



Legislative Assembly of Alberta

The 29th Legislature
Second Session

Standing Committee
on
Alberta's Economic Future

Ministry of Economic Development and Trade
Consideration of Main Estimates

Thursday, May 5, 2016
9 a.m.

Transcript No. 29-2-3

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The 29th Legislature
Second Session**

Standing Committee on Alberta's Economic Future

Sucha, Graham, Calgary-Shaw (ND), Chair
Schneider, David A., Little Bow (W), Deputy Chair

Anderson, Shaye, Leduc-Beaumont (ND)
Carson, Jonathon, Edmonton-Meadowlark (ND)
Connolly, Michael R.D., Calgary-Hawkwood (ND)
Coolahan, Craig, Calgary-Klein (ND)
Dach, Lorne, Edmonton-McClung (ND)
Fitzpatrick, Maria M., Lethbridge-East (ND)
Gill, Prab, Calgary-Greenway (PC)*
Gottfried, Richard, Calgary-Fish Creek (PC)
Hunter, Grant R., Cardston-Taber-Warner (W)
Jansen, Sandra, Calgary-North West (PC)
Panda, Prasad, Calgary-Foothills (W)
Piquette, Colin, Athabasca-Sturgeon-Redwater (ND)
Schreiner, Kim, Red Deer-North (ND)
Taylor, Wes, Battle River-Wainwright (W)

* substitution for Sandra Jansen

Also in Attendance

Clark, Greg, Calgary-Elbow (AP)
Cyr, Scott J., Bonnyville-Cold Lake (W)

Support Staff

Robert H. Reynolds, QC	Clerk
Shannon Dean	Senior Parliamentary Counsel/ Director of House Services
Philip Massolin	Manager of Research Services
Stephanie LeBlanc	Legal Research Officer
Sarah Amato	Research Officer
Nancy Robert	Research Officer
Corinne Dacyshyn	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications and Broadcast Services
Jeanette Dotimas	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>

Standing Committee on Alberta's Economic Future

Participants

Ministry of Economic Development and Trade

Hon. Deron Bilous, Minister

Lorne Harvey, Assistant Deputy Minister, Strategic Policy and Corporate Services

Jason Krips, Deputy Minister

Justin Riemer, Assistant Deputy Minister, Science and Innovation

9 a.m.

Thursday, May 5, 2016

[Mr. Sucha in the chair]

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

The Chair: I'd like to call this meeting to order and welcome everyone. The committee has under consideration the estimates of the Ministry of Economic Development and Trade for the fiscal year ending March 31, 2017.

I'd ask that we go around the table and have all MLAs introduce themselves for the record. Minister, when we get to you, could you please introduce the staff that are joining you at the table. First, I'd like to note for the record that Mr. Gill is an official substitute for Ms Jansen. I am Graham Sucha, MLA for Calgary-Shaw and chair of this committee.

Mr. Schneider: Dave Schneider, MLA, Little-Bow.

Mr. Hunter: Grant Hunter, MLA for Cardston-Taber-Warner.

Mr. Taylor: Wes Taylor, MLA, Battle River-Wainwright.

Mr. Panda: Prasad Panda, MLA, Calgary-Foothills.

Mr. Cyr: Scott Cyr, MLA, Bonnyville-Cold Lake.

Mr. Gotfried: Richard Gotfried, MLA, Calgary-Fish Creek.

Mr. Bilous: Deron Bilous, MLA, Edmonton-Beverly-Clareview, Minister of Economic Development and Trade. To my left is Jason Krips, my deputy minister. To my right is Lorne Harvey. Lorne is my ADM in the strategic policy and corporate services division, and to his right is Howard Wong, our senior financial officer.

Mr. Carson: Jon Carson, MLA for Edmonton-Meadowlark.

Mr. S. Anderson: Shaye Anderson, Leduc-Beaumont.

Ms Fitzpatrick: Maria Fitzpatrick, Lethbridge-East.

Mrs. Schreiner: Kim Schreiner, Red Deer-North.

Mr. Dach: Lorne Dach, Edmonton-McClung.

Mr. Connolly: Michael Connolly, MLA for Calgary-Hawkwood.

Mr. Coolahan: Craig Coolahan, MLA for Calgary-Klein.

The Chair: Thank you.

Please note that the microphones are operated by *Hansard*, and we'd ask that BlackBerrys, iPhones, and all other smart phones, please, be turned off or set to silent or vibrate and not placed on the table as they may interfere with the audiofeed.

Hon. members, the standing orders set out the process for consideration of the main estimates. Before we proceed with the consideration of estimates for the Ministry of Economic Development and Trade, I would like to review briefly the standing orders governing the speaking rotation. As provided for in Standing Order 59.01(6), the rotation is as follows. The minister or a member of the Executive Council acting on the minister's behalf may make opening remarks not exceeding 10 minutes. For the following hour members of the Official Opposition and the minister may speak. For the next 20 minutes the members of the third party, if any, and the minister may speak. For the next 20 minutes members of any other party represented in the Assembly or any independent

members and the minister may speak. For the next 20 minutes private members of the government caucus and the minister may speak. For the time that remains, we will follow the same rotation just outlined to the extent possible; however, the speaking times are reduced to five minutes as set out in Standing Order 59.02(1)(c).

Members may speak more than once; however, speaking times for the first rotation are limited to 10 minutes at any one time. A minister and a member may combine their time for a total of 20 minutes. For the final rotation, with speaking times of five minutes, once again a minister and a member may combine their speaking time for a maximum total of 10 minutes. Discussion should flow through the chair at all times regardless of whether or not speaking time is combined. Members are asked to advise the chair at the beginning of their speeches if they wish to combine their time with the minister's time.

If members have any questions regarding speaking times or rotation, please feel free to send a note or speak directly to either the chair or the committee clerk about the process.

Three hours have been scheduled to consider the estimates of the Ministry of Economic Development and Trade. 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. Is anyone opposed to having a break? Okay. We will call that just before we proceed with government members.

Committee members, ministers, and other members who are not committee members may participate; however, only a committee member or an official substitute for a committee member may introduce an amendment during the committee's review of the estimates.

Ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee. Ministry staff seated in the gallery, if called upon, have access to a microphone in the gallery. Members' staff may be present and, space permitting, may sit at the table or behind their members along the committee wall. However, members do have priority seating at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn. Otherwise, we will adjourn at 12 noon.

Points of order will be dealt with as they arise, and the clock will continue to run.

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

Again I will remind all members participating to address their questions and responses through the chair and not directly at each other.

The vote on the estimates will be deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on May 17, 2016.

If there are amendments, an amendment to an estimate cannot seek to increase the amount of an estimate being considered, change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount. The vote on an amendment is deferred until Committee of Supply convenes on May 17, 2016. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are being moved. Twenty copies of amendments must be provided at the meeting for committee members and staff.

I will now invite the Minister of Economic Development and Trade to begin with his opening remarks.

Mr. Bilous: Thank you, Mr. Chair, and good morning, everyone. I'd like to begin by saying that our thoughts and prayers are with the families in Fort McMurray. I recognize, you know, that we have to continue on with government business, but it's completely understandable if our thoughts are elsewhere in this very challenging time.

Having said that, it is my privilege to be here in front of my esteemed colleagues and committee members to discuss my ministry's activities in the fiscal year ahead. Before I begin, I'd like to introduce my chief of staff, Adrienne King; my press secretary, Jean-Marc Prevost; as I mentioned earlier, Jason Krips is my deputy minister; Lorne Harvey, my ADM, strategic policy, corporate services division; Justin Riemer, my ADM of science and innovation; Matt Machielse, my ADM, trade and investment attraction division; Toby Schneider, executive director of policy and information with the economic development and SMEs branch; Howard Wong, my senior financial officer; and, of course, Jeannie Smith, my director of communications. I'm pleased they could join me today as I present Economic Development and Trade's proposed budget for the fiscal year '16-17.

Mr. Chair, since taking office, I've been meeting with stakeholders to determine what we can do as government to stimulate economic growth and support Alberta job creators during the current economic downturn. After conversations with chambers of commerce, business groups, entrepreneurs, and industry leaders our government developed the Alberta jobs plan. What the Alberta jobs plan does is cushion the impact of the downturn while creating the conditions for economic recovery by protecting public services, investing in infrastructure and training, and promoting job creation and diversification.

Economic Development and Trade is the lead ministry and will be working in collaboration with other ministries to deliver a number of initiatives within that plan, including enhancing support for small and medium-sized businesses; growing key sectors where we already have great potential like agriculture, forestry, and energy; creating a strategy to improve access to markets for our products; promoting trade; and attracting investment. The plan provides the foundation for my ministry's actions and is reflected in the budget numbers we're looking at today.

For example, our budget has several investments designed to support small and medium-sized enterprises. This is because more than 95 per cent of all businesses in Alberta are SMEs, and they account for more than one-third of the private-sector employment within the province. When small businesses grow, they hire people from their communities, and much of the money they make is reinvested in their business and community. In addition to cutting small-business tax by one-third on January 1, 2017, we have a number of initiatives designed to help them grow.

There's a \$90 million Alberta investor tax credit, which encourages local investors to invest in Alberta companies. The industries that will benefit from this tax credit often face challenges acquiring capital to develop their businesses. The additional investments in SMEs will help diversify Alberta's economy and create new jobs.

We introduced a \$75 million capital investment tax credit, that will provide a tax credit for the cost of machinery, equipment, and buildings. This tax credit will encourage large-scale capital investments that create spinoff economic benefits in communities throughout Alberta. We've estimated that it will support \$700 million worth of investment and support thousands of direct and indirect jobs in Alberta.

Next, we're allocating \$50 million for the Alberta Enterprise Corporation. This includes an additional \$25 million above what was committed in the previous budget. Our increased investment in

AEC makes it possible for more Albertans interested in diversifying and driving the Alberta economy forward to make an impact and get their products and services to market.

9:10

Further supporting the AEC is a solid decision given its proven track record of success. For example, its investments have resulted in 1,200 direct jobs and 2,760 indirect jobs. We're also allocating \$25 million to attract and support new businesses. This includes \$10 million to support the commercialization efforts of entrepreneurs and SMEs, \$10 million to expand the agrivalue processing incubator in Leduc, and \$5 million to attract major new business investment or company headquarters to Alberta. We're working with partners to finalize the details of these programs, and more information will be released over the coming months.

Next, we're working with Advanced Education and Labour on two programs. One will provide \$15 million to support apprenticeship focused training opportunities. The other will provide \$10 million to occupationally focused training opportunities. These programs, totalling \$25 million, will help Albertans get the training they need for the jobs they want.

Lastly, you'll see that we're supporting Alberta's SMEs and entrepreneurs with \$10 million in new funding for regional economic development. This funding will support local economies by creating a collaborative approach for shared economic development priorities.

Mr. Chair, these new initiatives will certainly go a long way in helping Alberta's businesses grow and create jobs, but we can and will do more. We heard from Alberta's business leaders that we can help them by lining up new buyers for their products and services. That's why we're investing more than \$9.5 million in Alberta's 12 international offices. These offices are strong on-the-ground resources for our businesses.

While I and the businesses that have accessed these services know the benefits of these offices, I also know we must control costs. This is why the recently opened office in Guangzhou, China, was done at no additional cost to taxpayers. Savings from cost reduction efforts throughout Alberta's international offices network will be used to cover the Guangzhou office's annual budget.

We're also supporting Alberta businesses and diversifying the economy by allocating a significant portion of our budget to drive research and innovation in the province. Having science and innovation fall under my ministry signals our government's belief that innovation and scientific discoveries are key drivers of economic diversification and growth. As such, we're improving Alberta's research and innovation system by consolidating the four Alberta Innovates corporations. This leaner system will make it easier for Alberta companies, innovators, and researchers to access opportunities and make connections across the province. I say leaner because there is a roughly \$45 million reduction to their funding. This was a difficult but necessary decision in light of the province's fiscal realities. However, Alberta's per capita investment in research and innovation is and will remain among the highest of all Canadian jurisdictions.

Our support for science and innovation across the province helps entrepreneurs get their ideas off the ground and create jobs. For example, the enhanced innovation voucher program is one of the province's most accessed technology commercialization support programs. In fact, every dollar invested in this program has resulted in \$9.50 in follow-on investment and \$4.80 in small and medium-sized business revenue growth.

