Edmonton's employment numbers is off. The city of Edmonton's unemployment rate is down at 6.5 per cent, give or take. It actually has some significant growth prospects here, particularly as we get the tourism and hospitality industry starting to see that recovery. As well, as long as we get the final investment decision on the Dow petrochemical plant, some of the hydrogen announcements that have been made by Air Products and others, the city of Edmonton and its prospects this decade are very promising. The labour pressure, labour crunch, is going to be one of the biggest challenges for the city of Edmonton to capitalize on its growth opportunities.

You had some observations, and we ran on the same team in the last election campaign. We knew what the headwinds were when the NDP were in office. We know what the challenges were facing Alberta. We had a pandemic. Alberta had many issues that faced us, from negative oil prices to our unemployment rate got up into the teens, and right now there are more Albertans working than before the pandemic, and our unemployment rate is forecasted this year to continue to drop. Most likely by the end of this year and into early next year we're going to see that unemployment rate below 6 per cent in Alberta.

So I would say that the strategy, the plan, the one that you ran on as well, is working for Albertans. The strategy of restoring investor confidence, red tape: our ministry's at 47.7 per cent red tape reduction. I'd refer you to some of those other ministries for the relevancy.

I know we have limited time here for some of the questions that you've raised, but I do share your concerns around approval processes. A lot of this is at the federal level. We share some of our angst towards Ottawa from time to time as far as frustrations on approval processes at the federal level, the cancellation of pipelines, tanker bans, things to that effect. I hope that, you know, the federal government in their next budget has that road map for hydrogen. That is a big opportunity for Alberta long term. Hopefully, we learn from the mistakes of Northern Gateway, the LNG projects. We could have had so many more LNG projects done over the last decade. Plus, hopefully, we learn from those lessons as a province and as a country and meet the needs on hydrogen.

I do think as well – and I think this is incumbent on everybody from every political party in Alberta to advocate for national security to be a consideration when it comes to development of resources. Right now with the ESG narrative that's out there, not enough of an emphasis is on security, that comes from supply chain security as well as national security. There's starting to be that shift and that discussion. It's starting to happen. That is one of the reasons why our Premier is down in Texas right now with our Energy minister, advocating for that to be started to be factored into the equation. Alberta has a big role to play. We have a lot of those resources available to the world. I know that we share a lot of those observations.

When it comes to our international offices, James Rajotte leads our team in Washington, DC. I've known some of the other representatives that we've had in the past in the United States; I'd say James Rajotte is probably the best representative this province

has ever had. I say that not as a partisan. I think that he's, without question, an effective advocate. His diligence, his tracking of issues in the United States, his advocacy and understanding: that's one of the reasons why we have such confidence in working with him and the team on developing out the strategy for Denver, Seattle, and Chicago to have that advocacy piece across the United States.

To my earlier point – and I made this earlier today; I don't know if you were here for it – we did do a review of the offices with Invest Alberta. They hired an external adviser, gave them advice as to where our deal flow was coming from, and the resounding feedback was that the deal flow is within Canada and the United States and that the deal flow is not coming from the other offices like China and others. We are going to be scaling back our presence in China. As we've mentioned, those offices: we've kind of kept them a little bit dormant, kept the light on, but we are going to be scaling back. The deal flow simply isn't coming from China into Alberta. We are going to be putting our efforts where the deal activity is, and that is into the United States. That analysis is done.

You had a question about the Houston office. Right now you would have seen this week that Invest Alberta did a partnership with the Houston chamber. We're looking at – and Invest Alberta can answer this maybe more in Public Accounts, so you can get into the details and weeds as to the different service contracts that they have and their strategy overall. It's probably a more appropriate place for it. But they do have the overall approach of doing some service contracts as well as some physical offices, building in tandem with the overall strategy that we have in coming together for the other advocacy offices that fill not just the investment need but also the need when it comes to immigrant attraction to Alberta as well as attracting students into Alberta. There's an advocacy piece as well that we're working on to make sure that these offices fill the needs of all of government and allow Invest Alberta to focus on their core mandate of bringing investment into the province of Alberta.

I think that we're pretty much out of time. I can get into some other points, probably, in our next exchange.

The Chair: All right. On to government caucus. Mr. Walker.

Mr. Walker: Thank you, Chair, and thank you, Minister and the staff, for the afternoon portion of the six-hour session, some might say marathon. But I mean that in a good way. Like MLA van Dijken said, I'm imbibing, taking in through osmosis even, so much information, and this is really, really good.

Just following up on the great discussion between yourself, Minister, and MLA Barnes on the importance of the international trade offices, I just want to say that, you know, I really like that you're winding down offices that may not be performing as per the metric scoring performance measures. I think that's wise, and specifically to China, when we talk about geopolitical tension – in this case Russia and Ukraine, unfortunately. Very much so, a great tragedy, and we condemn Russian actions. Over the long term I think most people are seeing, and perhaps there's analysis from our own departments, that, obviously, there's long-term tension, too, with China. Geopolitically speaking, I think that's probably also a wise thing to do. But ultimately, in the immediate, if the business isn't there, we wind the offices down. Minister, you know the first office ever established was the Japan office in 1970. It was our first Alberta trade office. Keep that one, please, or you'll be hearing from me.

I also just wanted to quickly talk and comment on how much I support that your ministry – a core component of the economic recovery plan in terms of a jurisdictional paradigm to look at, Minister, that has informed our very successful economic recovery plan is the Texas enterprise fund. It is working. Jobs are being created.

We are diversifying the economy. This amazing government entity, that was created in 2003 and, I believe, has almost attracted \$7 billion to Texas over time to close those deals – you know, in our area, myself and MLA Armstrong-Homeniuk's, we have big industry, big petchem, major refineries. In the Industrial Heartland they're competing globally with Louisiana, Minneapolis, Pennsylvania, and globally in the Middle East.

The deal closers, local officials, would tell me, I would say, through the chair to you, Minister, that – yeah, the deal closers to just get that wheel moving a bit more is so important. When we're competing with the Texas enterprise fund, we're competing with other arm's-length government organizations that are in the business of this, it's critical that we're there, too, in the field. I just wanted to say how much I think it's so smart. We say often that we're the Texas of the north, and we're showing it here, too, by modelling in part on the Texas enterprise fund. That's amazing.

But I would also say that I am a major movie fan. Myself and MLA Goehring were talking about that earlier. I look forward to seeing *The Batman* film soon, hopefully, Minister. My favourite Batman is Michael Keaton. I hope that's not controversial or cause for a point of order.

I want to go back to the film and television credit. My academic background is in international relations, compared to politics, so I'm always thinking about jurisdictional comparisons. When I was a civil servant, we'd always sit down and say, "Let's do a cross-jurisdictional scan," right? I'm wondering, Minister, following up to the earlier questions regarding your ministry's economic strategies, on page 71 of the business plans – I know both B.C. and Ontario as well as many jurisdictions in the United States have incentives to attract film productions to the regions. Some of these jurisdictions have a long history of film production. Now, I would assume, Minister, with our very low cost of living here and abundance of potential filming locations, Alberta could very well be the best place to film. We know that's the case. We have so many beautiful areas in Alberta. Everyone thinks theirs is the most beautiful, and that's wonderful.

However, I understand that traditionally Alberta has captured a smaller share of the film market. You had spoken of that earlier in the wonderful exchange with MLA Goehring and others. I'm just wondering – I think it's important, and we want to really hear from you here and now at this state – how big the film industry can become in Alberta. I know you're such a great champion of that, Minister. Just two questions. Does the current tax credit put Alberta in a position to compete with these jurisdictions? That's question one. Then the second key critical question is: what other advantages? We always talk about the Alberta advantage. We know Alberta's swagger is back. We're booming. Jobs are coming back, and pipelines are getting built. It's amazing. What other advantages does Alberta have for film productions?

With that, about 10 seconds left, Chair, so, yeah, back to you.

The Chair: You can do a lot with a movie review in 10 seconds. Minister, to respond.

4:30

Mr. Schweitzer: Well, first and foremost, I think that Christian Bale is the best Batman. I've got to go with Christian Bale as the best Batman. If there are any Val Kilmer fans around this table, I'll be shocked. Uh-oh. I think there might be a Val Kilmer fan around this table.

Mr. Bilous: No. Christian Bale.

Mr. Schweitzer: Okay. There we go.

When it comes to the jurisdictional scan that we did and engagement with industry, there are lots of different ways to structure a film and television tax credit. Some of them are focused primarily on labour. Some of them are focused on all spend. Some of them even have regional pieces that go onto it to have further enhanced credits for different regions. There are also postproduction credits as well for digital and other add-ons for graphics and special effects. So there are lots of different ways that you can structure this.

Alberta's is very competitive. We went out and talked to industry about that. It was competitive. The only feedback that we received that was holding us back was the cap on per production. It was keeping us out of kind of the size. When it comes to the productions that are going onto the streaming services of Netflix, Amazon Prime, Disney+, and others, the investment that they were wanting to make was just simply too large that our credit wouldn't allow it. By removing the per production cap, it allowed us to capture some of that market. We've got projects like *Under the Banner of Heaven*. We've got HBO's *The Last of Us*. You've got *Billy the Kid*. You've got *Joe Pickett*. All of these projects likely wouldn't have come here if we kept the structure with the cap because they're larger productions.

As far as our ability right now, what we've done – obviously, we have a budgeted amount. In my last question I didn't fully answer it. I should have pointed out the fact that there is a line item for \$144 million, and the film and television tax credit is the line item, under department statutory amounts, economic recovery and development, \$70 million there for the \$144 million. I got that added in. So that's where that one is.

With that, we're effectively at the capacity of our labour market. What we've told industry is that while we have to budget and we have amounts here, if there are high-value projects that you think we can meet and staff, bring them to us. If it goes beyond our budgeted amount, I'll gladly bring them to Treasury Board and get an adjustment. We did that a couple of times last year. You would see that reflected for kind of some of the out-year projects that are there. You know, you start this year, but the tax credit doesn't necessarily come until years later or a year in the future. So we've done that work there.

When it comes to your observations around Texas, I share your observation on the strategy that Texas put in place, you know, a couple of decades ago and the success that that's had. Now we're a year and a half to two years into our focus on the recovery plan, learning from other jurisdictions like that on how we can bring investment in.

Again, I think that also goes to the petrochemical industry. Like in your constituency, you have to have a structured petrochemical incentive. Every industry has a little bit of a different tax structure or a little bit of a different mix that goes into how to be successful. We want to make sure that Alberta puts its best foot forward. That's why we – you know, I know that there have been a few different governments that have structured that. We've had some success with some of the changes we've made there as well as in attracting hydrogen projects to Alberta. We're hopeful that the federal government will come to the table on a carbon capture piece as well. Everybody is talking about pore space and other parts that go into it. I do think that that will also be pretty significant when it comes to our ability to build out the petrochemical industry in our province longer term.

The other thing, too, just to note, from our international offices – and I share your passion for Japan. I get it. We are seeing some deal flow out of Korea and Japan into Alberta and some opportunities there as well. But, again, when it comes to our approach to international offices – somebody should actually get a flow chart

for the last decade on international offices. If you want to talk about how different governments have approached international offices differently, that is one area where I hope we can take – and this kind of goes for everything around this table. International offices should not be a political football. We just need to give stability to our international offices. They've gone in a lot of different directions over the history of the last decade. We're hopeful that with some of the tweaks that we're making right now, this is going to put it on a sustainable path long term and make sure that it's successful and provides the taxpayer-dollar returns that people are looking for, making sure that they're located for the strategic purpose that we have tasked them with.