Mr. Chair, now is the time to invest in our province's future. Alberta is facing serious economic challenges as a result of the downturn in global commodity markets, and the current economic

situation is taking a toll on families across the province. Our government is responding and providing leadership by developing a plan for economic growth and diversification that supports job creators. I'm proud of the important role my ministry is playing in growing Alberta's economy, supporting families, and creating new jobs while carefully controlling costs.

Through the Alberta jobs plan we're creating the conditions for economic growth and recovery. The investments we're proposing are designed to make Alberta globally competitive and drive innovation across the province. These efforts are vital for the province, and my ministry seeks the resources to create a better future for all Albertans.

Thank you for your time and consideration.

The Chair: Thank you, Minister.

For the hour that follows, members of the Official Opposition and the minister may speak. Would you like the time set at 20-minute intervals?

Mr. Panda: Sure. We'll go back and forth.

The Chair: Sounds good. Excellent. Please proceed.

Mr. Panda: Thank you, Mr. Chair. Good morning, everyone. It's hard for me to be here today because my mind is occupied with the events happening at Fort Mac. As someone who lived in those camps and worked there for a long time, my thoughts and prayers are with my co-workers there. Anyway, we are here to do our job.

Thank you, hon. Minister, for being here with your staff to answer our questions. Given that question period is not answer period, I hope that this estimates period can provide us with some good answers and a meaningful debate here today. I have prepared a list of questions, and I hope I can get answers from you today. If time permits, we'll go through all the questions. Otherwise, I'll read them at the end, and you can provide us answers later. Albertans want all the MLAs to work together and to help Albertans in these difficult times, and I hope this process will help us accomplish that goal today.

I would like to share my time going back and forth with you. I have my assistant, Cole, here to help me out.

Since our Finance minister mentioned that this budget is all about jobs, I'm going to focus most of my questions around jobs. The first one I want to ask is: what line item will the new jobs plan, that will create 100,000 jobs, fall under?

Mr. Bilous: Sure. Thank you for your question. Quite frankly, I've said many times before that the government of Alberta is not the job creator. We don't create jobs. That's the private sector. Our job or our role is to create the conditions that will support the private sector for them to be successful in creating jobs.

That number of a hundred thousand jobs is a combination of different programs within my budget. Quite frankly, that number comes from the government-wide budget. As you're probably aware, we are investing over \$35 billion over five years in capital investment. So projects like roads, schools, bridges, hospitals are employing Albertans and will continue and will employ more Albertans as we roll out those dollars.

As well, within my own ministry there are a number of initiatives that we have. The two investor tax credits, both the Alberta investor tax credit and the capital investment tax credit: these are two tax credits, quite frankly, that are used in other jurisdictions and have an incredible success rate as far as, again, providing investment dollars or capital dollars for small to medium-sized enterprises to continue to grow. Our capital investment tax credit is coming at a time when it's very critical. As you are aware, we have seen a little bit of a pullback from new capital projects within our province, and

we believe that this capital investment tax credit will be that incentive for companies to invest in new machinery equipment to expand existing facilities.

As well, we've reduced the small-business tax by a third, which is something else that business and industry and chambers of commerce around the province made loud and clear is one way that we can help small businesses. We recognize that they are drivers in our province for jobs, and we want to ensure that we're setting the right conditions to ensure that Alberta remains the most competitive and best province in the country to start and grow a business.

Mr. Panda: Thank you, Minister. I'll get to the details of those points in the follow-up questions.

Our concern is, you know, that given that the first jobs plan didn't quite work, will this new jobs plan be as effective as your last jobs plan? Do you have any more information that you want to share with us?

9:20

Mr. Bilous: Sure. Again, I appreciate your questions as well as your passion for economic development and job creation, that we share. You know, there are a couple of things. One, our budget: first of all, there was a choice. Alberta has faced, you know, a global downturn in the price of commodities in the past. We've seen previous governments make the choice to cut front-line services, whether it's in education, health, and other services, which, quite frankly, exacerbates the situation and makes it worse. You're putting more people out of work. We made the choice to continue to invest in our public service, in our front-line services to ensure that Albertans continue to have the health care that they need when they need it but also to ensure that we have teachers in our classrooms and other front-line support staff. That was a difficult decision, but we've decided that not only are we protecting those front-line services, but we are also focusing on the economy. This is where my ministry is taking the lead as far as our Alberta jobs plan and job creation.

You mentioned, hon. member, the program that we had discussed last fall. I know you had asked me about the job-creation incentive program, which was a program announced last November. Quite frankly, we've re-evaluated the program because we want to make sure that every tax dollar that is used is used in the most effective way possible, based on the current economic conditions. We had heard from industry and stakeholders that the objective of the program was bang on as far as helping to incent the private sector to create jobs but that that tool, the job-creation incentive grant, was not going to help us achieve the outcomes that we desired. Therefore, we put the brakes on that program and decided to reprofile those dollars.

I do just want to highlight that that program was a total of \$178 million over two years. What we've done is increased that budget to \$250 million over two years on a number of Alberta jobs programs, including the Alberta investor tax credit, the capital investment tax credit, and a number of others, which I'm sure you're going to ask me about, looking at ensuring that Albertans, those that have been out of work, have the training to get back to work as well as ensuring that we're investing in our postsecondary systems so that we are competitive as far as the knowledge economy but also looking at providing supports for small to medium-sized enterprises but not just in our two major centres. We're looking at providing those supports and creating the right conditions province-wide, from corner to corner of the province.

Mr. Panda: Excellent. You know, we all learn from our mistakes. I just want to make sure that this program works.

I haven't seen any performance measures in this budget. What are the performance measures that are going to be implemented to ensure that this program meets the actual goals set by your ministry?

Mr. Bilous: I'll turn to Lorne Harvey.

Mr. Harvey: Yes. Thank you very much. Just regarding the performance measures, we do have some performance measures in our business plan this year. But directly relating to the jobs investment diversification program, as you know, this is a new program, so we're going to be looking at some of the initiatives that we're developing throughout this program, going back and doing some logic modelling and developing very in-depth performance measures so that we can measure this as it goes along. As for the performance measures directly relating to the new program, those are being developed.

Mr. Panda: If that is the case, when can we expect to see them, and how will you track them, actually?

Mr. Bilous: For the two tax credits we've indicated that we're going to be consulting over the summer and into the early fall with business and industry, first of all, to make sure that we get the program right. We know that the investor tax credit and the capital investment tax credit work, that they create jobs. They also encourage investment in other jurisdictions, in their jurisdictions' companies. Part of the reason that we're consulting is that we want to ensure that we have the right parameters around those programs.

I'll give you a great example. In British Columbia they have an investor tax credit, which has been very successful in creating jobs and encouraging investment in B.C.-based companies, which helps them expand and grow. We know that small and medium-sized businesses are really the economic drivers and responsible for the most jobs in any sector. The challenge and feedback that I've heard from British Columbia is that they have, similar to us, a 30 per cent investor tax credit but that the parameters around their program, their cap, is around \$60,000. Now, that works very, very well for small and early-stage companies, but one of the challenges that I've heard from British Columbia companies is that when it comes to medium-sized companies that are really trying to grow to that next level or to get ready for export opportunities, that investor tax credit is too small to meet those goals. So what we want to do is consult with our companies in Alberta because we want to develop a made-in-Alberta solution.

Mr. Panda: Minister, you're telling me that you brought in this new jobs program, and now you're saying that you've cancelled it after bringing in the program. I see it as a pattern like Bill 6, so we are really concerned about that. In any case, if you haven't consulted anybody before, that means that you haven't paid any consultants anything for bringing in this program.

Mr. Bilous: No. We've been consulting; believe me. I've been travelling the province, meeting with different investors, entrepreneurs, start-ups, incubators, chambers of commerce, business organizations.

Mr. Panda: Can you table that list of people you actually consulted?

Mr. Bilous: Sure. I mean, again, *Hansard* just recorded that list that I just mentioned here in estimates, but I can tell you that we are meeting with a host of different organizations and entities from small businesses to large international firms, looking at ways that

we can set the right conditions. That's what it comes back to. Those two tax credits are based on feedback from industry.

What I'm talking about is a further consultation to hammer out the details of the program to ensure that it does in fact meet the objectives of what we're trying to do. So we need to consult with different companies that are in the manufacturing sector and other sectors to make sure that this tax credit is going to not only apply to them so that they're eligible for it but will help them grow and create jobs.

Mr. Panda: If you could provide a specific list industry-wise, whether it is energy or whether it is renewables or innovation companies, a specific list by sector and by country if you, in fact, travelled overseas and consulted others. If you can provide that information, that will be great.

With that, Chair, I'll move on to the next question. All these hundred thousand jobs that you're talking about: in which sectors will these jobs be created? Hon. Minister Christina Gray said that most of the jobs will be in infrastructure. If that is so, do we have the skill level to create enough infrastructure projects to create these hundred thousand jobs? A hundred thousand jobs is a big deal.

Mr. Bilous: Absolutely it is. Infrastructure in our capital plan does make up a significant number of the hundred thousand jobs over three years. Again, my ministry's job or role is to create the right conditions to attract investment dollars into Alberta to ensure that Alberta is and remains the most competitive jurisdiction in the country, so we're doing that through a number of initiatives.

The fact of the matter, hon. member, is that we want to ensure that Alberta entrepreneurs and would-be entrepreneurs have the supports they need to start and grow a business. The jobs that we're talking about will come from initiatives like cutting our small business tax to make Alberta even more competitive and more attractive for businesses to start and grow. We have the two tax credits that I talked about. We are investing \$5 million this year, \$5 million next year for the entrepreneurship incubator program, which will build on the successes of TEC Edmonton, Innovate Calgary, and other regional commercialization incubators. Those spaces and supports are what small businesses especially need as they start up, as they go through their commercialization process to ensure that they have the right supports to be successful.

We've learned from other jurisdictions that it's not just about providing capital, although that is one aspect, which is why last fall we increased ATB's capacity to lend by \$1.5 billion. ATB is an incredible and valuable tool that we have to ensure that companies have access to that capital.

9:30

But the second-biggest thing that companies are telling us province-wide is that they need the supports, the mentorship to be able to start and grow, to make the right decisions so that they don't make wrong, costly decisions which could hurt them or put them out of business. So we are ensuring not only that they have the dollars but also that they have that mentorship and that opportunity to learn from other industry experts and, as well, that they have the supports. A facility like TEC Edmonton: I can tell you that they're running at capacity right now. They have a waiting list of companies that want to get in there, so this \$10 million over two years will give them the funds they need to grow, to be able to have more businesses and start-ups come in-house to help them grow and be successful.

Mr. Panda: Minister, I agree with the ideas; all I'm concerned with is the specifics. First, where can we find the information regarding which projects have been approved for funding through this

budget? You know, I just want the specifics. That's why in my opening remarks I said that I'm counting on you to give us some information today, here. I mean, in what city will these jobs be created through these programs which you're funding through this budget, and what skill sets will we use to implement this jobs plan that is funded through this budget?

Mr. Bilous: Sorry. Can you clarify what skill sets you're talking about: of workers or entrepreneurs or . . .

Mr. Panda: No. Mainly the job seekers because the Labour minister said that most of the jobs will be created for infrastructure. Now you're talking about innovation and other sectors where you're spending money. So we're asking: by spending that kind of money, which sectors will actually create these jobs? What kind of jobs? What skill sets do they need? I mean, if we have to create 100,000 jobs, do we have people with those skill sets? Do they match those sectors, or will there be a mismatch?

Mr. Bilous: Well, I mean, I would say that, first of all, Alberta has incredible entrepreneurial spirit and innovators within our province. What we're doing, again, is setting the right conditions. Now, what the Minister of Labour said as far as there being a number of jobs that will be created and continuing through our capital plan is absolutely true. What I'm doing is augmenting and saying: yes, those are creating jobs, as is my ministry through the series of initiatives that we're rolling out.

Quite frankly, we're looking at different opportunities for different jobs cross-sector. I can tell you that the \$10 million for the agrivalue incubator in Leduc is creating jobs and supporting small businesses, whether it's commercializing food products or looking at, you know, again, taking products that we have from the agricultural sector and adding value to those, which then we sell internationally in the market.

Mr. Panda: But if you give money for infrastructure, to build some projects, how is that not direct job creation?

Mr. Bilous: The jobs in construction go across the board. I mean, when you build a new facility, you need plumbers, you need electricians, you need pipefitters, you need your basic labourers. You need a whole gamut of skills that, quite frankly, exist in this province. There are a number of workers that are looking for work. I believe that these programs will put them back to work. You know, I'll give you a great example: the announcement that we made of the \$500 million for royalty credits in the petrochemicals diversification program. There are thousands of construction jobs that will be created as well as those high-quality, long-term, high-paying jobs.

The Chair: That's 20 minutes.

Mr. Panda: Minister, I'm still struggling to get the answer. This is a great plan to have 100,000 jobs, but, you know, you should translate that into action. If you can tell us the plan: how many jobs per month does this ministry expect to create with programs funded through this ministry?

Mr. Bilous: Once again, our ministry has a suite of initiatives that will help create the right conditions to encourage Albertans to go into business for themselves, to support those that are in business for themselves either to continue to expand up the chain and grow or encourage them to again look at growing. The number, 100,000 jobs over three years, again, is a GOA-wide number applying to all

of our ministries collectively as far as the jobs that we're going to be creating.

You know, I mean, again, there are examples, as I mentioned in my opening comments, of the number of jobs that investments through the Alberta Enterprise Corporation have created. That's, again, the fund-to-fund model that I spoke of last fall. It attracts dollars internationally and nationally that invest in a fund that is directed to invest in Alberta-based companies. It's a great model because it's at double arm's length. It's not the government of Alberta deciding which fund company to invest in nor which companies in Alberta to invest in, but those dollars are invested here in the province and help our entrepreneurs and businesses continue to grow, which, of course, creates jobs.

Mr. Panda: So it seems at this stage that you may not know the number of jobs per month. Unless you have a plan, I don't know how you will achieve that 100,000 jobs in three years. We were waiting for the budget because you said: wait for the budget. Now we have the budget, and we're running out of time, so it will be nice to get that plan from you at some point in time. Per sector, per month: what's the target?

Also, page 25 talks about jobs growth. Based on the Energy minister's suggestion to send people to B.C. and Saskatchewan, how has that affected your ability to create jobs in Alberta?

Mr. Bilous: Sorry, hon. member. My apologies. Can you repeat that question, please?

Mr. Panda: On page 25 it talks about jobs growth. Based on the Energy minister's suggestion to send people to B.C. and Saskatchewan, how has that affected your ability to create jobs in Alberta?

Mr. Bilous: Okay. Well, I don't agree with the premise of your question. None of my cabinet colleagues nor I are sending Albertans to other provinces. In fact, what we're doing is creating the right conditions so that the private sector will grow and invest at this critical time. Quite frankly, this is the time to be investing in our economy, which is why our budget is called Alberta Jobs Plan. This is also why my ministry has had an increase this year – \$178 million was increased to \$250 million – to look at programs that are going to set the stage for and encourage investment in our province.

The one thing I want to just point out real quick is actually on page 60 of the fiscal plan. You know, I think that some of our conversation here that you're having, hon. member, is oversimplifying the economy a little bit in the sense that if you look from '16 to '19, we're setting the right conditions for growth. That indicator is showing 100,000 jobs over the three-year period. This is why we're looking at mentorship, we're looking at supports, we're looking at skills training, we're looking at regional economic development, but we're also, again, looking to set the right conditions for the province.

9:40

Mr. Panda: No. I agree with that. I'm not disagreeing. But you're spending money, and we're asking for outcomes and results, and you're not showing us any tangible evidence that, you know, these will definitely translate into jobs on the ground. I can't find that anywhere in the budget document. That's why I'm asking you.

Mr. Bilous: Well, we do have performance measures in the business plan. I don't know if you've had a chance to take a look at it.

Mr. Panda: I did. I have follow-up questions on that. I will come back to that.

Mr. Bilous: Wonderful.

Mr. Panda: In the meantime, if your staff can look for that information to give me a specific answer on the number of jobs.

Mr. Bilous: Well, again, it's a government-wide approach, so I'm not about to hang a number of jobs off one specific program because, again, many jobs are created by, really, the driver of our economy, small businesses. We know that in times of either recession or downturn more people decide to go into business for themselves. It makes quite a bit of sense. If somebody has a very well-paying job, they may have an idea and want to go into business for themselves, but of course they're busy at work; maybe they have a family. When times are tough, if that person did unfortunately either lose their job or, you know, the economic situation has changed, we find – and there are statistics that back it up – that more people will go into business for themselves and look at exploring their ideas.

Mr. Panda: There could be 5 to 10 per cent variation, but at least you should be able to track most of those to the 100,000 jobs plan. We asked the jobs minister and she said that most of them are for infrastructure. It's not consistent what we are hearing from . . .

Mr. Bilous: No, no. That is consistent. As I've said . . .

Mr. Panda: I get that they are government-wide jobs, but somebody – I thought that it's you – was going to track all of that and update us: these are the number of jobs you guys created.

Anyway, now I'm running out of time here, so let's talk about the next important part of your budget, which is diversifying the economy.

Mr. Bilous: My favourite topic.

Mr. Panda: Yeah. Which line item would diversifying away from oil fall under?

Mr. Bilous: Well, again, there are a number of initiatives that we're undertaking to diversify the economy. You know, again looking at our Alberta investor tax credit and the capital investment tax credit, we want to ensure that there is capital available for other sectors. As you're probably aware, hon. member, Alberta has a very, very strong agriculture, agrifoods sector. We have a very robust forestry sector and tourism sector. We're looking at building on our strengths and providing the supports that those sectors need to continue to grow. The one program that I mentioned in my opening comments is the \$10 million for the Leduc agrifood processing facility to expand. Again, there's a wait-list out the door as far as companies wanting to get in there because of the success that companies have had.

Much of the reason why companies are successful: they'll tell you that it's not just about the access to capital, that it's also about having that mentorship or those experts who have done it, who have gone through the process. Whether it's a start-up, commercializing an idea, looking at growing, or becoming export ready, they need that support. This is where our incubators like TEC Edmonton and Innovate Calgary have been very successful with the companies they work with because it's not . . .

Mr. Panda: Yeah. I get that. You know, you are supporting them, which is great, but they have different stages – right? – from basic research to applied to commercialization. It's a long process, but in

the meantime people have to get back to work. In the long term it helps, but people now – I mean, you're like a doctor. You can't treat the patient after the patient is dead. They need the medicine now.

If you look at historic data, you know, in 1985 30 per cent of GDP was made up of the energy sector, but after that it came down to 26 per cent in 2013. So in the next five-year, 10-year, and 20-year goals for your ministry what percentage of the GDP will energy produce for Alberta's overall GDP in the future? Do you have any thoughts on that?

Mr. Bilous: I absolutely do. Again, as government we recognize that Alberta is an energy producer and will continue to be, and we support our energy sector, our oil and gas sector. We are looking at ways – and we've talked about this as a party long before we formed government, talked about diversification but talked as well about looking for opportunities to add value to our existing sectors.

That is a large reason that our government announced the petrochemicals diversification program, which will do something that I'm quite excited about. There is no facility in Canada that takes propane and upgrades it to propylene or polypropylene. We will be the first in the country to do this. The other jurisdictions that do this are on the Gulf coast, so we're talking about Texas and Louisiana. We have a real opportunity to not only add a new link in the value chain but create products that haven't been created in Canada before. I'm excited about the number of spinoff businesses that will start up, and those that use propylene or polypropylene will now have a much cheaper feedstock themselves and may be able to expand and grow.

With that petrochemicals diversification program we're also upgrading methane. There's one facility in southern Alberta that does that, Methanex, and they're looking at opportunities to expand and grow. Quite frankly, with the current price of natural gas and the abundance that we have of it in Alberta, now is the time to invest in value-added opportunities.

But that's just within energy. We're also looking at – and we're talking about diversification, which I'm always excited to talk about. You can either diversify your market, or you can diversify your products, and we are looking to support our agricultural sector, which has huge potential for growth. Canadian products, whether it's Alberta beef, pork, canola, or other products, are sought and wanted by countries around the world because they know that in Canada we have the highest safety standards, we have high regulations, and we produce top-quality products.

Part of my trade mission to China and Korea was to look at opportunities and ways to increase our capacity to export. I took a number of businesses with me on that trade mission who already do business in Asia and who are looking at increasing their business as well as those that are looking to break into those markets. That's where our international offices play a very critical role in supporting Alberta-based companies, teaching them and showing them how to access these markets. As you can imagine, you're dealing with language barriers, you're dealing with cultural barriers, you're dealing with different regulations, different laws, so it is critical to have an Alberta presence in China.

As you know, hon. member, China is the fastest growing economy. China has the largest middle class. They've surpassed the United States, and they are continuing to grow. Quite frankly, every country is in China, knocking at the door. They want China as a trading partner because there are huge opportunities. As their middle class grows, they want access to safe, high-quality food. Alberta and Canada are jurisdictions that produce that, so there are significant opportunities for us to increase trade with other countries and other jurisdictions.

Mr. Panda: Yeah, Minister, that's great. If we can set some time aside with you, some of us can come and meet and learn more about your trip to China and the opportunities that exist. The reason I'm asking that is because in your budget documents, at some point you said that you have concerns about the stability of China's economy.

Mr. Bilous: The stability of China's economy?

Mr. Panda: Yeah. I have a follow-up question later, so if we can take it offline. I mean, it might take all of our time here talking about that. On page 25 of the business plan you mentioned uncertainties surrounding China's economy.

9:50

Mr. Bilous: Sorry. It's going to take me a second to get there. Okay. Page 25. Continue, please, hon. member.

Mr. Panda: Yeah. So that's why I'm saying that maybe we need to have a separate discussion on that, if you can give us some time to talk about that later on, not in this meeting.

Mr. Bilous: Sorry. What specifically do you want to talk about on page 25?

Mr. Panda: Uncertainties surrounding China's economy: there is a statement there. Just now you said that you're excited about the business opportunities in China. On the other hand, the budget document is talking about uncertainties surrounding China.

Mr. Bilous: This is where, again, you know, having a strong Alberta presence is absolutely critical.

Mr. Panda: I get that.

Mr. Bilous: If Alberta isn't there and doesn't have a strong presence, then quite frankly we will miss out on opportunities for our own companies and also opportunities for Chinese companies and investors to invest back here in Alberta, which is absolutely significant.

You know, China's economy is growing. It's quite fascinating. When I returned, I had a reporter talk to me. Because last year China's growth was somewhere around 13 per cent and now it's around 7 or 7 and a half per cent, they said: "You know, China's economy is really slowing down. I mean, why did you go over there?" Quite frankly, a growth rate of 7.5 per cent is incredibly high. The country is in the process of completely doing a changeover. Every city we went to had dozens and dozens of cranes and booms, and they are building at a very, very rapid rate.

Mr. Panda: Trust me. I travelled very extensively in China, and I did billions of dollars in trade when I was in my previous job.

Anyway, coming back to line 4.5, grants to Alberta Innovates corporation, it states that the 2015-16 budget allocated \$197 million, but looking back at the actual budget document for 2015-16, it only shows that \$126 million was allocated. Why did the grants to Alberta Innovates jump \$70 million from last year's budget to this year's?

Mr. Bilous: Sorry. You just have to give me a quick second as we find the page.

Mr. Panda: Line 4.5, Minister.

Mr. Bilous: Part of the reason is because this year Health Solutions is included in Alberta Innovates as we consolidate those four Innovates corporations. Health Solutions used to reside in the Ministry of Health, and we brought it over into my ministry.

Mr. Panda: Okay. Then according to page 72 there is an expense of \$302 million to Alberta Innovates. As we discussed during the last estimates, some Alberta Innovates' executives are being paid a quarter of a million dollars to half a million dollars. I don't have an issue with that as long as you have their compensation tied to results, you know. I don't know how many of the ABCs under your ministry have been reviewed and how much of this line item is for executives only.

Mr. Bilous: I appreciate you bringing up that question. Quite frankly, this is one of the reasons that we've decided to consolidate the four Innovates corporations. You know, I found it challenging as well to have four different corporations operating, where you have four different CEOs, you have four different places for investors and companies to go to. So what we did was that by consolidating the four Innovates corporations, we are making it much more efficient. We are making it much more accessible for our businesses and start-ups.