When it comes to Invest Alberta, investment attraction – so where are the dollars coming from when it comes to public policy advocacy? – a lot of the issues facing Alberta, beyond working with our federal government, where we have established channels there, a lot of it is working with the United States on emerging issues around goals that different states may have around, you know, different automobile requirements or fuel that's down in the States or issues in Washington, DC. Some of it's at the state level, some of it's at the federal level, but with the United States being our largest trading partner, that's as well where our advocacy needs to be. That's where we want to make sure that our strategic interests and protecting our interests are aligned with our goals for our international offices.

And we're out of time.

The Chair: Thank you very much.

To Ms Goehring. And Michael Keaton.

Ms Goehring: Thank you. Yeah, Michael Keaton. Minister, it was going so well until Christian Bale came out of your mouth.

I would like to talk more about tourism. That's where we ended off in the last bit, and I really appreciate that you had made the comment about culture being such a strong connection within your ministry. I completely agree. So with that said, I've been in several meetings and heard some of the major concerns regarding the state of the crisis for, basically, our visitor economy since COVID. I know that you've made some of those comments in your responses as well, and I appreciate that. We know that this economy in visitor services will likely be the last to recover.

With this in mind, when the Tourism Industry Association of Alberta, or TIAA, sent a letter to the Minister of Finance from January 14, 2022, they stated:

The pandemic has accelerated the exodus of entry level positions as well as middle and senior management leaders from the industry and left a myriad of structural policy issues that remain unaddressed . . . There is an urgent and timely need to position the visitor economy as a destination employment sector, ensuring . . . Albertans are aware of the wide variety of life-long career options available.

I believe that this directly ties into objective 2.3. I ask: how is this budget strengthening the industry as an attractive career option for Albertans? What supports are in this budget that encourage postsecondary students to enter into this industry? What supports in this budget allow for middle and senior management retention within the tourism sector? Can you help me understand where in the budget you're addressing the concerns of those entry-level employees and why they're leaving? If the ministry doesn't have data on this or supports on this, how does this budget effectively support the visitor economy? How do they plan to measure the outcomes?

How does the budget address the international employee concerns that arose during COVID? You had mentioned that our ski hills are often employed by many Australians, and that has had an impact,

so I'm curious to talk a little bit about what we're doing to address that.

TIAA also indicated that Alberta had experienced a \$4.5 billion annual travel deficit to other parts of Canada as well as the U.S. and international markets. In short, this means that Albertans' visitor spending in neighbouring British Columbia alone is responsible for approximately 25 per cent of Alberta's total travel deficit. Therefore, our province's first line of defence should be to encourage and incentivize Albertans' discretionary spending on the many superlative visitor experiences that exist in our very own backyard, the very experience that international visitors coveted prepandemic.

Budget 2022-2025 business plan, page 71, key objective 1.1: lead the execution of Alberta's recovery plan and work with partner ministries to build on Alberta's strengths to create jobs, grow key sectors, and diversify Alberta's economy through initiatives. As part of your work with this sector do you have a plan to address our travel deficit? Have you done some further analysis on root causes and how those will be addressed going forward?

There were further recommendations made by the tourism association, and I'm confident that you have seen them, Minister. You spoke this morning about how it might take a while for the industry to recover. It might be possible to help industry recover faster by supporting Albertans having stay-cations in Alberta. This could also encourage Albertans to explore their own tourism opportunities in our province. It does not appear in the budget that this has been considered. Might this be an option going forward? Have you been able to look at data from other provinces that have had similar programs?

Over the last two years you provided Travel Alberta with an additional budget to become a destination management organization. Will this be part of that work next year to promote stay-cations? Given that last year was the first year of Travel Alberta being a destination management organization, can you provide us with some lessons learned? How will that apply to the work of Travel Alberta this year? What do you expect to see in the breakdown of funding at Travel Alberta regarding the different destination management activities in the upcoming fiscal year?

The other piece that I am continuing to hear about is the ability for agritourism. Hearing from folks in rural communities who are trying to adjust to the new conditions of Alberta's recovery, has this been taken into consideration in this budget? Is there anywhere in this budget that supports agritourism in Alberta, and if there is, could you outline where that is placed in the budget?

Based on objective . . .

4:40

The Chair: Agritourism sounds like something great in Lethbridge. The minister to respond.

Mr. Schweitzer: I appreciate it, and again thank you for the thoughtful questions on our tourism industry. Again, this is one of the industries that's been impacted significantly during this pandemic. Many industries have, but this one here in particular has been impacted quite a bit. I think the biggest thing right now that I think will help in the near term is going to be working with and advocating our federal government on our border restrictions to get travel flowing. I know sometimes, you know, that things get partisan between different parties. It would be helpful if we had all parties in Alberta advocating for that as well. I don't know if that's on the table with the NDP, but it would be helpful if we get the federal government looking at some practical travel restrictions into Canada, because I think that'll help open up and accelerate the recovery of our tourism industry in Alberta.

The one thing as well that we should do – and I don't know if you've had the opportunity yet to meet with David Goldstein, our CEO of Travel Alberta. Again, it would be an opportunity as well at some point in time if you're interested in what they call project bootstrap, which is their recovery plan strategy. Most of the information on it is published online already as to how they're going to approach this, but I'm happy to facilitate an introduction for you and the opposition to meet with David Goldstein if you have questions for him about Travel Alberta and what can be done there and their efforts so you can learn more about that. I know there's a Public Accounts process as well, but David Goldstein is an impressive individual who's doing amazing work here to help get, you know, the product on the ground: re-establishing routes, supporting the industry, helping us at our department level to kind of identify issues where they need the department to advocate with the federal government around immigration.

To your point around our ski hills, you know, that was a live issue during the pandemic, when immigration was slowing down – challenges getting people into the country, different kind of quarantine time frames, people not wanting to necessarily leave their country to come and work in different areas – where historically we've relied on people coming and helping us keep ski hills, for example, open and operating. Again, I would invite to you and the team – from an overall approach there are lots of different things that we've done. The jobs now program is one where we're trying to help facilitate getting people back into the workforce, getting people that have been unemployed back in. That's meant to be an incentive for industry to use to hire people, help lower the cost as well for them for training and providing skills and getting them in there. That was a big push that we made last year, and it's still available in many respects.

We also had the additional \$22 million that we put into the Travel Alberta budget as the destination management organization. I do think the lessons learned are just: continue to raise the awareness, continue to build partnerships. We've seen some significant progress between Travel Alberta and our Indigenous tourism operators and organizations in Alberta. Many people that come to our province want to experience Indigenous culture, and they want to experience that across Alberta. I think that when you look at, you know, the combination of agriculture, the combination of our rural communities, the combination of our Indigenous communities, there are lots of opportunities there to provide a high-quality experience so that when people go home, they tell their neighbours, "Hey, you've got to go to Alberta" and "This is an amazing experience; you should travel there for that experience." I do think that the culture of Alberta is one other piece, and this is a big part of that project bootstrap that Travel Alberta is putting together to help facilitate that experience into our province.

The other part my deputy minister just highlighted: farm to table is actually one of the strategies for Travel Alberta. It's that whole piece where – I'm a city, Calgary guy. Sometimes we've got real farmers around this table, and I'm not one of them. But some of us city folks actually get interested in how this whole food chain works. You know, we actually find that while it might be work to Glenn in particular – I'm looking over here at MLA van Dijken – for us it actually might be just a fun experience, going out to a farm and moving some bales of hay and other things along those lines. Glenn, I think I might have volunteered to work here. That's another part of it, that whole farm-to-table piece, and they are building out that potential experience as well.

We also have many other folks that want to just experience the kind of rustic outdoors of the north. We have proposals as it relates to some of our northern lake communities as well that they're working on to make the overall experience here first class.

One issue as well just to flag – and this is one of the more fun ones. We were trying to land *The Bachelorette* in Alberta. During the middle of a pandemic, when they were trying to set up bubbles, we tried to land *The Bachelorette* in Jasper when the hotels were empty. We were trying to get that done. We couldn't get it done because of immigration. There were too many protocols at that time in Canada for us to get that done. We lost out on that opportunity. But our Travel Alberta team, our film team: everybody is trying to collaborate to create ways to market our province, market the beauty of Alberta. I don't know if anybody is a *Bachelorette* fan or not, but it would have been a good marketing opportunity for Alberta.

The Chair: Thank you, Minister.

To MLA Barnes for your five-minute block.

Mr. Barnes: Thank you, Mr. Chair, and thanks again, Minister Schweitzer. Just as a follow-up, we ran out of time last time, and I don't think you had time to answer what the government of Canada does for support of our international offices and measurements of success going forward.

Then, with the existing offices that aren't going to be shut down or reduced and these new offices in America, what are your parameters of success going to be? How are you going to measure that? When are we going to check? How are we going to continually make sure that our tax dollars are getting as much cost benefit as possible?

I, too, would like to ask about Invest Alberta Corporation. My colleagues from Central Peace-Notley and from Edmonton-Beverly-Clareview have both asked about it, and I don't think the answer – I haven't gotten a grasp of the answers yet. Clearly, it's \$20 million in the statement of operations for this year on page 73. Of course, this is my ninth year of doing budget estimates, so this is very, very much the time for us to talk about how that \$20 million of taxpayer contribution is going to be spent and how we're going to get the value. I understand it's been expanded, that it's been taking on some new things, and it even appeared as \$89,000 in capital investments a year ago, so it obviously touches a lot of hard-earned tax dollars.

I just have some pretty basic questions. Of that \$20 million, what's the combined total on wages, and how much of that is being spent on hosting experiences? Are we tracking the hosting experiences? Are we getting value? Are we partnering for sponsorships?

Then, of course, you know, for all government hiring and all government departments, but I think for yours in particular because it's a direct contribution of taxpayers' money and it's got the allure of the international offices, the hiring practices are crucial and essentially important to be clear and transparent and understood. Minister, if you could please touch on the hiring practices and the competitive elements of that for Invest Alberta, I would appreciate it.

Then, of course, the main part of every dollar of taxpayer dollars that's spent: what are the benefits to Albertans? When we're hosting, when we're doing sponsorships, when we're working on areas that may be perceived as partisan, it's very, very important that taxpayer benefits are transparent and they're clear. Then, where do they come from? Can we track them? You know, how many jobs have been created due to the work of Invest Alberta?

I guess I'm looking at Alberta. I mean, I'm grateful that Alberta is as strong as it is, that Albertans are the risk takers they are, the hard workers they are. You know, other than the connection to the incredible people of Ukraine, I'm grateful for the return of our commodity price, but I'm looking at – a census came out the other

day about Medicine Hat. It is absolutely the best place to live in all of Alberta, the best place to live in the whole world, but our population only increased by 11 people over five years. Then I'm hearing a lot of stories about people working for less than full employment, underemployment, and of course every single family is totally, totally concerned about inflation, reflected at 5.5 per cent, but go to the grocery store and it looks more like 10 per cent.

Now, I know a lot of this may not be under your ministry, sir, but you are Jobs, Economy and Innovation, so in addition to my direct questions about Invest Alberta, if you do have some extra time, again, I want Albertans to have every opportunity to have economic freedom and the individual opportunities that they aspire to, and if you would touch on that, I'd be grateful.

4:50

The Chair: All right. For everybody's knowledge, we will go to the minister for a five-minute response, and then we will take our five-minute break. That's just where it works out quite well, so we'll do that.

Go ahead, Minister.

Mr. Schweitzer: Thank you so much. I think you asked your question around government of Canada offices internationally as well as: how does that relate to Alberta offices internationally?

Mr. Barnes: Yeah. Do they work together?

Mr. Schweitzer: There is actually quite a bit of collaboration. There is an opportunity quite often, either at the consuls or at other places, where we can kind of lease office space, effectively, or try and office share. There are assets around the world that the federal government does have. We look for collaboration opportunities for those offices, depending on where they're located in a city. It may be in the business centre or not. Invest Alberta may make a decision that there might be a better location for them or a better, you know, party to contract with, potentially. But where we have those opportunities, we do look to try and partner with the consuls that are out there internationally. That is one piece of it.

Your question was around Invest Alberta and kind of that return on investment. I think the thing that we look for is: where are the deals? Where is the investment? Where are the jobs coming from? I'll highlight for the committee here just a few of them, you know, that I think have had some public notice but, as well, that are going to materially help with the diversification of Alberta's economy as well and job opportunities long term. One would be the Dow petrochemical facility. Invest Alberta was intimately involved in that, with the Premier, from the genesis of the organization through to the announcement of that project, and they continue to be involved in that. As questions come up along the way, Invest Alberta is a point of contact as well for Dow petrochemicals.

You have Air Products. Obviously, they're another one here that was announced that Invest Alberta was involved in. You have RBC's centre of excellence, with 300 jobs. We have Mphasis and Infosys, which is, well, I think, combined, about 2,000 jobs for the city of Calgary that they are intimately involved in. Ernst & Young established a 300-person expansion in Calgary that they were involved in. We have GoodLeaf, which is a vertical farm. They could have gone anywhere in western Canada. They worked to bring that here.

As well, as I mentioned earlier on, we had the discussion on the investment and growth fund. There are about another four deals that we are working with the companies on for announcements this spring. The capital spend on those other, additional ones is going to get close to a billion dollars overall for capital investment in Alberta, in the agricultural and manufacturing space primarily.

You'll see the details when they get rolled out but, you know, thousands of jobs, construction jobs and long-term jobs for communities. It actually has the potential to be quite game changing for some communities in Alberta, particularly where having a facility that has, you know, 100 or 200 long-term, stable jobs in a smaller community could have a real meaningful long-term impact. Our structure is very much long-term, multidecade types of investments that they're making into the province of Alberta. You'll see more details on that as well. That's how we judge the success of Invest Alberta: how many jobs, how many investments they are bringing in, that deal flow that they bring into our province.

As far as their FTEs, they have 50 FTEs. They spend about \$5.6 million on salaries. Overall, that is their salary spend. When it comes to their hiring and the business plan, you know, the executive team at Invest Alberta works closely with their board of directors. Members of the board of directors are very public. Obviously, that's public information. You have some amazing individuals in Alberta that have joined that board. They're doing this here to give back to Alberta and work with a team there on that strategy, so they go through that process.

Same thing for hiring. Whenever they hire, the CEO and the hiring committee are involved. They have an external adviser helping them with the recruitment process, and they go through that, overall, to make sure that it's transparent, meets all the standards of government, to make sure that they're held accountable as well through the Auditor General and that whole process. As you're familiar with Public Accounts, and other things that come up, there are lots of ways to hold a Crown corporation accountable in Alberta, and they have to make sure that they meet all of those standards.

The same thing goes for sponsorships and hosting. They have to meet those standards. Every Crown corporation has sponsorship opportunities. For example, ATB Financial and others are regular sponsors in the business community for various events, charitable organizations. Invest Alberta goes through its analysis for where they think the investment dollars can come in, and they make those decisions. Obviously, you know, at our ministry level we have our Crown corporation, which is independent, that board process, and there's the Auditor General. As well, just like you, we have questions from time to time that we pose, making sure that we get that return on investment. But it is a Crown corporation that is there to make those independent decisions for Alberta. It's a new organization.

The one thing I'll say is that it's learned quite a bit over the first year and a bit of standing it up. You know, Rick Christiaanse in there as the CEO is doing an excellent job building the culture that we need at the organization and starting to have an immense amount of success. I do think that this is going to be an organization that Alberta is going to be proud of into the future, and I think it's going to be one where you're going to see continually throughout this year announcements as they come out that all Albertans will be excited about.

The Chair: Thank you very much, everyone.

We will take a five-minute break and then resume with question and answer from the government caucus. Thank you.

[The committee adjourned from 4:56 p.m. to 5:01 p.m.]

The Chair: All right. Welcome back. We will continue now.

Government caucus, who's taking the questions? Rowswell? MLA Rowswell, you have your five-minute block.

Mr. Rowswell: My turn? Sorry. I was just about to take a drink of coffee there. Sorry about that. Yeah. I want to focus in on this

conversation about Alberta Enterprise Corporation. The good questions from MLA Bilous and your great answers sparked some thought about it. To be honest, I didn't really know how it worked, so this will be an education for me as well on this thing.

When I look at it, like, I know in my constituency, when I had my financial business, a client of mine would develop really good oil pumps. He always struggled with the money part of the game, right? He says: "I love math. I'm going to do math, and I build these things." But then the next step was where he struggled. And I thought: well, this might be something that he could have utilized, right? Did he even know about it? I see that type of stuff. We've got neat farm innovators out there. There's a guy recycling plastic and making poles. He approached me when I was running, and he asked, you know, "Is there anything the government can do for me or help in any way?" And I said, "Well, jeez, I don't know." But this might have been something that he could have applied to if he knew. Obviously, he didn't, and neither did I, because I couldn't tell him.

Then when I look at Lakeland College, for example, we've recently gotten the research for beef and pulses. That's neat research that happens there that might spark some innovation that could be utilized. Again, what I'm reading in this is that that might be able to help that. If nothing else, I've got an answer to a question if I ever get it again, so I'm looking forward to that.

Looking at line item 3.5 on page 146 of the estimates document, I see the \$25 million that has been received for '22-23 was the same as it was in '21-22 for the grant that goes to Alberta Enterprise Corporation. From my understanding, this organization encourages venture capital investment in Alberta. Well, I'll go through some of these questions. Can you just outline some of the work that Alberta Enterprise Corporation does and what this grant program offers? In what ways might the Alberta Enterprise Corporation grant contribute to Alberta's economic recovery and create jobs? More generally how will that increase venture capital investments and help the Alberta economy?

Now, on the break between this morning and this afternoon I just went to look on there, and it said that we give the money to Alberta Enterprise Corporation, and then they go out and become a joint partner in some of these investments. So my question is – let's say that they're a joint partner in an organization and it's a very successful business. What happens? If they own 10 per cent of it and they get sold, does that money flow back into Alberta Enterprise Corporation, or is it just a grant that they do? That's what prompted me to go look things up. I don't know the answer to that question. Yeah. So that was that.

Then Canadian venture capital association recently released its annual report. The numbers show a positive trend in Alberta venture capital, an indication that key objective 2.4 on page 71 of the business plan is already well under way in achieving outcome 2 of your ministry's plan. Can you go into the venture capital numbers and explain these, whether these are trending in a positive direction or not? I think we've talked a little bit about that. We'll just go over it again. What role does investment from the GOA and Alberta Enterprise Corporation play in these positive indicators for Alberta?

The other question I've got is: do we need to be there? Like, would this have happened anyway without it, right? This kind of draws on MLA Barnes' question. Do we too quickly go in and try to get something going that, if we just left it alone, would go on its own?

I'll leave it at that. Thanks.

Mr. Schweitzer: Really excellent questions here. I'll deal with the first one, line 3.5 and the \$25 million. Now, Alberta Enterprise Corporation – and I'll get into this in my explanation later. We've

structured it now effectively like an evergreen model, where investment comes in, we give them the money into investment AEC. It then takes those funds, puts them into investments, those investments go out there into the marketplace, they get a return, and there's kind of an ongoing process there from an accounting perspective. This is just this year's accounting exercise. If you want to get into the weeds of how accountants do all the metrics, this is the \$25 million item there.

What we've done, though: over the last three years we effectively doubled the size of Alberta Enterprise Corporation. We put an additional \$175 million of capital available to them. It takes time for them, though, to deploy that capital over many years and into many different investment funds that they do. What they call this is a fund of funds. The government of Alberta – you know, we always talk about picking winners and losers. They invest into a venture capital fund, and they make the decisions as to what businesses they're investing into. They have to have a presence in Alberta, and if they're looking for deal flow, they have their own independence on making sure what investments they invest into.

One of the reporting on outcomes kind of highlights how much venture capital investment has come into Alberta from those funds, and it kind of shows our target, where we are now. In a couple of years we want to get well over a billion dollars of venture capital investment into Alberta coming from those funds. Historically they actually have had a positive return for Albertans. They go out there. Their mandate is to try and build out this ecosystem and diversify Alberta's economy, but they actually have had a return, so it's not a grant. This is an investment, and they do expect to have returns.

You know, as the technology space matures in Alberta, there's more and more activity, the deal flow is higher quality, and you can kind of expect that that sophistication level goes up. It's been around now for about a decade or more. At the early stages, when they were trying to get this off the ground, the deal flow was very small, and trying to get that activity level going was much more difficult whereas now it's far more mature. In 2018: \$100 million. In 2019: \$220 million. In 2020: \$455 million, and then in 2021 we had \$561 million going into venture capital.

I would actually expect that those numbers are going to continue to rise pretty significantly in the coming years because of the number of companies that are hitting certain metrics. They get to a certain size; they have a classification like series A, B, and C. We have many, many companies in the last year, year and a half that have kind of hit the series A. The funding levels that happen, though, once you get to B and C are significantly larger typically. That's where you're kind of seeing those later stage investments happening in markets like Vancouver and Toronto, and, you know, hopefully, as long as things continue to progress the way that they are in Alberta, we are anticipating that in the coming years you'll see those sizable investments in Alberta as well.

Kind of putting it back to your local endeavours as well, I think this is where that collaboration between Lakeland College, Alberta Innovates – I mentioned earlier on around the research and development that we're doing in agriculture. You know, if we're looking at agricultural technology, this comes in many forms. I was at Olds College, and they have just a simple feeder for cattle, and the technology they're doing to make sure that they monitor how much each head is consuming, what they're consuming, all of those different pieces that go into it and kind of looking at their metrics in real time, leveraging artificial intelligence in the agricultural space.

We also brought into Alberta, in partnership with the city of Calgary, an accelerator focused on ag called Thrive. This is that accelerator push that we made earlier on, and they have a partnership with the city of Calgary as well as with Olds College looking for fast-growing companies. If you have, you know, companies that kind of

fit that kind of description in your constituency, we're happy to help facilitate introductions through our ministry to make sure that they have all the information for what's available to them from Alberta Innovates to other postsecondary opportunities as well as to the accelerators that we have in our province as well. So lots of different things to build on overall.

5:10

To your question around, you know, kind of making sure that we're getting that quality return on investment for Albertans, again, this is one of those things where venture capital, particularly in the last couple of years, is continuing to gain prominence. Companies are fast growing. The time it takes to grow and scale a company is becoming shorter and shorter, and their capacity to build and get to become an international company is becoming much faster. That's one of the reasons why we wanted to bring in what they call – we have international accelerators that have a presence around the world. We have one called Plug and Play, one called 500 Global. They're working as well to help these companies as they go from really small enterprises one year to potentially enterprises with hundreds of employees, and, you know, some of them are on the path to over 1,000 employees in a very short period of time.

The Chair: Thank you, Minister.

Now to the Official Opposition and Ms Sweet.

Ms Sweet: Well, thank you, Mr. Chair, and thank you, Minister and your department, for being here tonight. It hasn't been asked, but I'm going to ask it. Can we go back and forth? You're so excited about agriculture, and that's all I want to talk about.

Mr. Schweitzer: You know what? This is my fourth one of these, and I'm not going to break with my tradition of saying no.

Ms Sweet: All right. Fine. You got a pen? You ready? I've got quite a bit of things that I wanted to chat with you about, specifically when we were looking at Alberta Innovates and just the smart agriculture and food programs as well as a partnership with CAAIN and sort of what that looks like within the overall budget.