I can tell you that I'm quite excited with our new board. We've retained Pam Valentine as the interim CEO. Just to give you some background, she was the CEO for Health Solutions. She's now the interim CEO for the new board, but, again, her background comes from health. As Albertans have expressed to us, we know that health and health solutions are incredibly important to Albertans, and it's important that we continue to invest in that area.

One of the first tasks of the new board is to go through and do a thorough program review of . . .

The Chair: This is your final 20 minutes.

Mr. Panda: When you have discussions with this interim CEO or when you have a permanent CEO, are you going to set guidelines for them on the number of jobs? Will you give them targets? I mean, out of these 100,000 jobs that you want to create government of Alberta wide, you are responsible for 10,000 jobs in the next year or something like that. Are you going to create any job targets for these top officials?

Mr. Bilous: We're looking at creating not only performance measures but also targets, specific targets on how our Innovates system will support not only our companies but look at helping to support companies to create jobs.

Mr. Panda: Will you share that with the public?

Mr. Bilous: Yes. I can make that commitment that we're looking at – take a step back. First of all, one of the criticisms of our previous innovation system was that it was very much a shotgun approach, that we were trying to be everything to everyone. Quite frankly, when you look at specific jurisdictions, whether they have centres of excellence or whatever they want to call it, they look at: what are our strengths, and how do we become the best in a certain area or a certain focus area? Our innovation system was really going in many different directions, so what we're doing by having one board is that we're going to have one direction. We're going to build on our strengths. We're taking an inventory of: what are we good at, and what can we leverage?

Mr. Panda: So in that process, you know, by merging these corporations, are we saving any administrative costs?

Mr. Bilous: We sure are. I think, Mr. Panda, you will be very happy to know that we are saving \$2 million annually – I mean, between salaries – in our innovation program, and that \$2 million is a year-over-year savings.

Mr. Panda: Thank you.

As you know, with Alberta Innovates it takes years to get the product to the market, but there are jobs that are already in place for research and development since the Alberta Innovates corporation already exists. So at the end of the day, if these products make it to market, they may create, again, only 40 or 50 jobs. Is there any way you can actually augment that number of jobs, Minister, in that innovation sector?

Mr. Bilous: I think, first of all, that we need to set the stage as far as how we have a number of successes in our innovation system. I appreciate that depending on where a company enters the innovation system – if we're talking about starting with basic research and innovation, there is a process, and sometimes it can be a little timely to take an idea, turn it into a product, and then bring it into commercialization. This is part of the reason why – I think it was a couple of months ago – I made an announcement of our microvoucher program as far as the \$10 million to help support those entrepreneurs to do market analysis, product testing.

But what I'd like to do is to ask my ADM of innovation to come and just talk briefly about the number of jobs that have been created through investments in Alberta Innovates.

Mr. Panda: Sure. If you can actually give us the count. I mean, we've heard lots of success stories, but how will you measure the success in the number of jobs created or in dollar terms how much business was done in Alberta?

Mr. Riemer: Sure. Thank you. It's Justin Riemer, assistant deputy minister for science and innovation. Last year Alberta Innovates: Technology Futures created approximately 550 jobs through their programming and development, primarily through the voucher program and their assistance for commercialization of support. The benefit of having a consolidated group of entities is that by next year we will have a consolidated ability to track jobs created and follow on investment from the combined investment in a variety of different groups.

10:00

We have a significant number of success stories in the energy, the health, the agriculture, food, fibre areas, that are spawning diversified jobs within the economy. In fact, much of what Alberta Innovates: Tech Futures supports are jobs in the nonenergy sector, so they are leading to successful companies that are surviving through the commercialization process, creating jobs, and becoming successful in diversified sectors within the economy.

Mr. Panda: Last year if they created 550, for 2016-17 is it reasonable to expect at least a thousand jobs?

Mr. Bilous: You know, what we're doing, again, by consolidating the four is hoping to consolidate the services that are provided. Quite frankly, our goal is get that number and continue to increase it. Now, that was only through Alberta Innovates: Tech Futures as far as the number of jobs that were created.

Again, a lot of the job creation comes from supporting companies, depending on where they are in what we refer to as the innovation S curve. You know, a company may come that already has a product that's been tested, so they're looking for supports on how to commercialize and enter the market, whether it's about production or where they can get their product manufactured, supports, how they work with other jurisdictions. Others may be coming through our innovation system through research and innovation, so a product that was created through our health

solutions or an idea that turns into a product that then goes through the commercialization process.

I mean, really, what we're trying to do is provide supports because you have, let's say, scientists or researchers who are brilliant in their field come up with a very creative solution, yet they don't have the business acumen or the know-how on how to take that and turn it into a business. This is where, again, from studying other jurisdictions, other innovation systems, it's absolutely critical – and we talk about it as an ecosystem – that you have not only a sharing of ideas but the fact that you have supports for those researchers to be able to take their product and commercialize it and then be able to make it accessible, whether it's something that's going to help people or in any of our innovating sectors, I mean, outside of health solutions, energy and environmental solutions, and . . .

Mr. Panda: Minister, I agree with that. I'm not disagreeing, but you're not talking in terms of tangible, measurable targets. That's what I'm trying to bring the focus back to.

Anyway, we're running out of time here. The next one. I'm moving on to trade. On page 25 of your business plan you talk about enhancing market access. Market access for our resource sector is something that I'm sure is a priority for this ministry. You mentioned that. When will you release your timelines for when pipelines will be built, as was promised in the budget speech? I'm asking for a specific schedule. Please either say yes or no because I don't want to go around that and lose time.

Mr. Bilous: Right. Hon. member, you're aware, I'm sure, that there is a process for a pipeline to be approved.

Mr. Panda: The budget talks about the beginning, middle, and end of that process. That's what I'm asking. When will it start? Let's put a date to that, whichever date you pick.

Mr. Bilous: There is a process to get pipelines approved. That process is set through federal regulations, through the NEB. As far as the number of conditions that any new project needs to meet, there are consultations that need to occur with our indigenous friends, and there are environmental conditions that need to be met. There are a series of those conditions. What we've been clear on from the beginning is that we believe that those conditions are necessary in order to protect Albertans and also to ensure that we're doing it in the safest way possible, but the Premier has been very clear that we don't want the process to be unnecessarily slow moving. We don't want to consume more time than need be, so we're looking and working with our counterparts across the country. I can tell you that at every opportunity I have to speak with my federal counterparts and provincial counterparts, we're talking about getting our product to tidewater. That is absolutely critical. This is part of the reason why Alberta loses about \$15 per barrel on the differential.

Mr. Panda: Which is almost \$50 billion in a year, right? Which could be used for schools, hospitals, and . . .

Mr. Bilous: Sure. But until we get pipelines built . . .

Mr. Panda: . . . hiring new nurses and teachers and whatnot. So there should be some tentative calendar, Minister. We should be working to a workable plan.

Mr. Bilous: Well, Mr. Panda, the calendar is that we'd like to see pipelines approved and built as quickly as possible, so we are doing

everything within our power to make that happen. But let me just tell you that never . . .

Mr. Panda: What Albertans are looking for: is it 24 months, 36 months, or 36 years? They want to know that.

Mr. Bilous: Albertans are looking for pipelines as quickly as possible to get our product to tidewater. Let me tell you one of the reasons why we've been able to make more progress in the last eight months than the previous government had in decades as far as getting a pipeline to tidewater. Our robust climate leadership plan has not only shown Canada and other provinces but the world that Alberta is a leader when it comes to environmental protection. When it comes to addressing climate change, we are doing our part. We're not passing the buck or waiting for other jurisdictions or waiting for the federal government to impose climate restrictions on us. We've leaped over every province in this country. Quite frankly, now even internationally we have one of the most robust climate leadership plans. Let me tell you that that plan: other jurisdictions and countries have taken notice. I met with the High Commissioner of the European Union not too long ago, who said . . .

Mr. Panda: But have they promised access? Are they removing the roadblocks, or are we adding more roadblocks?

Mr. Bilous: We are working with other jurisdictions. For example, British Columbia has indicated that they have a series, or a number, of conditions, and we are working with them to ensure that those conditions are met so that we can get our product to tidewater.

Quite frankly, hon. member, pipeline approval is not a simple process. It's not just a matter of a yes or a no from one body. There's a series of conditions that need to be met. Our government has stood behind the process because we want to do it right. We want to make sure that we're respecting the conditions that exist for pipeline approval, but at the same time we are doing our part, working with our counterparts across the country, explaining the economic benefit of a pipeline not only for Alberta but for all of Canada.

Mr. Panda: But when? That's the point. Nobody's disagreeing with what you're doing; we appreciate what you're doing, actually. But people want to know the timelines, which either you don't have or you're not willing to share here.

Mr. Bilous: Well, again, hon. member, I think, you know, it's critical to recognize the progress that we are making with our counterparts across the country as far as delivering a message that Alberta is doing our part and that a pipeline like Energy East benefits all Canadians not only in billions of dollars in GDP but in tens of thousands of jobs that will be created. Again, a rising tide lifts all boats, so we are working collaboratively with our partners. We're not about to take an approach of attacking or criticizing politicians in other jurisdictions over social media. We prefer to have respectful conversations. But I can tell you that we are making progress and, quite frankly, have made more progress in the last eight months than the previous government did over many years.

Mr. Panda: Well, okay. Anyway, I only have five minutes. Now we're talking about trade, Minister. What's Alberta doing to remove trade barriers across the provinces? Specific examples, please.

10:10

Mr. Bilous: Sure. I can tell you that one of the things that I've done, well, again, recently coming back from China and Korea, looking at reducing trade barriers and increasing access for Alberta products

and companies into markets like China – we recognize that Alberta is an export province. We need trade partners. We need to get our products to market, so we've done a number of things. I can tell you that when I was in China, we opened . . .

Mr. Panda: I'm talking about interprovincial also, Minister.

Mr. Bilous: Sure. Well, at the moment, you know, Alberta is part of the negotiations and discussion on the renewed agreement on internal trade, which is a federal-provincial-territorial trade agreement that exists. I can't get into details because that's being negotiated as I speak right now. But we are looking at providing opportunities for Alberta-based companies to operate and do business in other provinces.

As well, we're looking at ways that we can enhance trade. Quite frankly, that goes back to my earlier comments as far as our international offices playing an absolutely critical role. The office we opened in Guangzhou is in southern China in the Guangdong province. To contextualize, the Guangdong province is responsible for one-fifth of China's GDP. That's one province. There are many similarities between Guangdong and Alberta in that they are one of the economic drivers of China.

Mr. Panda: I know this is not going to be a two-minute discussion. I only have two minutes left. That's why I asked for your time for a separate meeting.

Anyway, in early 2016 Steam Whistle was granted an injunction against Alberta's protectionist beer tax that was implemented during the last budget. Not only is this a protectionist tax on the beer from outside of the New West Partnership, but it may be deemed unconstitutional according to the injunction. How is this protectionist beer tax removing trade barriers for Albertans? What will you do for the beer industry to remove trade barriers?

Mr. Bilous: I'll say, first of all, hon. member, that that doesn't apply to New West Partnership members, so that does not apply to B.C. or Saskatchewan. As far as that issue, it's actually the hon. Minister of Finance that is working with other jurisdictions and is taking the lead on that file. That's something that you would have to ask the Minister of Finance, President of Treasury Board.

Mr. Panda: Okay. Thank you.

Minister, again on the performance measures. I mean, that's something I'm coming back to again. Performance measure 2(d) on page 28: how is that survey completed? Where is the survey located? Can we access that? If we can't, can you table that survey? How many clients were surveyed? They made informed business decisions; were those decisions to invest or not to invest in Alberta? If they were invested, what is the dollar value of those investments? How many jobs were created because of those investments? How do they track that?

Mr. Bilous: Those are all very good questions. I'm actually going to turn to Lorne to speak to the process.

Mr. Panda: These are the same questions I asked last year, too, if you remember.

Mr. Bilous: Yup. I do. I'll ask Lorne to speak to that process as far as where we derived that number of the last actual and where our targets are going.

Mr. Harvey: Yes. We actually conduct an annual survey of clients that we – roughly, I believe, last year there were about 600 clients that we had surveyed. It's a survey conducted through an independent company that we do an RFP for and we had contracted out.

Mr. Panda: Can you make it public?

Mr. Harvey: I'm not sure about that. I guess that's not my decision on that. There is a list of questions that we do provide, and then the results are produced in our performance measures.

Going forward, we are undertaking a project, now that we are a new ministry again, and we've put out an RFP. We're currently going through submissions for an independent person, independent company, to come in and help us review our current performance measures and work through the logic modelling, which is the preferred method for determining performance measures going forward. We are going to be going through and looking at whether our performance measures are good for what we do or if there are other ones out there that we can use.

Mr. Panda: Will you track the dollar value of those investments . . .

The Chair: I hesitate to interrupt, but the time allotted has expired.

Before I proceed with the next party, I would like to recognize that Greg Clark, leader of the Alberta Party, has joined the committee and also remind all members, including the minister and his staff, that all questions, comments, and statements should be directed through the chair.

We will now proceed with the PC caucus. Would you like to share your time with the minister?

Mr. Gotfried: Yes, please, at the pleasure of the minister. Thank you, Mr. Chairman.

I'd like to reiterate the comments of my colleague earlier that, of course, our hearts and prayers are with all the people of Fort McMurray today, a very sad day and a time for all of us to pull together in support of those affected.

Mr. Minister, again through the chair, I'm concerned. I read in the business plan a lot of broad strokes and some broad strategies and some broad consultation, but I see very narrow tactics, and that concerns me. You know, it seems like we're playing a bit of a cat-and-mouse game with many ministers. We've got the jobs minister saying that it's going to be all Infrastructure that's going to create the jobs, we have the jobs minister saying that Advanced Education is going to take care of the training, and then we hear from Economic Development and Trade that you won't give us a number on how many jobs will be created.

I see in outcome 1 of the ministry's business plan that it says: "The ministry's work supports broadly-shared economic prosperity that supports small and large businesses, promotes growth in the province's regions and communities and creates high-quality, stable employment for Albertans." It seems we can't get a number from anyone, Minister. A hundred thousand jobs is a lot of jobs, but they have to be created one job at a time. Given that Minister Gray has said that most of these jobs will come from Infrastructure, can you tell me how many jobs from your specific initiatives, how many you hope to create, through the strategies that you've outlined here, of the hundred thousand that are outlined in the jobs plan?

Mr. Bilous: Thank you for your questions. We no longer have a minister of jobs per se.

Mr. Gotfried: Sorry.

Mr. Bilous: That's okay.

Again, the Minister of Labour has indicated that through our capital plan, our infrastructure build of just under \$36 billion over five years, we'll continue to employ or create a significant number of jobs, but that's not the only place that jobs will be created. Again, those 100,000 jobs . . .

Mr. Gotfried: Minister, respectfully, I'm asking you how many you plan to create through your strategies and tactics.

Mr. Bilous: I'm coming to that. The 100,000 jobs will be created over three years, and as I mentioned to the previous member, those will be created through government of Alberta wide initiatives. There is a role, quite frankly, for all ministries to play. Our ministry does take the lead on some of the programs, but it comes down to, as I've stated before, that the government of Alberta is not the job creator. We partner with the private sector, who creates jobs. We set the right conditions and encourage investment and provide supports for companies to start and grow.

Mr. Gotfried: Thank you, Minister. You know what? I was looking for a number here, and I'm not going to get that, it sounds like, and I understand that. I'm sorry, but in my previous experience in business and other things, without a plan, without a goal, you achieve nothing.

Anyway, we'll move on from that.

Mr. Bilous: We have the goal. We have 100,000 jobs in three years.

Mr. Gotfried: But we can't get a number from you, Minister, and that's specifically what I asked for.

Minister, you know, we've looked at the job creation plan for 27,000 jobs, which was budgeted – correct me if I'm wrong – at \$178 million, which has been scrapped. I see on budget page 31 that there's reference to jobs, investment, and diversification. The forecast for 2015-16 is only \$750,000 of a budgeted \$22 million. That increases to \$42 million and then more than doubles again to \$96 million, which then makes it the second-largest line item in your budget by 2017-2018. It says, "Jobs, Investment and Diversification," so I'm assuming that jobs are a part of this and that a target of jobs is targeted to be created by that \$96 million, which is roughly a little bit more than half of what was dedicated to create 27,000 jobs. Can you tell me how many jobs you expect to create over the next three years with that significant investment and that second-largest line item that we're looking at here, which says, "Jobs, Investment and Diversification"?

10:20

Mr. Bilous: Yes. Just give me a quick second as I flip to the right page.

First of all, that \$750,000 was actually not spent at all. Those were dollars that were earmarked for the job-creation incentive program. As I expressed earlier, you know, for a number of reasons but primarily feedback from business and industry, that program was not going to achieve its desired results, and therefore we decided to hit the brakes on that program. Now, I just want to clarify or emphasize that none of the \$750,000 that was earmarked for that program was spent.

Mr. Gotfried: Although it's still in your forecast, which was just released weeks ago.

Mr. Bilous: That dollar amount has actually been moved into our jobs, investment, and diversification program.

Mr. Gotfried: Okay. More specifically, we've got that increasing, almost double, from the budget of the current year to \$42 million in 2016-17 and then more than doubling again in 2017-2018 to \$96 million, which indicates to me that it is a high priority and, again, the second-largest line item by 2017-18. It's three things: jobs, investment, diversification. How many jobs are we going to create with that \$96 million? By rights, if \$178 million is going to create 27,000, is it half of that?

Mr. Bilous: A great question, hon. member. I'll back up to the \$42.4 million if that's okay with you and start there. In 2016-17, the \$42.4 million: where is that coming from? Again, we have allotted in this budget \$20 million for the Alberta investor tax credit. We have the entrepreneurship incubator program, which was \$10 million over two years.

And I should say that with the investor tax credit we've budgeted \$20 million this year and \$70 million next year, the reason being that the program will be up and running as of January 1, 2017, so there really is only the last quarter of the fiscal year, from January to the end of March, which is why we anticipate \$20 million of uptake. The bulk of it will be coming in in the 2017-18 fiscal year.

We've talked about our major investment attraction and headquarters strategy. That's been broken out to \$3 million this year, \$2 million next year. Our regional economic development program is, again, \$10 million over two years, so the breakout is \$4 million this year, \$6 million next year. Then for our apprenticeship/back-to-work grant we budgeted \$5 million this year, \$10 million next year, for a total of \$15 million.

Mr. Gotfried: Minister, you know what? It sounds to me like you've got some very strict line items there that are clear. Again, I'm not getting a number on the number of jobs, but I thank you for your answer on that.

I think that maybe a little bit more of a qualitative approach to this might be more helpful. You're going to create jobs in co-operation and partnership with the private sector. Can you identify to us which sectors are your top priorities for job creation, which initiatives within those sectors you believe are going to create those jobs if you're not going to create them, obviously, and how does that tie into export stimulation of some of those sectors as well?

Mr. Bilous: Great questions. As far as the sectors, there are some initiatives that are sector wide. Our small-business tax cut applies to all small businesses regardless of whether they're in oil and gas, forestry, agriculture, you name it. When we talk about and I speak of diversification, we're talking about building on our strengths, so focusing on what we are already good at but looking at ways to enhance our competitiveness, looking for ways to increase – for example, in the agriculture, agrifood space – looking at ways to help companies to continue to grow.

Again, Alberta is a net exporter, Canada is a net exporter of food and agrifood products. We have not just an incredible track record, but we have an incredible amount of respect world-wide for the quality of food that we produce, especially here in Alberta, so looking at providing supports for them.

We're looking at supporting our oil and gas sector through value-added, so our petrochemical diversification program, that we'd indicated as well. This is more of a policy, but as you well know, hon. member, policy can also help set the direction and encourage economic growth. The fact that the Minister of Energy is standing up a panel that's going to look specifically at opportunities for more value-added within our oil and gas sector is going to create further opportunities for us.

Mr. Gotfried: Thank you, Minister. In the interests of time, if you would permit me, I'm going to move on to some of the initiatives and how you're going to execute those. I'm going to move over to some of your international activities if you'll permit me.

Mr. Bilous: Sure.

Mr. Gotfried: It relates, I think, to the question that we were just discussing. It's pretty clear that we've got some low-hanging fruit in, obviously, agriculture, forestry, and tourism in terms of the

opportunities with respect to international markets. You know, obviously, the international offices and local staff are very key to achieving that. Can you tell me, with respect to the international offices, some specific initiatives and targets and objectives – and maybe even just give me some examples by sector, if appropriate – which have been given to these offices already and what priorities and metrics we'll be using in measuring their success? I'm assuming that you've got some existing strong markets that there may be some opportunities in or where there may be some breadth-of-market opportunities you can look at. Can you just give me maybe two or three examples of specific things – and maybe even limit it to agriculture, forestry, and tourism – that you've already identified and that those offices are already working on?

Mr. Bilous: Sure. I'll start with this. In the 2015-16 fiscal year our international offices facilitated over 300 negotiations, which resulted in 23 trade deals and 18 investment projects within Alberta. I can tell you that in the 2015-16 fiscal year our offices' network worked with close to 600 Alberta companies looking to diversify and expand their markets going overseas. Now, again, as you mentioned, that's a combination of not just our agriculture and agrifood companies; there are forestry companies. As well, there are companies within the oil and gas sector that have expertise, that have products that other countries are very much interested in. Let's see here . . .

Mr. Gotfried: Minister, I think I'm probably not going to get specifics today, and I would welcome an opportunity to sit down with you to get those specifics at a future date.

Just with respect to the international offices I'm seeing a lot of specifics in here under your key strategies, particularly under outcome 2: establish a dedicated branch to retain existing investment, develop and implement a new trade strategy, develop and implement an international engagement strategy, build and leverage relationships and partnerships, leverage international offices and relationships. Then under performance measures: indicate success of the ministry in connecting clients with contacts – a great idea – when Alberta companies have key access to market intelligence. There are a lot of things here around creating dedicated branches for existing investment traction, a lot of initiatives here. Can you tell me if you believe that you have both the human resources and the financial resources to achieve these initiatives – very broad and very ambitious initiatives, which I applaud you for, you know – within a reasonable time period that's going to actually help this economy to create jobs, diversification, and to bring forward investment?

Mr. Bilous: Absolutely. Again, diversification in products but also diversification in markets. You know, especially right now, while we have a significant downturn, we need to be leveraging our opportunities for Alberta-based companies to operate and do business in other jurisdictions. I mean, Alberta is obviously feeling the low price of oil more significantly than many other jurisdictions. Other economies are still growing, some at a very healthy rate.

Mr. Gotfried: Can you give me some examples of some of the increased breadth of markets that you're looking at?

10:30

Mr. Bilous: Sure. Absolutely. Again, China is a market that is still growing at 7.5 per cent. You know, what's fascinating about China and Asia and India as well is that the number of middle-class citizens is growing at a significant rate, and as people earn more money and have more disposable income, they also want to have high-quality food, and they also want to access products that maybe

in the past they weren't able to. Alberta is a province that has many products that are sought after internationally.

You know, it's very important that we have boots on the ground, first of all, to educate citizens in these markets but also to provide opportunities for Alberta-based companies. There are a significant number of barriers for a company interested in looking internationally as far as learning about the existing laws, cultures, and pathways. Quite frankly, our offices provide an incredible amount of support for Alberta-based companies to do business overseas. At the same time they're also focused on showcasing Alberta and explaining why Alberta is the best province to invest in. We have a competitive advantage over every other province in the country.

Mr. Gotfried: Thank you, Minister. Obviously, the skills that are in those offices are significant, but I still don't have, beyond China, a lot of a sense of some new markets, some tactics that are actually, specifically, you know, being directed to those.

I know that you've got some great staff both here on the ground and also in the international offices. A quick question there, again, maybe back to the capacity and the knowledge and the skill sets of those offices: are you comfortable with those, or do you believe that those need to be enhanced to deliver a benefit to Alberta companies?

Mr. Bilous: Yeah. It's a great question. I mean, you know, quite frankly, I think that if we were in the fiscal position to be able to increase the number of staff on the ground in our international offices, I think there would be benefit to that. We do have incredible people in our offices. Again, recognizing the challenge of our current fiscal climate, there aren't more resources that we can allocate.