We have \$161 million that's obviously been allocated for Alberta Innovates, and I'm wondering if you can break down what the numbers look like specific to the support for agriculture. This is more around the new technologies, the products, and the service delivery components.

I appreciate your comments when it comes to Olds College and Lakeland. I would counter the comments, though. I believe that there is more potential there, for sure, that more investment could be made and more partnerships could be occurring to support the colleges. We've seen some investment in other ministries, which I know you can't speak to, around spaces and the investment around that. I think being able to provide more opportunity to provide more space for students to engage in at some of these more rural communities – Olds College, Lakeland, as well as Lethbridge – would be beneficial, especially in relation to the agriculture industry.

Now, some of the conversation that has come up in talking to some of our rural communities as well is the fact that under the ministry typically we would have REDAs that would be supporting our rural economic development such as in southern Alberta and those partnerships around trying to create those local hubs so that municipalities can work with each other and that they're not trying to attract agricultural investment specifically just to their municipality, but they're actually working together in a collaborative way but also the fact that there's some training that can happen through those REDAs to support those municipalities in being able to

work on that economic development and that attraction. My understanding is that that budget has actually been cut. My hope is that you can clarify, Minister. It was about \$100 million, I believe, and now it's only about \$50 million is what I've been told. That may not be accurate, and I would be happy to have that corrected and be able to support that rural economic component.

It is impacting municipalities in feeling like they have that capacity to do that recruitment and engagement and having the tools to be able to do that. I think the training component that was being offered was actually highlighted as being something that rural municipalities really benefited from and really appreciated. If that could be something that maybe that money could be put back in, or maybe it's being provided under a different model now, and maybe just educating municipalities around how they can access that support would be beneficial.

Now, another thing that has come up in regard to trying to look at investment opportunity, recruitment – we can look at it under incentivizing, if you will – are the barriers that a lot of rural municipalities are facing when it comes to infrastructure development and being able to make sure that when they're looking at the industrial part components for manufacturing or value-added production, they don't necessarily have the capital to be able to invest into those basic infrastructures: water pipelines, natural gas lines, electrical. Some municipalities have identified that it is in the millions and millions of dollars for their municipalities when they don't necessarily have the tax base to be able to support such big investments. Obviously, with the changes to MSI and the different decisions that have been made by this government, some of the municipalities are feeling like they're losing out on that opportunity to really incentivize and to support capital investments in their smaller areas because they don't have that ability to put that basic infrastructure in place.

I know that the Minister of Finance and I spoke about this as well at Treasury Board in regard to a project that was built in Acme. It's a great project. It's great value-added production. It's indoor farming. It's amazing things. I quite like it. But the business that built that infrastructure actually had to put in their own utilities.

The Chair: Minister, five minutes to respond.

Mr. Schweitzer: Perfect. I appreciate, you know, a lot of the focus here on rural economic development. I'm sure you'll have a robust conversation with the Minister of Agriculture, Forestry and Rural Economic Development as well as myself at this table here. I do think that, again, he would add a lot of value to this conversation and also a lot of value to answering some of the questions that you've posed here today. I'll do my best to answer the ones that are at least relevant to our ministry as well.

On the REDA front I think you had a small, maybe not quite so small, rounding error on the funding that used to go into REDAs. The REDA funding hasn't changed over the last two years. It's \$450,000. I think you mentioned \$50 million. It wasn't in that zone, either. There were some adjustments early on in our mandate, before I took on the role as minister, but it's been held steady at \$450,000 for the last two years.

One of the things that we're looking to do, though, for our REDAs, the grants that we're providing out there to these rural economic development organizations, when you're looking at significant investments coming in – you know, we're talking about investments of hundreds of millions of dollars, billion-dollar investments that can really go into a lot of these manufacturing facilities or value-added ag. One of things that we want to do is use Invest Alberta as a tool to help make sure that pitches that go out there: the facilitation and engagement with investment

opportunities can help us kind of meet the investors where they're coming in. They're working closely with our REDAs, local municipalities to make sure that they identify opportunities for investment and what those regions are focusing on for economic development opportunities. So there's that collaboration where they can use Invest Alberta as their tool for business development overall in Alberta to make sure that that happens here. That's really one of the focuses that we're seeing.

One thing I'll note as well – again, our Minister of Municipal Affairs can probably speak to it a little bit more than I can – is that when we're seeing projects that could potentially be brought into Alberta, we're finding that some of the issues are at the municipal level. Sometimes it's an issue that we can help them address through Alberta Innovates, or sometimes it's an issue that we can help them address through the investment and growth fund, but really it's a team approach that goes into it.

The financial tools that we've also given municipalities are highly effective. Some of the tax flexibility that we've given municipalities: you'll see in some of the announcements that come out this year how effective they actually can be in providing long-lasting, generational investment in the many communities in Alberta. Through those different strategies that we've seen, some municipalities have become very effective at helping leverage those investment opportunities to build out necessary infrastructure. Sometimes they have to work with Municipal Affairs on having – you know, there can be some different tweaks that have to happen between municipalities, things that have to go into that strategy, and they work with our team to get that done and identify those issues overall.

On the CAAIN initiative, I mean, this one here is where Alberta Innovates is a facilitator. Sometimes what you'll see with Alberta Innovates is that some of the funding to an initiative like CAAIN may not actually flow directly through Alberta Innovates. They do have a \$5 million in-kind contribution that they make to CAAIN, and there are many other pieces that they help fund on artificial intelligence. They work with AMII. There are different pieces that they do on the ag space. But Alberta Innovates truly is a facilitator. The CAAIN initiative and the team are present there. Laura Kilcrease has been key to helping facilitate the creation of that.

I share your observation that this is an area that we've identified for growth opportunity. Our minister of agriculture really would love to actually have that discussion in many respects. But it's low-hanging fruit. I mean, in Alberta historically we've had a big focus on energy. We've had a big focus in ag investment. It brought my grandparents here a long time ago. I'm sure a lot of people around the table, it brought many of our family members to Alberta. But, again, it's an opportunity for us to get the value-add. You'll see as well this year that we've had many instances of investment coming in from vertical farms as well as potential value-add. Things like canola crushing and other things like that are coming to Alberta now that historically may not have come here. It's an effort that we made to diversify. People have heard that we want to diversify, and that part has been really kind of a key part of strategy.

5:20

The other part – I've got a minute, and I'll highlight it; it really relates directly to the ag sector – is that Alberta is very well positioned from an infrastructure standpoint as well as a logistical standpoint. When you look at the port of Prince Rupert, the city of Edmonton is the first major centre that's off the port of Prince Rupert. It's a big opportunity from a logistics standpoint. The city of Calgary: we're seeing more and more warehousing, manufacturing opportunities there. Much of this also relates to the ag sector for southern Alberta. Because the cost of real estate in the Lower

Mainland is so high, they can't actually build out. There are not very many opportunities to build out warehousing and logistical opportunities, so there's an opportunity for kind of the Calgary region, the Edmonton region to become logistics hubs for western Canada and into parts of the United States. That's a big opportunity for us in the ag industry that you've identified as well.

Also, smart ag budget: Alberta Innovates, \$4.6 million. [A timer sounded] Got it in.

The Chair: It's amazing what you can do with a few seconds.

Seeing that there is no independent member in the room, though it is their time, what I will do is I will go to a government member, Garth Rowswell, for five minutes with the answer. If the member comes back, we will – I guess we've just got to keep going, so we will skip over that.

MLA Rowswell.

Mr. Rowswell: Okay. Thank you very much. I want to talk a little bit about diversification now. But before I go there, I just – you know, sometimes we talk a lot about diversification, right? We always want to diversify, diversify, diversify. I just thought I'd tell a story about a friend of mine who had a fertilizer business. He spent a lot of time trying to get that paid off. Then, once he paid it off, it was a cash flow generator that allowed him to do other things and diversify. My worry is that sometimes when we think so much about diversification, we forget about our base and forget about the oil and gas sector. It's just a thought in my head. I just had to get it out, so I thought I'd do that.

However, I think that emphasizing the economy as a whole sometimes can overshadow the diversification that's already happening in specific economic sectors, which is to say that from what I can see, based on page 77 of the fiscal plan, there seems to be a lot of diversification when it comes to the types of investments that Alberta is attracting. I hear the reports all the time, you know, like hydrogen, like we talked about before. It's been there, I guess, in the past, but we never attracted it. Something's happening, right?

Looking at line 3.3 on page 145 of the estimates document, this development is also reflected in the \$22.1 million estimated for investment and industry. Can you speak to the ways by which a strategy to attract diverse investment may benefit Alberta's long-term economic benefit? How might a diverse and strong investment strategy help business owners and entrepreneurs? It's kind of like I was talking before. Like, there are all these people with neat ideas, and they just can't get to the next step.

Okay. I see in key objective 2.2 for outcome 2 of the ministry's business plan that you intend to promote Alberta as a prime investment location through Invest Alberta Corporation, which we've talked a little bit about already. As we all know, we want Alberta to be the best place to live, work, raise a family, and start a business. Attracting foreign investment is critical to achieving these outcomes. You know, that was the case for our oil industry, right? If we didn't have foreign money coming in, it wouldn't have developed the way it did when we're rocking and rolling. Can you please explain how promoting the Invest Alberta Corporation might go about ensuring that you meet objective 2.2 of your business plan, and can you please elaborate on how venture capital investments might serve as a good metric to indicate the success of Invest Alberta Corporation in its aim to promote investment and trade in Alberta? That's kind of Alberta Enterprise Corporation, and that's kind of the connection between the two, I would imagine. What advantages does Alberta have for attracting investment, meeting objective 2.2 of the business plan?

There appears to be a sizable chunk of expenditure indicated in line 3.2 on page 145 of the estimates, \$10.77 million to be exact,

dedicated to international relations and trade. We've talked about our international offices quite a bit today and how important that is. I guess, you know, has Alberta always had them? Or when did we start having them? You mentioned that, you know, it's been wild. It's been up and down and all over the place. I'm not sure when we started it and the success behind that.

Which countries does Alberta intend to strengthen its trade and economic ties with? I think Japan was one of them, what I heard earlier, right? What role does Invest Alberta have in attracting international investment to the province? Does the minister foresee recent developments in eastern Europe having a significant impact on Alberta's trade economy? I guess, you know, we're talking about sending natural gas and oil and stuff, but we've got to build a pipeline to get that one done so who knows? I'm sure there are going to be opportunities there. I spent a year in Japan, too. I know some people there if you need some help.

Thank you very much.

The Chair: Minister to respond.

Mr. Schweitzer: Thank you, Chair. Now that we're almost at our last hour, I told our team that when we have these blocks, I'm going to start calling on our deputy ministers and ADMs to take certain time allotments in our last hour as well to help with the flow. Six hours is a very good, robust discussion, and we're proud to talk about it. I might bring in the teams. I'm going to bring in my deputy minister, Kate, at the end for the last two minutes to talk about the history of our trade offices and where they've been and give you some context for where they are right now as well.

Your question about the impact of the war in Ukraine on Alberta: I think that's on the minds of many people in our province but also when you look at how Alberta can help kind of restore stability into a global context right now. You're seeing commodity price spikes in many areas, from, you know, oil prices to agricultural commodities. A lot of the goods that are produced in Russia and Ukraine we have in Alberta as well, so there is a role for us to play with our allies. I do think it will have a big impact on us. I do think that it'll have a profound impact depending how long this lasts.

I do think you are seeing a restructuring of the geopolitical order in many respects. It's unclear as to how this is going to completely be long term with Russia relations with Europe and other countries around the world. It is going to have a big impact on Alberta just given the nature of our economy, but it's an important role for us to play, as much as, you know, there are global challenges, and we're going to have an important role to help solve some of those challenges as well.