What we're doing is really getting our international offices to work smarter, to be more targeted in their approach, so we're focusing our offices because in the past the feedback that I've received has been that offices have tried to be everything to everyone, including translation services. Now, that is very valuable, but our offices and our resources should not be providing basic translation services for interested companies, whether coming from Alberta or going. We can put them in touch with those services, but we need to focus on investment attraction, again, spreading the word and encouraging companies internationally to come to Alberta.

Mr. Gotfried: Minister, thank you again. I apologize for interrupting you. I think we all know what needs to be done. I'm asking you a little bit more about some of the tactics that we're actually going to employ to do those.

I'm going to move on to a couple of questions here related to the climate leadership plan. In outcome 3 of key strategies you're going to deliver a government-wide climate change policy and framework, increase Alberta's partnerships and leverage science and innovation, support the growth of globally competitive enterprise in Alberta with enhanced innovation and technology programs and partnerships, and establish new and build on existing technology partnerships.

I've got a quick question for you, Minister. I was speaking with the Chinese consul general just recently, and he was telling me that in China there is a very significant push and a lot of technology currently being developed in terms of clean coal. Your climate leadership plan is basically going to shut down an industry. Last time I checked, when you shut down an industry, you shut down research at the same time, which concerns me on several fronts, but I'm going to focus on the one here that's relative to your outcome.

If there's an opportunity to partner with Chinese enterprises, researchers, technologists, academics to drive towards a cleaner coal technology, if they're willing to partner with us – maybe, God forbid, we could do a pilot project with them to develop the cleanest coal-fired electricity technology on this planet – why would we not consider something like that? It really aligns with what you're saying here; however, it doesn't align with some of the other.

This is about technology; it's about job creation. Minister, if we could increase the efficiency of coal by 10 per cent and we could export that for 180 coal-fired plants around the planet, that would actually neutralize the 18 plants we're cutting in Alberta. I'm not saying that we should do that because there's, obviously, a plan in place to shut some of those down anyway. But why wouldn't we focus on the research, technology, innovation, and partnerships that you're indicating here and actually do something productive with it, Minister?

Mr. Bilous: A couple of comments on that. First of all, the coal that Alberta exports is actually metallurgical coal, which is not the same coal that we are currently burning here in Alberta for our own electricity facilities.

The other thing that I want to highlight is that of our 18 facilities, 12 are set to shut down through federal regulations. Again, there are only six facilities that would have extended past 2030. So, you know, it's important to clarify . . .

The Chair: Sorry to interrupt. We will now proceed to all other parties and independent members.

Because Mr. Clark is the only one in attendance, he may proceed.

Mr. Bilous: Mr. Chair, may I ask: initially you had talked about a five-minute break. I don't know.

The Chair: We're going to do that before the government caucus.

Mr. Bilous: Okay. Thank you.

The Chair: Would you like to share your time with the minister?

Mr. Clark: Yes, please.

The Chair: Please proceed.

Mr. Clark: Thank you, Mr. Chair. Thank you, Mr. Minister, to you and your staff for being here.

To echo other comments, I know Fort McMurray is in our thoughts and our hearts here today, as I know it is for all Albertans.

I'm going to start with the business plan on page 27, key strategy 1.1.

My researcher has reminded me that I meant to ask a question, first, around open data. Given that I've written it down on my piece of paper twice, I should remember it. I've asked every other minister this question, and I'll ask it to you as well. As we prepare for estimates, there's a lot of work that goes into transcribing data out of the budget into our spreadsheets, and I would ask, please, that you advocate with your cabinet colleagues, especially the ministers of Finance and Treasury Board and perhaps Service Alberta, to provide all of us with an electronic version of all of the budget data. It would save a tremendous amount of time. I imagine that, obviously, it was in an electronic format at some point. In the spirit of open data and collaboration and openness I think it would be very helpful if that information was presented electronically in next year's budget.

Mr. Bilous: Sorry. Member, just to clarify: instead of giving everyone all of the physical documents, you'd prefer it in electronic form?

Mr. Clark: Yeah. Physical documents are still helpful, but we do a lot of work with these tables of numbers, especially as we prepare our shadow budget. Perhaps this would make it easier for other parties to prepare a shadow budget as well.

Mr. Bilous: I do want to compliment you on the fact that you did in fact design a shadow budget.

Mr. Clark: Feel free to use it as much as you'd like.

But in all sincerity, having that information electronically would save dozens if not hundreds of hours for all of us and make for better decisions.

With that said – and thank you, Jon, for the reminder – I want to talk about the petrochemicals diversification program. I'm curious why that has not yet been vetted through the expert group on energy diversification and value-added as was recommended by the royalty review panel.

Mr. Bilous: The expert panel on diversification opportunities is a panel that's just being stood up right now.

Mr. Clark: Is it? Okay.

Mr. Bilous: It is.

Mr. Clark: Thank you.

Mr. Bilous: But I can tell you, Mr. Clark, that the petrochemicals diversification program did come through the royalty review as far as identifying opportunities for the province to enhance our value-added when it comes to the petrochemical facility. Again, the fact that we have an abundance of cheap feedstock is really now an opportunity to invest. That was advice that we received, and quite frankly I'm very proud of the fact that we're moving forward with that.

Mr. Clark: Okay. I'm curious how projects under that program are going to be assessed. Will the process be similar to the process that was used for carbon capture and storage or different, and what lessons have been learned from the carbon capture and storage process?

Mr. Bilous: That's a great question. There is a matrix as far as how the applicants are going to be scored, for lack of a better word. What I can tell you, hon. member, is that it's the Ministry of Energy that is collecting all of the applications and will be going through them thoroughly to then make recommendations on which companies should be granted the future royalty credits. How that compares to the past carbon capture and storage – I believe that was under Environment. Unfortunately, they're both out of my ministry; therefore, I can't comment on them.

10:40

Mr. Clark: I'd like to talk about what you anticipate in terms of benefits. There's very little detail in terms of the economic and fiscal benefits of the petrochemicals diversification program. You've said that you're going to realize a certain amount of investment, a certain number of new jobs out of this \$500 million investment. How are you going to calculate that? How are we going to know?

Mr. Bilous: Okay. I believe we are anticipating three different projects that will be approved with the \$500 million in future royalty credits. Each project, we forecast, will create over a thousand construction jobs, and then once the facility is up and

running, there will be hundreds of jobs that will be the long-term, high-paying, quality jobs.

The other element of the petrochemicals diversification program that I think is really exciting, number one, is that there isn't a facility within Canada that upgrades propane into propylene or polypropylene. Right now companies that use polypropylene have to import it from the United States, from the Gulf coast. So the fact that we will have a feedstock for those companies here in the province of Alberta and also opportunities to then sell that feedstock to our other provinces within the country opens up a lot of new doors to possibilities.

The other thing is that companies have talked about the fact that, you know, there's a first stage, which would be on the propane side, upgrading propane to propylene, and then there are opportunities for other companies to partner with them to build polypropylene facilities, that take the propane and upgrade to polypropylene. Now, polypropylene is the tiny, little plastic pellets, which I can tell you are much safer to transport than propane.

There also will be, we anticipate, a number of companies. Once we've created this new link in the value chain, there are real opportunities for other companies to find ways to use propylene or polypropylene that will pop up. Again, when you have a much cheaper feedstock that doesn't need to be shipped . . .

Mr. Clark: I'd like to ask, then: how are we going to calculate that? What do you anticipate those benefits to be financially? What do you expect in terms of incremental personal and corporate tax revenues and, specifically, royalties? Can you state definitively here that that will in fact exceed the \$500 million cost of the program? Do we have some specific and hard numbers that will show exactly what the financial benefits to Albertans will be?

Mr. Bilous: Great question. What this program does, quite frankly, is that it levels the playing field. If you would allow me a minute to just contextualize, right now facilities that upgrade methane or propane are concentrated in the Gulf coast, Louisiana and Texas. Those companies are highly subsidized by U.S. governments. They also have – the fact that our climate here in Alberta is much colder does have an impact on how facilities are constructed.

This \$500 million in future royalty credits provides the right incentive for companies to come and set up shop here in the province of Alberta. Number one, the fact that it's future royalty credits means that companies are responsible for the full construction of their facility. The government of Alberta is not on the hook should a company run into complications. This is based on: once it is running and producing, then they will receive credits, that they can sell back to their feedstock.

The benefits of this are not only in the fact that jobs will be created. These are good, high-paying jobs, so they will be contributing to our personal income tax. The companies themselves will be contributing to our corporate income tax. Then, of course . . .

Mr. Clark: How much? I guess that's my question, right? You've said: thousands of construction jobs, hundreds of long-term jobs. I believe that to be true. Specifically, quantitatively, how much money will that result in back to the Alberta treasury?

Mr. Bilous: Right. Great question. What I can tell you . . .

Mr. Clark: I'd love a great answer.

Mr. Bilous: . . . is that these projects will spur billions of dollars' worth of investment in our province. I'm just – sorry – grabbing these numbers.

Mr. Clark: Perhaps you could table that for us because this is obviously an important question.

Mr. Bilous: Sure.

Mr. Clark: I won't deny for a second that half a billion dollars of incentive will create a few jobs. There's absolutely no doubt. The worry, of course, is that this is another boondoggle.

The other question I have is whether or not your ministry has calculated how much of this investment would have happened anyway. A lot of it is predicated on cheap feedstock. It has absolutely nothing to do with the credit program. You've said that U.S. companies are heavily subsidized. Fair enough. Are we just simply in a subsidy race to the bottom? That's a big risk. I mean, we could subsidize the heck out of, I don't know, Nike, and they could build cheap running shoes in Alberta, but is that actually beneficial to Albertans?

Mr. Bilous: I would say that we are absolutely not in a race to the bottom. Quite frankly, for a number of years now natural gas has been very, very cheap internationally. My long and short answer, Mr. Clark, is that those companies would have built facilities if there was nothing needed as far as levelling the playing field with other jurisdictions, so what we've done is found a way to encourage a number of interested companies to apply. Quite frankly, there's a reason that they've never set up this facility in the province of Alberta.

Mr. Clark: There is one already. I mean, Williams already made an investment previously, right?

Mr. Bilous: Williams does not have a facility. They've invested some initial dollars in some studies and some engineering, but I can tell you that there is no facility in Canada that upgrades propane into propylene.

Mr. Clark: Okay. We can debate it. I am very interested, though. The essential point here is the numbers, and I would really appreciate if you would table those, please, at your earliest convenience.

Mr. Bilous: Yes. We will get those to the committee.

Mr. Clark: Thank you.

I'd like to move on to the investor tax credit now. Of course, it's always nice to see one of your own policies put into government policy. I'm certainly supportive of that in concept, but I have a lot of questions in terms of the details of what that actually looks like. Will the investor tax credit be available to all businesses or just certain categories of business, be that small, medium, certain industries? Is it a broad-based tax credit, or is it a narrow, targeted tax credit?

Mr. Bilous: That's a great question. I can tell you that there are a couple of different – well, not a couple of different answers. What I can tell you is that investor tax credits in other jurisdictions have been used to help stimulate investment in sectors that citizens haven't traditionally run to invest in. Part of it is used as a strategy for diversification, to help support, again, existing sectors like digital media, agrifood processing, information, clean tech, et cetera.

I can tell you, Mr. Clark, that we are going to be consulting throughout the summer and the fall and are willing to have a conversation if other sectors that maybe we weren't initially looking at say, "You know what? We could really benefit from this." Then our government is open to having that conversation.

Mr. Clark: Okay. That really leads to my next question. How will you define that, that eligible corporation? I think you've answered that by saying that you're going to consult. I'm just going to give you a couple of examples. In your mind, based on what you know now or what your plans may be, would a traditional energy company, perhaps even a large energy company, that has a very innovative carbon-reduction technology be eligible for the tax credit?

Mr. Bilous: Again, this is something that our government is willing to have conversations with companies around, and this is part of the reason that we are consulting over the summer and the fall. You know, quite frankly, I'll just reiterate that we are open to conversation with all industries to see, again, how to best apply this investor tax credit. I mean, at the end of the day, we want to ensure that we have the right parameters and that it is going to incent investment in small to medium-sized enterprises.

Mr. Clark: Okay. Another example. An existing video game company based here in Alberta needs to, say, upgrade their computers, but that won't necessarily create any new jobs. Would they be eligible for the tax credit?

Mr. Bilous: That would be applicable for the capital investment tax credit, where we're talking about either physical machinery, equipment, or physical space, and that tax credit is a 10 per cent nonrefundable tax credit of up to \$5 million. That, again, is meant to provide companies, small to medium-sized businesses, with the infrastructure that they need, quite frankly.

10:50

Mr. Clark: Okay. You've said a couple of things here which I think are important. You've said previously that it's about economic diversification, that it's about supporting areas where Alberta doesn't already have some presence. Based on just a couple of quick examples here, I worry that it'll be very, very difficult for your ministry to define what is a new company, what is a new industry.

You've also said that government doesn't create jobs, that private industry creates jobs and entrepreneurs create jobs. I can tell you that I enthusiastically agree with that, but those two statements seem inconsistent. My worry is that the government is going to be overnarrow in the application of this tax credit, I guess. My ask to you is: do you consider the only criteria being companies that already receive another provincial tax credit or other subsidy as being the only companies excluded from the investor tax credit, which will allow entrepreneurs in Alberta to determine what economic diversification looks like, what an appropriate risk and investor risk looks like? That would be my request to you. Will you do that as you implement the investor tax credit?

Mr. Bilous: Well, I can tell you that I appreciate your comments and feedback, and we'll take them into consideration. Again, you know, we want to consult with industry province-wide to look at the best way to implement this and how it's going to incent companies to grow and, quite frankly, create jobs.

I just wanted to correct something I mentioned to you earlier, Mr. Clark. In the capital investment tax credit you used an example of computers. At the moment – and again we're consulting on this – the threshold that we're looking at is around \$10 million. So a company that's looking at investing in computers wouldn't actually qualify for the capital investment tax credit. But we did increase funding to the voucher program, which again provides funding support to technology development projects through innovative small and medium-sized businesses through microvouchers and some larger vouchers. So companies could, you know, if they're

looking for new equipment in the digital media space, look at applying through those programs, which are administered through AITF.

Mr. Clark: Thank you. I appreciate that.

I want to come back to something you said earlier in talking about market access, pipelines in particular. You said something along the lines that you're working with B.C. to meet their five targets. Those targets, in my opinion, are arbitrary and, I would argue, unconstitutional, including their condition that B.C. gets a direct financial benefit. Can you just reiterate that you, in fact, are working with B.C. to satisfy their five conditions?

Mr. Bilous: We're working with our partners in both directions because we want, at the end of the day, to get a pipeline built. Premier Notley has been very clear with Premier Clark that if they want us to look at purchasing hydroelectricity from them, then we need pipelines going west. I can tell you that there are economic benefits for the province of British Columbia in getting our product to tidewater. So when we talk about working through their conditions, that may be working with them to either achieve those conditions or, quite frankly, working with them to say, "You know what? Those conditions should not apply," and those are going to happen through conversations.

Mr. Clark: Okay. Premier Clark: I like the sound of that.

Quebec has put seven conditions on the approval of Energy East. One condition includes that the project must cogenerate economic benefits for all of Quebec. Do you support that condition, and how are you going to meet it?

Mr. Bilous: Well, quite frankly, a project like Energy East will generate billions of dollars in revenue. You know, putting Canadians to work is an economic benefit that the country will benefit from, including Quebec, as well as building the pipeline that'll go through Quebec into New Brunswick. That condition will be met through the project of Energy East itself and the benefits that it will bring not only to Quebec but to all provinces that the pipeline directly goes through. Quite frankly, the benefit to our whole country is the fact that when this contributes billions of dollars to Canada's GDP, it benefits all Canadians.

Mr. Clark: I absolutely agree.

I'm just brief on time here; I'm running out of time. Do you support the trans-Pacific partnership?

Mr. Bilous: The TPP is, first of all, a federally negotiated agreement . . .

Mr. Clark: Do you and your government support it, given the benefits to Alberta?

Mr. Bilous: Our government is going through the TPP right now as it's being scrubbed, trying to identify benefits but also potential concerns with it. I can tell you that I'm well aware that our agriculture and forestry industries are in favour of the TPP as far as reducing tariffs for them to get products to market. We're always looking for opportunities to support our agriculture and forestry sectors.

The Chair: I hesitate to interrupt. We will now proceed with the five-minute break. The timer will be set, so we will be starting back promptly in five minutes.

[The committee adjourned from 10:56 a.m. to 11:01 a.m.]

The Chair: We'll now call the meeting back to order and resume with the government caucus members.

Members of the government caucus, would you like to share your time with the minister or go back and forth?

Mr. S. Anderson: Back and forth would be great if that's okay with the minister.

The Chair: Okay. Please proceed.

Mr. S. Anderson: Thank you, Mr. Chair. Thank you, Minister, for being here. As some other people mentioned before and you did, you know, my heart is with the people in Fort Mac right now. My cousin is up there working and my best friend, and I am pretty worried about what's going on. I'm trying to keep in touch with them and let them know that I have a big house that has a lot of room in it right now, and they're all welcome to stay. I just wanted to get that out there. My mind is right there right now, so I might stumble over some of my words here.

I'm kind of excited. Well, there are a few things I'm excited about, to be honest: first off, this ministry, when it got created. My area has a lot of entrepreneurs, a lot of business in a lot of different sectors: oil and gas, advanced manufacturing, et cetera. One of the things that was mentioned in the budget, which I was very excited about: first, entrepreneurship, the incubator program. I kind of just want to expand on that, I guess, and say, you know, like: why do we need this program, this incubator program, and what is the budget for this program, and where is the funding going? Also, if you could point to the line item.

Mr. Bilous: Yes. Thank you, Member. Again, you know, all of our thoughts and hearts go out to those affected by the fires in Fort McMurray province-wide, and I appreciate your comments.

You know, as far as the entrepreneurship incubator program, business accelerators and incubators are vital parts of an effective innovation system and have proven to strengthen and help diversify the economy. With more Albertans starting a business, the province's programs and entities devoted to technology incubation and acceleration for entrepreneurs and scaling up – small and medium-sized businesses need a boost to handle increased demand. The \$10 million Alberta entrepreneurship incubator program will support the creation and growth of innovative and high-performing Alberta businesses.

The program will be targeted to rapidly expand and leverage current available supports at TEC Edmonton, Innovate Calgary, and regional innovation networks, facilitating rapid implementation with competent personnel, and scaling up already successful programs. As I mentioned earlier, TEC Edmonton and Innovate Calgary are both oversubscribed – there's a lineup for companies to get in – so quite frankly this will provide them with the dollars they need to help expand their services and space and also encourage more of them to come in.

The line item: it's part of that \$42.4 million, and it's under line 5, the jobs, investment, and diversification line item in the budget.

Mr. S. Anderson: Perfect. Thank you, Minister. Thank you, Mr. Chair.

The second part kind of to do with that question – the part that really excited me, to be honest with you, in the budget – was the food research centre and agrivalue incubator in Leduc, which a lot of people don't know about. It's been there since '84, and it's a phenomenal place. I've had the pleasure of doing a tour of it and welcomed a Chinese delegation there, actually, that wanted to buy it promptly after being in there. Actually, I think that you yourself might be coming down there pretty soon, which I'm excited about,

showing it off to you. Can you tell us, with that investment, a little bit more about the expansion plans for the food processing centre? I know it falls under the agrivalue incubator. Yeah. If you could just kind of expand on that, I would love to hear some.

Mr. Bilous: Sure. Absolutely. I appreciate the question and recognize that that's in your home constituency. I can tell you that I and the Minister of Agriculture and Forestry are equally excited, number one, about the success that they've had, and the fact that it was the first of its kind in North America. They've had tremendous success as far as providing access to high-tech food processing equipment, a pilot plant, and a test kitchen for entrepreneurs so that they can test their products for the marketplace. It also provides companies with a temporary workspace as they fine-tune their manufacturing processes as well as receive advice from business experts.

Again, I've been trying to really emphasize that for companies, especially small and medium-sized businesses in the province, access to capital and the dollars is important but equally critical – and, honestly, there are companies that have told me it's more important than access to capital – are that mentorship and that sharing of advice from business experts, which, again, the Leduc food processing development centre has.

You know, we know that value-added development in the agrifoods industry has tremendous potential to help us diversify our economy and continue to create jobs for Albertans. Alberta's food and beverage industries already employ about 25,500 people, with annual sales of more than \$13 billion. We want to see that grow. This incubator in Leduc has a proven track record of success. This data I find very encouraging: companies that go through an incubation program increase their success by 80 per cent, which is significant.

The centre works with between 80 to 100 companies each year. Graduates of the incubator program have already made significant contributions to the provincial economy, and I'll just give you a couple of examples, if I may. Since 2011 the incubator program has aided in the formation and expansion of over 10 new companies, that have generated an estimated \$60 million in investment and created more than 500 direct and indirect jobs. Successful graduates – and I think you know some of these companies. Siwin Foods, Aliya's Foods, and Ceapro have all established new manufacturing facilities in the province and are all graduates of the Leduc incubator program. I'm excited at the fact that we are increasing funding so that they can expand their facility and help even more Alberta start-ups become successful and grow.

Mr. S. Anderson: Awesome. I'm excited about it, too. Thank you, Mr. Chair. Thank you, Minister.

You mentioned small and medium-sized enterprises, so I actually skipped a few questions here so I could get to this one. I'd like to actually ask specifically about that. They obviously contribute significantly to our economy and play a strong role in employing Albertans. My question is tied to page 68, line item 2, specifically 2.1 and 2.2. How many small and medium enterprises does the ministry serve each year to support the diversification of our trade exports in this province?

Mr. Bilous: That is a great question. You just need to give me a second to flip to the right page. Again, I mean, for our ministry providing support to small and medium-sized enterprises is absolutely critical. As I mentioned before, they are responsible for 95 per cent of Alberta's businesses and really are the economic engine of our province.

11:10

We're looking at providing support not only for small and medium-sized businesses to grow – providing supports, expert advice, access to capital – but also for companies looking to get into exporting and accessing international markets. You know, there are numerous studies that show that companies that are diversified either in their products, having more than one product line, or are diversified in their markets are much more resilient. And those are the companies that are able to weather the storm a lot better than those that rely on a single market or a single product.

You know, first of all, we work with more than a thousand small to medium-sized enterprises in any given year. They operate in markets around the world and often don't have access to research and marketing resources that larger companies do. So we tailor our services based on the needs of Alberta small and medium-sized enterprises, again, so they can enter those international marketplaces with increased knowledge and readiness.

I'll leave it at that.

Mr. S. Anderson: Okay. Thank you, Minister. Thank you, Mr. Chair.

Kind of sticking to that a little bit, I'm just kind of wondering if you can give an approximation for me of where all these small and medium-sized enterprises fit in relation to the overall budget and if you could tell me a little more about those expenditures.

Mr. Bilous: Sure. You know, on a percentage basis it's difficult to quantify, but we've actually initiated a new client relationship management system, which will help us to better track activities so that in the future we can demonstrate exactly where our efforts are focused. Again, as I mentioned, more than 95 per cent of all businesses in Alberta are small and medium-sized, and they account for more than a third of private-sector employment. So it's vital for my ministry to help foster entrepreneurship and support Alberta SMEs through innovative programs but also services to reach new markets. Programs, like when we increased the microvoucher program by \$10 million, provide support for those companies, whether it's for market preparedness, product testing, et cetera, and then through my ministry and through our offices we help to provide support for small and medium-sized enterprises to prepare them to enter into international markets.

Mr. S. Anderson: Thank you, Minister. Thank you, Mr. Chair.

Through you I'll ask just one more question that I'd really like to know some information about, and then I'll let my colleague go. The climate change innovation and technology: I'm really excited about this. I don't know if you guys heard about Leduc No. 1 and the living energy project down there. I just had to make a plug for that. It's fantastic. I'm quite interested in these things, to be honest with you. This is tied to categories mentioned on page 68, line 4. How does the province plan on reinvesting the carbon pricing revenue into innovation and technology?