On the immigration front, as much as we hope that this is going to be resolved quickly and people in Ukraine can go back to their homes, we do have a lot of people with Ukrainian heritage in our province, and I know our federal government is working to provide opportunities for people to come here that are leaving there as refugees. I would hope that Alberta and our team is looking at how we best facilitate that and provide a welcoming environment in our province. I think there's a big role for us to play to help people that have gone through some significant traumatic situations that they've had and to be that welcoming place. Many of our ancestors came here. I know my grandma and grandpa came here after World War I. They fled for stability and a place to farm. They fled Europe, from a war-torn place. It's part of our history, welcoming people, so I do think that there is a role for Alberta to play there as well.

I want to be mindful of our time. You've got 30 seconds on the clock, Deputy Minister.

In diversification, I think you're right. My ministry does focus a lot on diversification because we have the research and

development piece, we've got the venture capital piece, but that doesn't take away at all. We also have our traditional economic drivers: energy. We have our Energy ministry. We've got a minister of natural gas. We have a minister of agriculture and forestry. With the recovery plan a lot of it was built on two different pieces. One was building on the strength and the traditional part of our economy, the economic drivers that have gotten us here – they pay the bills, they employ the vast majority of the people in our economy – but also looking at, you know: where do we want to get to 10, 20 years from now to make sure that there are long-term opportunities here? As well, the world may have different priorities, and that may impact us long term. How do we position Alberta for long-term success? That's where we've been.

Time for a history lesson on our trade offices. Over to you, Deputy Minister.

Ms White: Thank you very much. Deputy Minister of Jobs, Economy and Innovation Kate White. Thank you for letting me speak today, Minister. Thank you, graciously.

5:30

We've been in the international office business for a long time. As was mentioned earlier, the first office opened in 1970 in Japan, and the Japanese consul brings up every time how critical that relationship is, so, no, we're not looking at closing the Japan office. But prior to 2004 we had nine international offices, all operated under the economic development ministry, and they were focused solely on trade as opposed to investment attraction, often the flip side of the same coin.

We then, in 2004 and 2005, added the Washington, DC, office to do some advocacy. That brought us up to 10. In 2007-08 we still had 10 offices, but we moved all the offices under the department of international and intergovernmental relations at that time. The offices, while they haven't moved, have moved around. By 2015 we had quite an expansion under Premier Notley's tenure. We had 14 offices, and I'll just list them out: Hong Kong, Tokyo, Taipei, Seoul, Munich, London, Mexico, Guangzhou, which was mentioned earlier, Shanghai, Singapore, New Delhi, Beijing, Washington, and Chicago.

In 2019 we were down to 12 offices. We no longer had the Chicago office, and we no longer had the Munich office, if you're wondering about the delta there. Then the latest change to the international office network came in '21-22. We're up to 15 offices, and as the minister mentioned, we're closing two.

The Chair: Thank you very much.

We now will move to the Official Opposition for Ms Sweet.

Ms Sweet: Thank you, Mr. Chair, and again thank you to the minister for indulging me. I'm going to focus on agriculture in a minute, and I'm happy that you're talking about the capital regions and some of the potential around them, but first, real quickly, supply chain demands and the struggles that we're having with our supply chain. Obviously, we saw in the summer feed issues coming up from the United States to support our ranchers. We saw issues with getting beef down to the U.S. as well as impacts on our honey export. Most of our southern agricultural producers were significantly impacted by the Coutts blockade.

In addition to that, we also have heard and I know you've heard of the rumours of changes with CN Rail and some labour components that may be happening with that and some concern around the fact that there may have to be bidding on being able to access railcars, which is a concern for some of the members within the forestry industry as well as the agriculture industry.

My question would be: what are you looking at? What kind of discussions are you having, not in relation to, like, the labour components but, like, strategies that you may be coming up with in trying to address how we're going to get our products to market? Pulp has been significantly impacted. They've had a decrease in their ability to export to the B.C. coast. We obviously recognize there were significant environmental factors this summer with highway washouts with the Coquihalla and then, of course, trying to get some heavy haul through. Going into the next summer, I mean, if there are fires again in B.C. – hopefully not – or if there is any natural disaster, I guess the question would be: what is the plan to ensure that we still have a stable supply chain?

Outside of that, I appreciated your comments that you were making in regard to the agriculture components. The RAMP study – I'm not sure if you're aware of what's going on with the RAMP study – is the partnership that is occurring with all of the municipalities and counties around the Edmonton area with the intention of looking at agriculture and value-add. Of course, those members are Parkland county, the city of Edmonton, Sturgeon county, the town of Morinville, the city of Beaumont, Strathcona county, and then global Edmonton. The intention behind this, of course, is looking at the fact that we know that last year alone, partly because of COVID, obviously, the agrifood sector was a \$56 billion industry. It actually exceeded oil and gas, although I appreciate the member opposite thinking we should focus on our oil and gas industry.

Agriculture was a huge economic driver for us last year. So was forestry. Because of that, you know, looking at the RAMP study and trying to look at the economic imperative report, that identifies the opportunity for the region, I'm wondering if you'd be able to discuss or amplify some of that value-add potential within the area, obviously looking at the city of Edmonton being able to have that airport access and being able to do more value-add here as well as looking at those communities that surround the Edmonton area.

It is determined right now from a GDP perspective that combined farm gate sales and food and beverage were \$11.42 billion, with the estimation that that can go up to \$27 billion by 2046, for the Edmonton area region. Now, I haven't heard a lot of conversations in regard to the investment opportunity that you may be working on in your ministry. Obviously, they have a report that's coming out in regard to some options that could happen there. I would be curious to hear from you if you have thoughts on that report and what initiatives you're maybe taking to support that. I do believe, again, that that is a great opportunity.

Something else, really quickly, because I'm running out of time and I talk a lot, is objective 1.1. Your ministry plan is to monitor the competitiveness of our tax system. Saskatchewan and Alberta are constantly competing with each other in regard to agriculture production. Saskatchewan, due to their value-add agriculture incentive, actually has a nonrefundable 15 per cent tax rebate on capital expenditures valued at about \$10 million or more. This government relies too much on having a low corporate tax rate, but if the government is serious about bringing in new companies or empowering companies to expand and grow, it needs to recognize that this is a barrier and that it is a competitive disadvantage that we have in Alberta versus Saskatchewan. It is an ongoing issue when it comes to trying to encourage investment from the Saskatchewan market into the Alberta market.

I had 10 seconds left. I could have kept going. Did you write it all down?

The Chair: The minister to respond.

Mr. Schweitzer: Perfect. We'll start with the last point you were making there around, you know, tax structures, competitiveness, taking a look at Saskatchewan, Manitoba, and others that have incentives for kind of value-add ag or ag manufacturing and that side.

One of the things that we took a look at and we saw an opportunity with for the investment and growth fund was to help kind of narrow that gap. This goes back as well to my earlier comment that I made, where many people are looking at making prospective investments. They're so used to, around the world, having government participation in some way, shape, or form. It's kind of one of the boxes that they want to tick. Is the government putting skin in the game? Do they want this project in their jurisdiction? What we've done, you know, with our low tax structure that we have here – we have no payroll taxes, we have the low corporate tax rates in Alberta, we've given municipalities flexibility, and we can be very competitive overall – is put together very competitive pitches to come to Alberta. What we found, though, is that they also said: well, is there any skin in the game in this project? That's where we found that the investment and growth fund has had some success.

As I mentioned, the GoodLeaf vertical farm is the first one. You're going to see multiple other announcements this spring that are in this value-add ag manufacturing space as well. We're hopeful this is going to help kind of close that gap with other jurisdictions where we have advantages in other areas, and hopefully that helps kind of close those deals and bring them into Alberta. It is also the other reason why, given the initial success that we've had with the investment and growth fund, we've got the rural stream. We're expanding the additional \$5 million a year for the rural economic development focus piece for the investment and growth fund to help build that out.

With respect to your questions around RAMP, the Edmonton metro region, and all that we just launched this last month the Edmonton metro region strategy that we're doing in agriculture and working with some of the communities around the Edmonton metro region. I think it's a big opportunity.

To your earlier questions around CAAIN and research and development and getting that value-add piece built more and more into the economy of Alberta, I think that is a big opportunity overall for this region but not just this region. We had a "Hear, hear" from the Lethbridge representative. We have others. There are many areas in Alberta that benefit from this collaboration and approach.

It really dovetails to your observation around supply chains in order to capitalize on those opportunities. We can produce a lot of food in this province, but we can't consume it all. We can produce a lot of goods in this province, but we can't consume them all. Getting those export markets and logistical pieces in there: some of that's in our ministry. We did work on this when there were the supply chain issues, particularly in Vancouver, when they had the significant flooding and other issues this last year. Our ministry, with Transportation and others, was on a daily monitoring. Do they need more resources? What can we do as a government to help support British Columbia in that instance? Just like they do for us if there's a fire, there's that reciprocal relationship that's there.

But I do think, you know, that that kind of natural disaster in combination with watching supply chain challenges with COVID – and now also we have geopolitical tension world-wide – that's causing further supply chain challenges internationally for commodity prices and everything else. We talk a lot about affordability, but that's going to become more and more front of mind. All these issues are compounding.

I do think, as well, Alberta is very well positioned when you look at the cost of real estate. If you look at the logistical opportunities we have with rail, the logistical opportunities that we have with our

airports as well – Edmonton International, Calgary International Airport – we do have opportunity here, and you'll see, when we come out with our full report on the recovery plan work, we've actually done a full manufacturing strategy, an agricultural strategy and partnership with the ag team as well as logistics.

5:40

There is a big opportunity for Alberta to continue to lead. If you look at the warehousing that's gone on – I'll use Edmonton – there is a ton of warehousing that's happening west of the city as well as near the airport. In Calgary, if you've been there recently – I actually kind of remember this from when I was a young person in Calgary. I was, like, "They're going to put warehouses over there?" But all of a sudden you go there, by the airport, and there's just warehouse after warehouse after warehouse, and they can't keep up with the amount of volume that's coming in, so they want to build them as fast as they can. There is a big logistics opportunity in Calgary to kind of meet that demand.

As I was mentioning, the Lower Mainland is kind of at capacity for its ability to service logistics and warehousing. They just simply don't have the real estate anymore. We have the workforce, we also have the land availability, and we're working in collaboration with Transportation and other ministries to build out the full strategy to create those jobs. Again, it helps diversify Alberta's economy overall.

Let's see if I can get any other points covered off. Again, yes, overall I just want to highlight as well, to your point around the value-add process, that lots of companies say that they're having immense success in the ag space. There's one called Partake brewery. It is nonalcoholic beer. They just raised their series B financing. Garth, if you look up series B financing – it's series B financing in, again, nonalcoholic beer. The company was down at the Super Bowl. They're collaborating with international partners. There are lots of opportunities here locally to help . . .

The Chair: Thank you, Minister.

MLA Armstrong-Homeniuk, for your five minutes.

Ms Armstrong-Homeniuk: Thank you, Chair. Through you to the minister, can we talk about petrochemicals? That is my riding, obviously, the Industrial Heartland, and I share it with MLA Walker.

Anyhow, on page 78 of the fiscal plan it outlines some of the expansions and investments being undertaken in the petrochemical manufacturing industry. The government has made it a priority to grow our strength in the energy sector and diversify through growing our natural gas sector. Alberta's natural gas currently accounts for two-thirds of Canadian production and is becoming a growing strategic resource on the world stage. I was pleased to see that our government is looking at this through a strategic lens, through the natural gas vision and strategy for growth, in areas in which we have a competitive advantage and can expand our market share on the world stage to lead to more high-paying jobs within the industry.

I've also heard about some of the early successes of the Alberta petrochemical incentive program, or APIP. This program is positioning Alberta as a top destination for petrochemical investment by offering incentives to manufacturers, leveraging Alberta's abundant natural gas reserves. I'm happy to see that the investments from Inter Pipeline and Northern Petrochemical Corporation have brought renewed investment to the sector. And I just want to add in Pembina, too. Can the minister please outline the expected value that the Inter Pipeline-Pembina heartland petrochemical complex project will bring to Alberta's economy?

Regarding the Northern Petrochemical agreement can you please outline what that sort of investment means for the people of northern Alberta and in the greater Grande Prairie region?

I don't know if you've been to the Inter Pipe-Pembina project out there, but it's quite the site to see. There's a lot of good work going on there. It's a great employer for my area. If you've ever seen the plastic pellets – have you seen the plastic pellets? You'll have to come to my office. I have a whole bunch there.

Anyhow, in 2019 Alberta's chemical sector was valued at \$12.1 billion and supported about 58,400 jobs. That year Alberta's Industrial Heartland had identified an opportunity to grow Alberta's petrochemical sector by more than \$20 billion Canadian by 2030. This would result in more than 90,000 direct and indirect jobs over the construction and operation periods of new facilities and more than \$10 billion Canadian in revenue for the government of Alberta. Centres identified as prime areas of opportunity for petrochemical investments in Alberta include Edmonton, Fort Saskatchewan, Joffre, Grande Prairie, and Medicine Hat.

On October 6, 2020, the natural gas vision and strategy, which includes a focus on developing and diversifying Alberta's petrochemical sector – this is a goal that puts Alberta in direct competition with U.S. jurisdictions such as Texas, Louisiana, and Pennsylvania – recently announced multibillion-dollar projects like the Edmonton blue hydrogen production hub, Dow's net zero carbon emissions integrated ethylene cracker in Fort Saskatchewan, and Northern Petrochemical's Gold Creek methanol and ammonia facility in Grande Prairie, further evidence of APIP's role in driving investment in to our petrochemical sector.

I'm wondering if you can explain some of the metrics being looked at to determine our competitiveness and what programs or policies are tied to that metric. Historically we've seen petrochemical manufacturing falter as energy prices rise. The APIP program is designed to run for 10 years, meaning we can expect to see more fluctuations over the lifetime of the program. What work is being done to ensure that projects like these three I have mentioned, proposed when feedstock would have been drastically cheaper, remain viable and Alberta can continue to attract value-added investments when input prices are rising, like now, and what metrics are you looking at to determine if any changes are needed within that time span? [interjection]

I will – yeah. Go ahead.

Mr. Walker: Sure. You know, I always look forward to speaking. It's great, and it's an honour. I would just say in the remaining 30 seconds, Minister, through the chair to you, that MLA Armstrong-Homeniuk obviously has been an amazing advocate for the petchem sector in her riding, in her region, which I'm so glad to share. I know that at JEI you guys are also doing amazing jobs working with the associate ministry of natural gas and electricity on these important projects that we have to get across the finish line. We have to close the deal, and we are doing that in many respects.

Back to you, Minister, through the chair.

The Chair: For the minister to respond.

Mr. Schweitzer: I appreciate it, and thank you so much for your collaboration on the question and passion for this project and the petrochemical industry in Alberta. I'll start, first, by kind of highlighting that a lot of the responsibility for the APIP program and everything is outside of our ministry. But we do have a big role in collaboration with Invest Alberta attracting jobs in to our province, so I can kind of comment on this from that lens.

The one that you referred to as the Inter Pipeline one is a \$4.3 billion facility. That's big dollars, \$4.3 billion, that's a lot of

investment in the heartland of Alberta and Strathcona county. It should generate 16,000 jobs, support over 150 Alberta-based businesses, a thousand indirect jobs, 300 direct jobs once it's operational. So that's a big employer. You know, that's a tax base long term for Alberta businesses as well as a consumer of our natural resources here in our province. Northern Petrochemical: that's an investment of \$2.5 billion; 4,000 jobs during construction; 400 permanent jobs long term for that community. Again, as well, when you look at the long-term impacts of those types of physical, you know, in-the-ground investments, those are multidecade investments in our province that provide a consumer of our resources here in Alberta, which is really important.

The other part that I'll highlight as well that we're involved in working on – it's, again, not all of our ministry, but it's a collaboration across many ministries – is around the push by industry for ESG. Many of these projects that have been announced, that you've identified, their goal is to be net zero. They're utilizing carbon capture technologies, other things like that. A lot of that technology was started here in Alberta. One of the first if not the first carbon capture project was here in our province, Alberta. Organizations like Alberta Innovates were involved early on in the research and development of technologies in that space that are allowing these projects to come.

The one thing – and I think MLA Rowswell kind of highlighted this earlier on – is around, you know, the ESG push, affordability, other things that happen here. The one thing that we're monitoring closely right now is this new kind of geopolitical environment that we're living in. How is that going to impact the outlook of ESG from a national security standpoint? From a broader security standpoint, is ESG going to have another S when it looks to security of supply chains and national security? How is that going to impact projects of this kind? I do think that these are world-class projects that have been announced here in Alberta. I don't see any reason why that lens would change on them.

But I do think, when you look at further opportunities, you know, to make sure that Alberta has that key part – and we talked about this lots today – of the overall solution to many challenges around the world, we have the resources, the commodities that we want to build out and supply to the world to help provide that stable, safe supply that people are looking for. This also goes beyond just the petrochemical industry, just our conventional oil and gas industry. When you look at, you know, rare-earth minerals, many companies and countries have made dedication around electric vehicles, making sure that there's dedication there. There are a lot of minerals going into each one of those electric batteries.

5:50

China has a strategy with its belt and road strategy, making significant investments in Africa. You know, they have about 80 per cent of the market right now. What is Canada's response going to be that, when you look at this through a very different geopolitical world that's evolving in real time right now, in 2022?

I do think that there's an opportunity for us as, you know, MLAs and advocates to be part of that common-sense discussion that's happening. You've seen the pendulum go all the way over here. I do think that what's happening world-wide is providing an opportunity for discussion as well: what is our role long term? Many of our European allies are asking Canada to play a bigger and bigger role. I do think that it's a little too early to speculate as to how exactly this is going to concretely end, where exactly this is all going to land at the end of the day. But it's a live discussion, and it has a long-term material impact on our province.

As I mentioned earlier on, our Premier and our Energy minister are down in Texas right now at one of the largest international energy

conferences in the world, that's being held right now, talking about some of these topics, talking about security of supply, talking about ESG, you know, many companies' commitments towards net zero. This is an area where I think – it's not going to change dramatically, but I do think that there could be some refocusing internationally, and I think that our financial institutions as well are going to look at this with a new lens going forward as well from a supply chain. We were talking earlier on about supply chains. That is an impact here as well. Who are your trading partners? How does that all piece together?

I think there are lots of pieces here, but there are lots of reasons in your constituency, in particular, to be excited about the petrochemical industry and the jobs that are being created there.

The Chair: Thank you very much.

Over to MLA Bilous for his five minutes.

Mr. Bilous: Thank you very much, Mr. Chair. You know, in the context of this conversation, what I find frustrating is that, Minister, you and your government have gotten behind programs like APIP and the film tax credit, which we're supporters of because APIP is a continuation of a program that our government implemented, and I will say, just for the record, that Invest Alberta had absolutely nothing to do with Inter Pipeline's facility up, because they didn't exist when that decision was made. Granted, I think what has frustrated folks in the digital media space and those types of industries – and I have to go back to this because, Minister, you and your government understand the value of APIP, where it is a targeted incentive program to level the playing field. The film industry said, "You need to provide" – I believe, Minister, you said earlier – "a sweetener in order to show that you're listening and that you care." So you did that, and now we're seeing the benefits of a program that was targeted for them. This is exactly what the digital media space is asking for.

You know, I appreciate you talked about the metaverse. Believe me, I've talked to companies over and over and over again. Like, providing an incentive program for a company, regardless if it is the size of Beamdog or if it's EA Sports or Tencent, a tax credit is a tax credit. That would help them reduce their costs and make Alberta more competitive. The part that I find frustrating is that your government is not just picking winners and losers; you're actually picking the sector's winners and losers, which for the last three years goes counter to the messages your government gave, which leads me to my next point.

Now, again, I'm in favour of these, but your government championed the corporate tax rate reduction as the silver bullet at a time when we pleaded with you not to cancel the investor tax credit, the digital media tax credit, other targeted programs that your predecessor referred to as boutique tax credits numerous times. If the lowest corporate tax rate was doing what you told us it was going to do, then these other programs wouldn't be necessary. So it's not – and that's what I find interesting on this investment and growth strategy fund.

Please share with me how this does not duplicate the work that Invest Alberta is doing. My understanding is – what you said, Minister, is that this is, again, a fund that will, you know, help attract investment. But my understanding is that that is also the role of Invest Alberta, that just had an increase in their budget. So how is this not duplicating what's already being done?

And then, on those veins, if you could outline specifically the investment attraction activities you're engaging in. I appreciate, Minister, you said that there are a couple more announcements coming. There's been one announcement out of this fund, I believe, unless I've missed a different announcement. For all these questions – and I wish I would have said this about five and a half

hours ago – I'm happy to have any of these responses in writing if you don't have it at your fingertips, Minister.

Again, you know, I think everybody around this table wants to ensure that we're getting not just value for money but that there are outcomes and targets that come with metrics and milestones so that it's not just we see where the money is going, but then Albertans will be the judge of, yes, there is value, so when the jobs that are created, companies, and their growth. I know that you have some targets, again, you know, when we look at Alberta Enterprise Corporation. I'm looking for similar targets that can be identified or that you can share with the committee today.

I'm running out of time. I did want to loop back with the trade offices. To your deputy: I just want to clarify – maybe I misunderstood, but the Chicago office and the Germany office didn't exist under the Notley government. Those offices were actually closed. [interjection] Yes.

But, again, the importance of the trade offices – let's see if I can read this. Outcome 2, key objective 2.3: "Engage stakeholders, including businesses and other governments, to grow key industries, promote and defend Alberta's economic interests, and support export expansion and investment attraction efforts." What are you doing specifically to realize this objective? What programs exist or are in the budget to support Alberta companies looking to access new markets? What trade office supports still exist? I'm hearing from the private sector that they're extremely frustrated, they're getting no support from Invest Alberta, and our trade offices, again, are a shadow of their former self. So businesses are saying: we have no in-market support.

Mr. Schweitzer: Fair point on the – and my deputy minister nodded when you made the comment around Chicago, just for the record on that. The offices that you identified that weren't in operation during the 2015-2019 period under the NDP government: duly noted on that, and we accept that observation.

On your question around the process for the investment and growth fund. What happens here is that Invest Alberta is out there in the marketplace; they're working with prospective investors that come in. You know, they ask them: "What are the barriers? What are you looking for?" Sometimes it's a municipal affairs issue, sometimes it's a different issue of transportation, whatever it may be. Then quite often they are getting close to that final part of the deal or they're getting to the short strokes of making a final investment decision, and they ask: well, does the government of Alberta have any further, you know, incentives that can kind of put this over the finish line?

What the company has to do, though, is show Alberta that they actually have an offer from a different jurisdiction on the table – you know, let's say Saskatchewan. Saskatchewan is going to give the company X amount of money to come to their jurisdiction versus coming to Alberta. Once they get to that point in time, Invest Alberta then hands the file off to Jobs, Economy and Innovation to do an analysis of the proposal, an analysis of the investment. There is a weighting that goes into it, from capital, jobs created for construction, long-term jobs for the community, the type of investment, the type of company that's being proposed. They also look at some regional factors as well that go into it. That's why we're creating the regional stream as well for rural Alberta.

At that point in time it comes from a recommendation from the ministry to me as minister, and we make the final decision to sign off on that investment through the investment and growth fund to finalize that. So there's a collaboration between Invest Alberta and the ministry on that, and it's a tag-team effort, with the final decision-making process resting with the ministry.

As far as the deal flow that's there, do stay tuned. I'm aware of four investment and growth fund proposals that have been signed off on through our ministry. One has been announced; you're correct. And there are multiple other ones that you're going to see here this spring and probably a couple more that are in the very close process of being finalized as well through the investment and growth fund.

One thing on your observation around the digital media credit – you've made some observations around different tax credits, making sure Alberta is competitive. The overall macro environment of Alberta allows us – you know, when we look at apples to apples of other jurisdictions, it's one of the more competitive factors that we look at. The investment and growth fund helps them tick that last box from jurisdiction to jurisdiction. To your point, we are looking at the digital media structure in Alberta as part of our technology and innovation strategy. You'll see that when we roll out the technology and innovation strategy for Alberta. We have identified this as one of the areas where we need to come up with some structure for this long term in Alberta. If you have thoughts or advice on this – I know you're passionate about it; you talk to the industry quite a bit – happy to take a look at thoughts you may have on how this could look.

6:00

One thing – and I mentioned this earlier on – that I'm cognizant of is that we do have effectively zero per cent unemployment in the tech and innovation space right now in Alberta. I want to make sure that we're not just putting, you know, kind of inflationary pressure on the labour costs in the tech space. That being said, though, I know that we need to make sure that the industry here in Alberta is competitive with other jurisdictions. We want to do our homework. We want to engage, and if you have ideas and observations on how to make that competitive, happy to take a look at it as well.

I'm trying to think if there are any other points here. Oh, promoting trade. Yeah. On this one here, we do still have the office in Mexico. That's actually still under our office. We do have the expanded presence in the United States as well, which is going to be available to individuals, and we're working with Invest Alberta right now. They're rapidly ramping up our new CEOs in place there. You know, they've done the analysis internationally on investment opportunities and how to bring that in. That analysis has been done, which is one of the reasons why we're scaling back in China, as one of the observations that they've made. But I think it's a fair observation that we need to do more on the trade side of it.

COVID has actually been one of those other challenges as well. We haven't been able to do trade missions for the last couple of years, or it's been very difficult to do trade missions for the last couple of years, so a lot of the focus during that period of time has been focused on investment attraction. Now as, hopefully, the border restrictions continue to come down, we can facilitate more and more trade mission activity. I know that my deputy minister is going to be travelling to Argentina to do a relationship there. You know, many of our colleagues are down in the United States right now, and I'm going to be looking at going to Toronto as well. The wheels of machinery of getting trade missions and everything else going that historically are a big part of what this ministry does are going to start ramping up this year. Hopefully, we can start working with Alberta-based businesses that want to go there and expand and start doing those trade missions as well.

The Chair: Thank you very much.

Mr. Rowswell, for your five-minute section.

Mr. Rowswell: Okay. Thank you very much. We were talking last time a little bit about diversification. The need to enhance Alberta's

ability to carry out research and innovation and commercialization is vital to the future of the province's economic diversification. In section 3.5 on page 72 of the business plan it references the government supporting the pharmaceutical industry. We know that the COVID-19 pandemic has highlighted the importance of developing pharmaceuticals. More so, we know that with vaccine procurement Alberta was reliant on the federal government and that the federal government was reliant on foreign countries for vaccines. A domestic supply is essential to ensuring vaccine security, not just in the short term against COVID.

What struck me as odd when we went through this – and I might be wrong – is that I'd heard that 90 per cent of the vaccines or medications in the United States were done in China. I don't know if that's an accurate statement or not, but they have a lot of it. My concern relative to supporting it and developing it is, you know: why didn't we have it before? Can we be competitive to do that or not? It's just a thought.

In order to prevent a similar situation from arising in the future, what is Alberta doing to promote the domestic manufacturing of pharma products? Does this funding help diversify the economy? Like, how much could we attract? I know that a lot of good research is done right here in Alberta. I have heard a name previously. Can you tell me a little bit about what programs and policies we have in place to ensure we can commercialize new pharmaceuticals, generating more funding and research and development here in Alberta?

Objective 3.5 states, "Build on and promote Alberta's emerging platforms in the pharmaceuticals and life sciences sector." Can you list a few examples of what sort of work that entails and what metrics you are looking at as part of this work?

COVID-19 prevention and treatment remains an ongoing concern for many Albertans. I'm glad to see key objective 3.5 on page 72 of the business plan, that your ministry is committed to supporting the pharmaceutical and life sciences sector. I heard that Alberta is home to the fourth-largest life sciences sector in Canada behind Quebec, Ontario, and B.C. I don't know how big Canada is in the big picture, but we're fourth in Canada, so that's good. This sector generated over \$1 billion in 2021 and employs over 12,000 Albertans. This is a sector resting solidly on the foundations of Alberta's postsecondary institutions, as I understand it, with internationally recognized expertise and infrastructure. I'm told that on the corporate side we have a good mixture of early-stage start-ups, emerging growth, and mature companies, so that lends that question back to: why hasn't it been here before, and why wasn't it developed?

With that in mind, we know that the University of Alberta has a Nobel prize winning scientist working on vaccines, who's been talked about earlier. Can you speak in more detail on the expertise that exists in our postsecondary institutions and how supporting this industry, as described in the key objective on page 72 of the business plan, can help them? Is the Alberta government funding the Li Ka Shing institute at the University of Alberta, and if so, can you speak to the work being done there and how the decision was made to support it?

What sort of outcomes can we expect out of this funding? I have seen estimates that the pharmaceutical and therapeutic market generates close to \$2 trillion of revenue a year. It's almost as good as hydrogen. What are some of the competitive advantages that we have compared to other provinces in this market, and I would go beyond that internationally to some degree, and who's our toughest competition?

Now, beyond that, I know that the federal government has a role to play in this. You know, just through the news I heard that they funded certain companies and that they didn't fund other ones and

that there was an Alberta company that thought they had something really good, and it just wasn't looked after, right? If there is a co-operative thing that happens there, how do we access that? I'd just like to know.

The Chair: The minister to respond.

Mr. Schweitzer: Thank you so much, Chair, and thank you for those questions. Just at a really high level, you know, we talked a lot about ESG and security, national security, even health security kind of came to the forefront, particularly early on in the pandemic when we were talking about vaccines and kind of people weren't allowing vaccines to leave their home jurisdiction and how that had caused immense amounts of frustration as well as an awareness-building exercise for Canada that health security is critically important long term just as national security and dealing with resource security is an emerging issue today.

Our ADM Jennifer Jabs helped us develop out the strategy, and I'm going to turn it over to her to give you kind of a breakdown overall as to, you know, what we worked on and where we're going.

Ms Jabs: Sounds good. Thanks, Minister. I'm Jennifer Jabs, ADM of stakeholder relations. As you've heard and seen in Budget 2022, over \$76 million has been allocated to the pharmaceutical and life sciences sector. This includes \$50 million to the U of A and \$26 million to support vaccine development in three external companies. This is in addition to the Li Ka Shing applied virology institute.

As the COVID pandemic winds down, there may be questions as to why this is still the right place to invest. These investments can serve as an insurance policy against both the long-term nature of COVID and build our local capacity to protect against future pandemics or health crises. Pandemic preparedness requires a sustainable research effort, innovative ideas, and cutting-edge technologies. In addition, vaccines are being developed for a large number of illnesses and diseases. This is an untapped market and has nearly endless potential, particularly when you consider the novel technologies being considered and applied such as mRNA vaccines.

There are clear benefits to early government support to help kick-start an industry that will realize long-term benefits for Alberta. Similar to our oil and gas sector, local development and production means we will never need to worry about our local supply. At a large enough scale we can also develop a product that can be exported, further helping to grow our economy. By building our industry, we can also incent larger players to locate here.

Vaccine research and manufacturing provides a significant number of high-quality and high-paying jobs. PWC, that helped us with the project, estimated that the four projects that we're supporting will lead to 350 direct and 2,600 indirect and induced jobs. These are some of the jobs of the future and may require similar skill sets to those that we employ now in the oil and gas sector. Vaccine development supports other sectors as well, particularly in agriculture. We can support animal health as well as protecting our national food supply with the production of local vaccines.

6:10

The skill sets and training used in the vaccine sector are also similar to those in the petrochemical sector such as engineers, chemists, plant operators. They support each other, and our petrochemicals can feed into the supply chain needed for vaccines. This is an industry that will both diversify our economy while helping to grow our traditional sectors, which is something that's highlighted in the recovery plan.

The majority of Canada's pharmaceutical manufacturing and vaccine investments are in central Canada. However, Alberta also brings some strengths and unique benefits. We're home to the world-renowned researchers in this space, as has been mentioned before, Dr. Michael Houghton and Dr. Lorne Tyrrell. It's an organically growing industry that is building off our existing talent, infrastructure, and foundational conditions. We're positioned to be a strong player in future western clusters or potentially in a prairie vaccine cluster. Small investments now cannot just help build vaccines but an industry that will benefit Alberta for years to come.

In terms of our support for these initiatives, as I mentioned, we contracted PWC to provide us with a strategic investment road map for the vaccine ecosystem. This was so that we could ensure that our system did not oversaturate the ecosystem nor leave major gaps in the value chain. There were three different areas. There was research and development, which includes the discovery, research sphere, preclinical, and clinical development; commercial manufacturing, which includes things like a final drug product, key inputs and materials, drug substance, final product fill, finish, and packaging; as well as distribution.

In order to support the spectrum of the road map, we're working with four proponents and the federal government to secure funding from their \$2.2 billion fund for biomanufacturing. This includes the U of A plus three external companies, which are Entos Pharmaceuticals; Applied Pharmaceutical Innovation, or API; and \$5 million to Northern RNA. Supporting these companies with provincial backstopping will strengthen their chances of receiving federal funding, and it will also bring the federal government to be a true partner in this work.

I'll leave it there.

The Chair: Well timed. Thank you very much.
To the Official Opposition. MLA Bilous.

Mr. Bilous: Thank you, Mr. Chair, and I'll thank you, Minister. In that last five minutes I got more information from you than in five hours of estimates, and I'm not saying that to be cheeky. I mean, I appreciate the answer although, for me, it reinforces the value of back and forth, where we can clarify very easily, where in this there's this invisible barrier between us. But no, I do appreciate that.

I am a little confused, though, at the purpose of the investment and growth fund. You're talking about it being the final mile. That's exactly how David Knight Legg described the role of Invest Alberta two years ago or a year and a half ago, when it was stood up, so I still don't understand their \$20 million budget if there isn't money built in there for that final mile. You'll have an opportunity – or I ask for you to clarify that.

My last block. I just want to talk about manufacturing, and I know that you've touched on it. In the last two fiscal plans you've indicated that the government is developing a manufacturing strategy, so I'm just curious what the current status is of that, when we can expect it. What actions have you taken to develop that strategy? I would imagine you're working in tandem with other departments and ministries. Unlike other sectors, it's not directly mentioned in the business plan, which I know is not necessary but again am hoping maybe you can talk a little bit about objectives or measurements for manufacturing or value-add specifically internally or if potentially that'll be in future business plans.

Now, we've seen Next Generation Manufacturing Canada estimate that Canada-wide 25 per cent of the workforce is set to retire, and we know CME say that more than 60 per cent of manufacturers report difficulty filling positions in their company. Again, that talent shortage is happening across the board. I appreciate that the minister of labour may be taking the lead on this,

but I'm just wondering again what work you're doing with labour on helping to grow our manufacturing sector and ensure that we have the workforce to be able to do it.

The success Alberta had attracting value-add in petchems, again, is now over multiple governments. It'll strengthen our natural gas manufacturing sector. I'm curious if there is further expansion into this. I appreciate that we've had a robust conversation about the petchem space. I'm well versed in it. Just wondering if there are future opportunities outside of what currently is happening that would fit within that manufacturing strategy. Again, I'm just wondering if there will be funding that'll come with it and that'll be attached to it, so whatever you can talk about as far as on the manufacturing.

Lastly, I guess I do have time to touch on the innovation employment grant. We saw a new version of the former SHRED tax credit. Last year's is projected to be an investment of \$15 million; this year it's \$74 million. I'm guessing, and hopefully you can clarify, Minister, that this increase is due largely to the implementation process, that that was that first year of getting it up and running, and now you've got, you know, an influx of applicants. Is that \$74 million that's in this year's budget what you project for the next few years? Are you anticipating making any changes to that program, or do you plan to keep it going? Obviously, the design is, you know, 8 per cent for base R and D, 20 per cent for everything that's above the average of two years of eligible R and D spending. I'm just curious if you have some stats on that, Minister. As far as the share of the companies that receive that 20 per cent, if you can talk a little bit about it either anecdotally, but I would love the numbers, if your ministry has them, the average that a company receives in total, and any projections that you folks have moving forward.

In 2019 we were told that a review by your ministry led your predecessor to conclude the provincial portion of SHRED was ineffective and poor value for money. That's why it was cancelled. Now the innovation employment grant has a similar program with some tweaks. So, again, was there new data that came to light? Were there some significant tweaks to the program from the original iteration in 2019? You had mentioned that you've implemented all of the recommendations of the Innovation Capital Working Group although I believe one of them is a Premier's advisory council on technology and innovation. If that was, if my memory serves me, then I guess there's one that's outstanding, but if you can shed some more light on that as well, please.

The Chair: Minister to respond.

Mr. Schweitzer: I think I had a preface that I'd effectively implemented all of the recommendations of the Innovation Capital Working Group. I know that there is the CCI advocating for that Premier's council. We're working quite closely with industry right now on that proposal to see what the next steps would be. But we do actually have a very close relationship right now with industry bringing their ideas forward. I think earlier on, particularly when the Innovation Capital Working Group went out to market, there were, you know, possibly some tensions between industry and the government at that point in time as to making sure that they were being heard. I think that some of those concerns have been addressed by ongoing discussions with industry to address their concerns and the recommendations that were there in the Innovation Capital Working Group.

With respect to the innovation employment grant it is going to continue to roll year to year. Right now, this year, if you take a look at the line under department statutory amounts, the \$144 million, \$70 million of that is for film, and the remainder of that is for the

innovation employment grant. It's for \$74 million. We're also forecasting that it's going to increase to \$77 million the next year and then \$82 million the year after that. You know, I think you share my sentiment that research and development in Alberta with Alberta-based companies is a good thing. There were a few tweaks to the program from the earlier SHRED, but we did hear from industry that some form of a SHRED-type credit was important overall. We listened to industry, and we put in place the innovation employment grant.

I'm hopeful here we're going to be able to release the full recovery plan report. I can advise the people in this committee that the manufacturing strategy, the logistics and aviation strategy, the pharmaceuticals and life science strategy have all gone through. The cabinet process has gone through. The department put through an immense amount of work last year on many strategies, including the technology and innovation strategy. We're hopeful. The last wave of the pandemic delayed some announcements, but we're hopeful that we can get all those reports out and give them the adequate air time that they need for industry, but we are working behind the scenes with industry now on implementing those strategies that were put in place.

One of your observations around manufacturing and the labour force piece: this is actually really interesting, and I think you'd appreciate this, that the technology and innovation strategy we actually did first. Then we had to release that publicly and all the stuff that goes on here, but the technology and innovation strategy went across all industries. As you'd appreciate, you know, technology and innovation is in every industry. Artificial intelligence applies to every industry. We've seen that as it relates to manufacturing and logistics. You have companies in Alberta like Attabotics that are using artificial intelligence, robotics, and more and more of that is having an application for long-haul trucking. We're seeing, you know, one driver having multiple vehicles as a technology that's being developed out. So lots of different ways here that the technology and innovation strategy can help by providing more efficient and safe tools to make sure we meet the demands of the manufacturing industry and labour force crunches.

6:20

I think we've all seen the demographic forecast for Canada. We have many people that are approaching retirement right now. Obviously, we need to bring – I think the federal government announced over a million immigrants over the next three years as well for our country. But really, the ongoing pressures on labour, particularly in manufacturing and logistics, are going to continue. We have to bring in the skilled workers. That's another reason why we put the \$600 million into skills for workers, to help match up skill sets with labour demand.

Your observation on *petchem*: that has a big application. Whenever you have inputs, that creates manufacturing opportunities. The more prospective inputs that we have domestically, other manufacturing opportunities can tag team and come into that. As those projects come online and get to a final investment decision, other businesses then make other decisions that have a ripple effect on those approaches. We're continuing to monitor and work with Invest Alberta, you know, find those opportunities. For example, I think it was MLA Sweet who was mentioning the metro region strategy around *ag*: same thing. One thing builds to another, builds another success, and puts on more success.

With your question around Invest Alberta, if you remember when Invest Alberta initially went through the Legislature, it had in the legislation an investment piece that was removed. That was one piece that didn't have the support of the Legislature, so it was removed. That being said, we saw, when we looked at our deep dive

into what Texas did with the Texas enterprise fund, that there was a need for a deal-closing fund. We didn't want to look at guarantees or equity investments. That was kind of an option that was there in the initial design of the legislation. We didn't want to go down that path. We obviously didn't have the support of the Legislature for that, so we went back to the drawing board, and the investment and growth fund is the tool that we ultimately came to.

The Chair: Thank you very much.

MLA Walker, for your last section.

Mr. Walker: Thank you, Chair. I'm sort of like Invest Alberta. I get to be the closer – right? – sweeten the deal, get it across the finish line. I think I might be the last, but the chair would know. Maybe there's another round with the opposition. It's a great honour and privilege to go a third time here back and forth – well, block time, whatever it's called – with you. Three-peats are always sweet. Michael Jordan did it twice, right? I can't complain.

Fascinating discussions on so many topics, but I want to stay with tech. I really appreciate all the great work and also the comments from the Member for Edmonton-Beverly-Clareview – he was previously in the post. Very thoughtful passions there, engaging with stakeholders. I know how much he also cares about technology, and you do, too, as well as your staff. Even in my own riding, actually, I was meeting recently with a constituent, a small-business guy, who the small-business SMERG relaunch grant really helped, as did other programs that your ministry rolled out to support Albertans through the pandemic. But also, as an entrepreneur he's got his hands in many cookie jars, if you will. He's got this amazing coffee shop going in Sherwood Park, but he's also looking into Bitcoin and the mining and cryptocurrency. It's all very new to me, but I know for you and your staff this is an amazing opportunity for Alberta. My local colleague and your cabinet colleague Minister Glubish knows this world really well, too. I'm learning a lot, and I guess that's where I want to go initially with my first part of my question, Minister.

Recently, I've seen some articles citing your support for cryptocurrency and the DeFi sector. I hope I pronounced that right. If I recall correctly, you were quoted in the media saying that Alberta wants to be Miami north. Now, we're always known as Texas north, but I'm curious to know. Unpack that a bit. What does that mean, that we want to be Miami north as per cryptocurrency? You know, this is a relatively new sector for us, Minister, but I understand that Alberta may be uniquely positioned, as we are in so many sectors, to be a global leader in this sector. I'm very excited to hear that, and I'm looking forward to your comments. Please walk me through what you're doing in this sector as it relates to outcome 3 – okay? – technology and innovation are enabling Alberta to build on its strengths. How are you hoping to make Alberta even more attractive to the cryptocurrency community? It matters a lot to my constituents in Sherwood Park, as I shared with you an anecdotal story.

Building on all of this, could you elaborate on some of the ties between the crypto sector and other economic sectors and how they sort of play in the same space and complement each other and discuss some of the mutually beneficial relationships you're seeing, you and your staff? Now ESG is, of course, top of mind in this instance, but I'm certainly aware of *ag* producers who are actually heating their greenhouses through the winter months from the waste heat generated by mining units. I'm so curious to learn about this stuff. I'm very much a layperson in this field, Minister, through the chair.

Then just finally, we're going to go back to this amazing discussion we've had for six hours – right? Is that right? Six hours,

and it's been awesome. It really has. I've learned so much. But back to the trade offices. Your budget includes a significant amount of funding for international trade offices located in other countries, and we really enjoyed – thank you to the deputy minister for the history background. I love to know that. I'm a chronological, linear thinker. Now that these offices can be essential in facilitating meetings and conversations, as we've spoken about well during this session, for local businesses, the Australian Open, Samsung, just to name a few companies that have opened up shop in, again, this amazing concept and term. Maybe flesh it out in your five minutes.

I know I'm putting a lot on your plate, but you're a succinct guy. You can just hammer it out. The metaverse: is your department exploring a digital trade office in the metaverse, and if so, what metrics would you be looking for at guiding their decision? I would recommend you'd certainly speak to Minister Glubish as well. He'd love to geek out with you on that.

Those are my questions, Chair, through you always. I'm looking forward to seeing what the minister has to say. I'm going to time it just perfectly. Three, two, one. Can I put that in *Hansard*?

The Chair: I always appreciate the context that you paint, MLA Walker.

Minister, to respond you have a couple of minutes.

Mr. Schweitzer: All right. Perfect. On the crypto-DeFi space, there is a big opportunity here. Number one, we have an abundance of natural gas in Alberta, and that can be used, along with other resources here, to generate the power necessary for the data centres. With quantum technology that's being developed, you may not need to actually have as much power consumption as currently is needed in order to facilitate the data mining. That being said, we'd like to be able to develop out that expertise in Alberta in a sustainable way. Many of them want to kind of have net zero or green crypto. There's the opportunity here with our market to help facilitate that, similar to the rationale for why Amazon Web Services came here.

On top of that, and the part of this that actually gets me the most excited, is actually the technologies that build on web 3.0 and the DeFi space. You know, the companies like Ethereum that are out there in the world, that are almost worth \$100 billion, I believe: for some of these companies we want to position Alberta as a welcoming environment. It has been a Wild West industry, but they want to become mainstream. There are billions of dollars going into it. This is an opportunity where you have countries – China just launched a digital currency. Other countries are accepting things like Bitcoin for payment, so there is a momentum behind this industry, and it's highly disruptive. It's web 3.0. A lot of Canada is scared of being a part of this industry. We want to make sure we position Alberta as a responsible player in this that protects consumers but also allows for innovation to happen in Alberta. That's part of the sandbox strategy that Minister Toews and the Securities Commission are working on.

Around your question, we do not have plans for a metaverse trade office, but it is an idea that we will take away, and I will give it some thought, too. I won't commit government resources to examining it, but I personally will think about the metaverse trade office and see if there's anything further. To be honest, that's actually a helpful observation. I've had other people suggest that we should look at an NFT . . .

The Chair: I apologize for the interruption, but I must advise the committee that the time allotted for consideration of the ministry's estimates has concluded.

I would like to remind committee members that we are scheduled to meet tomorrow, March 10, 2022, at 9 a.m. to consider the estimates of the Ministry of Labour and Immigration.

Thank you, everyone, including our technical staff and our pages and everyone else who has helped today. This meeting is now adjourned.

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