Mr. Bilous: Innovation and technology are key mechanisms in supporting our province's efforts to reduce emissions and grow the economy. In support of our climate leadership plan we'll be working with partners and stakeholders to wisely fund climate change innovation and technology. Carbon pricing revenue will be fully reinvested into measures that reduce pollution, including clean technology, renewable energy, and energy efficiency, but also provide transitions to help individuals and families, small businesses, indigenous communities, and others working in the coal industry. The funding will balance near-term opportunities for

greenhouse gas reduction with the need for longer term investments that will result in transformational change to our energy systems.

Over the course of the coming months we're going to work with stakeholders to identify core investment principles, functions, and success factors needed to guide innovation and technology funding in climate change. We'll also be identifying measurable outcomes related to research, tech, and innovation to achieve our climate leadership targets, evaluating the short- and long-term value of our clean and green technology investments, and ensuring that we continue to get the best return on our investment. We're also going to ensure that our efforts align with the rest of the research and innovation support systems within the province.

Mr. S. Anderson: Thank you, Minister. Thank you, Mr. Chair.

Just a subset to that, because it is something that I really am quite interested in and a lot of businesses in my area are, is our focus on supporting those businesses that are branching out into renewables and green energy tech. I'm just kind of wondering if you have a little more information about how the budget is supporting those types of businesses. That would be fantastic.

Mr. Bilous: Great. Thank you for your question, hon. member. You know, through our technology partnerships and investments branch we are supporting emergency technology industries, life sciences industries, and information and communications industries. We're looking at developing and maintaining a network of strategic relationships with multinational enterprises to attract technologies that address unmet needs here in our province, to attract corporate investments, to grow their presence and support local sector growth.

There are a number of international companies that are looking at partnering. I can tell you that there are a number of international companies that are quite excited about the fact that our climate leadership plan means that we are moving forward in investing in clean and renewable energy and energy efficiencies. There's quite a bit of interest not just within the province but other companies. As well, there is interest internationally. Other countries are all moving toward renewables and clean technology. I'm very excited about the opportunities that we have here in the province. I can tell you that a couple of examples that are technology-intensive sectors but that have opportunities are Alberta Clean Technology Industry Alliance and also BioAlberta, organizations we're working with.

Mr. S. Anderson: Thank you, Minister, to you and your staff for being here today. Thank you, Mr. Chair.

My colleague has some questions that are wanting to be asked.

Mr. Carson: Thank you. Mr. Chair, I'm just wondering how much time we have left.

The Chair: You have four minutes left.

Mr. Carson: Okay. Thank you very much.

I'd also, first of all, just like to echo my colleagues in the fact that our hearts and our prayers are with the people in northern Alberta. It's been a devastating time for all of us, and I'm sure we'd like to be doing what we can to help right now. But, as has been said, we still have work to do.

Once again, thank you, Mr. Chair, and thank you, hon. minister. The low price of oil is having a severe impact on our budget, but I'm happy to see that there are a number of different initiatives our government is considering and rolling out throughout our budget to look into creative ways of growing the economy. I think economic development of small and medium enterprises will be a great way to pursue diversification.

Line item 2.3 on page 68 of the estimates document indicates a massive increase in entrepreneurship and regional development. In the 2014-15 budget for this category it was \$6.5 million. It was decreased to \$6.1 million in the 2015-16 budget and was maintained at this level in the budget forecast. Can you explain how this increased amount will be spent?

Mr. Bilous: Yes. I sure can. Within that, we've got a number of FTEs that are there to support our entrepreneurs. As I spoke of earlier, there are a number of FTEs supported throughout; in fact, 35 that are available around the province to provide that mentorship, that support, helping entrepreneurs and businesses not only navigate but making it easier for them at whatever stage they're at as a company.

Also, we've allocated money for community economic development, which, of course, builds on local capacity and strengthens existing local approaches to improve economic as well as environmental and social conditions.

There's also money in that line that's allocated for ongoing program delivery. That branch develops, implements, and evaluates economic development projects and programs across the province in order to help build a resilient, robust, and diversified economy for all Albertans.

11:20

Within that, as well, I do just want to mention that we have indicated \$10 million for our regional economic development program. Really, what excites me about this is that the regional economic development program is a collaborative approach by communities and municipalities to support partners to help them achieve prosperity, you know, based on a shared economic vision. Regional partners will be working with each other to identify projects and how to best use dollars that will help them further their economic development. I'm quite excited about that program because it also fits with our government's vision as far as looking at encouraging co-operation amongst different parts of our province, amongst different municipalities.

The Municipal Affairs Minister speaks of looking at ways for municipalities to become more competitive as they work together. A great example of that, quite frankly, is the Alberta Industrial Heartland, where you have five municipalities that all work together in order to create the right conditions to attract investment and support the private sector.

Mr. Carson: Thank you very much.

You just gave one example of the Industrial Heartland working together. But I'm just wondering about – you mentioned program delivery – some other examples of . . .

The Chair: I apologize for interrupting, hon. member.

We will resume the same rotation, starting with the Official Opposition. Would you like to continue going back and forth?

Mr. Panda: Yeah, sure. We get 10 minutes?

The Chair: Ten minutes.

Mr. Panda: Okay. I'll share with my colleague. I'll let my colleague here from Battle River-Wainwright ask a quick question.

The Chair: Sure. Please proceed.

Mr. Taylor: Thank you, Chair. Thank you, Minister. At the beginning, in your preamble, you talked about spending \$15 million towards advanced education. What line item is that under? How

will this be spent? Why did you decide to put this under your budget rather than the Advanced Education budget?

Mr. Bilous: Right. You're talking about the apprenticeship program or the training for work program?

Mr. Taylor: Well, you mentioned it right at the very beginning, so I'm trying to get some clarity on that.

Mr. Bilous: Sure. There are two programs. Quite frankly, the dollars are going to flow through my ministry. The apprenticeship back-to-work program, if I'm not mistaken, is a program that will be administered by Advanced Education. So the dollars are within my ministry but will flow through. I can give you the breakdown. It's \$5 million this year, in '16-17, and \$10 million in '17-18. That's the \$15 million that you were talking about.

Mr. Taylor: Okay.

Mr. Bilous: Then the second is the training for work program, which will be administered through the Ministry of Labour. To that program we've allocated \$6 million for '16-17 and \$4 million for '17-18, for a total of \$10 million. That is the \$25 million that I spoke of.

Mr. Taylor: Okay. Thank you.

I would like to turn it back over to the Member for Calgary-Foothills.

Mr. Panda: Sure. I'm going to share time with my colleague from Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Minister. If that's fine with the chair.

The Chair: Yeah. Please proceed.

Mr. Cyr: Okay. Minister, it appears that this ministry was created to show Albertans that you see that our province is hurting, and it's to help facilitate growth in this low-oil time. My riding has almost 10 per cent unemployment and is a good example of residents in pain. We have looked to your office for leadership, yet it has failed miserably. Your ministry hasn't got any qualitative or quantitative results to show for itself such as job creation, taxpayer spending stewardship, or additional out-of-province trade. To be specific, let's look at the failed job-creation program for \$178 million, that was discontinued and is now transferred to the new tax credit program. It is distressing to me and my riding that you've created another program, for \$250 million, with no direction.

We had one program fail under your leadership. How can we trust that you will successfully roll out another more complex set of programs, that you won't give Albertans any specifics on? Now, this new program that you are rolling out: I just want to understand it. These tax credits: will they only be paid on profits, when the corporation makes profits, and will they only be paid in the next fiscal year? Is this how that works? If that is the way it works, how is that helping my riding right now?

Mr. Bilous: Our government and my ministry have increased the amount that was originally allocated for the job creation incentive program. Number one, it's not a failed program; it's a program that we've decided not to continue with. Quite frankly, that was based on conversations that we had with business and industry. Again, the intention of that program, the goal, has been to help create the right conditions for job creation. Again, through feedback from . . .

Mr. Cyr: Sorry. Minister, I have limited time. I really apologize. I don't like to interject normally.

Are the tax credits that you guys are announcing with this \$250 million only payable on profits? Will it be paid in the next corporate fiscal year? How is this helping my riding right now?

And I cede my time over to my colleague.

Mr. Bilous: Would you like me to respond? The tax credits are credits, so they will appear as credits when businesses file their taxes. Those are two initiatives out of a suite of initiatives that my ministry is implementing. Again, government of Alberta wide there are a number of initiatives that, again, fall within other ministries.

You know, quite frankly, it's our job to create the right conditions for diversification and job creation. Hon. members should know that the economy doesn't come down to a specific line item that the government budgets. That's oversimplifying the economy. What we're doing is creating the right conditions through a series of initiatives from reducing the small-business tax, the two investor tax credits, investing in regional economic development through our massive capital infrastructure build. These are providing businesses with the tools that they need in order to grow and to diversify but also to create jobs.

Mr. Panda: Thank you, Minister.

So the issue here is that the Member for Bonnyville-Cold Lake has been hearing from the constituents in his riding that the unemployment rate is more than 10 per cent now. I know he's spending sleepless nights like most of us, so he's trying to get an answer. We all know that you're trying to create economic conditions. We are spending millions of dollars to create that, but we're looking for outcomes. I point you to page 27, trade. You know, there are many oil and gas jobs in Alberta that are being lost to other provinces while Albertans are out of work, including people from Bonnyville-Cold Lake. What is being done to balance the trade barriers and simultaneously create jobs for Albertans in Alberta?

Mr. Bilous: Well, first of all, under the New West Partnership there are no barriers as far as labour mobility between Alberta, Saskatchewan, and British Columbia. That's a trade agreement that works in both directions.

Now, I can tell you that, again, hon. member, the number of Albertans that are unemployed is due to the fact that there has been a sustained global collapse in the price of oil. Other jurisdictions, including down in the Gulf coast, including Saskatchewan, are also hurting because of this low price of oil, which points to the fact of why our government is focusing on diversifying the economy, looking at opportunities to add value within the oil and gas sector. We have been overreliant . . .

Mr. Panda: But Saskatchewan didn't lose the same number of jobs, right?

Mr. Bilous: We've been overreliant on one sector, on one buyer, on one price for one commodity for far too long. So through our initiatives of both the investor tax credit and the capital investment tax credit there are opportunities to help stimulate our own Alberta-based companies.

As well, the previous member had asked about our apprenticeship grants, our training, and our back-to-work grants that we will be providing to help out-of-work Albertans take existing skills and have opportunities for them to look at applying those skills into other sectors.

11:30

Mr. Panda: Minister, we're really trying to get specific answers. You know, the fact is that we're spending almost \$400 million on your ministry, and although every minister is saying that this budget is about a jobs plan and 100,000 jobs, no minister is specifically able to give us the details of how many jobs and what the specific plan is.

I mean, since Albertans – everybody – are stepping up to the plate and trying to do more with less, I'm proposing some amendments to your budget. If you don't mind, I want to present this, Mr. Chair. I can read them quickly. For your office, under 1.1, page 68, we want the amount to be reduced by \$398,000; under reference 1.3, page 68, we want the deputy minister's office expenses reduced by \$40,000; for communications, on page 68 again, under 1.4, we want that to be reduced by \$251,000; for strategic policy and corporate services, under reference 1.5, page 68, \$2.6 million; and for secretariat support, under reference 1.6, page 68, \$54,000 so that the amount to be voted at page 67 will be \$396,577,000.

The Chair: I apologize for interrupting. The time allotted has expired.

We will now proceed to the third-party caucus as well. Would you like to go back and forth?

Mr. Gotfried: Yes, please.

The Chair: Please proceed.

Mr. Gotfried: Thank you, Mr. Chair. I've got some questions here to ask. Thank you again to the minister for your time today. Mr. Minister, we're coming out of a job-creation program that was scrapped after about 10 months. We're now looking at an investor tax credit and a capital tax credit, which we're now going to consult about over the summer and the fall, as we heard from you earlier. By my estimation, that's another eight or nine months that we're going to wait again for this plan, all the while wondering whether it's going to be scrapped by the time you finally consult. I wonder why we didn't consult before we launched this plan, particularly with other jurisdictions and Alberta businesses. I've got some concern there that by the time we actually try and create some jobs, that ship will have sailed yet again and we will have more unemployed in Alberta and a more dire situation.

Mr. Minister, the Alberta investor tax credit is for companies in sectors such as information technology, clean technology, health technology, interactive digital media, game products, postproduction, visual effects, digital animation. Admittedly, I would think that's a fairly narrow group of opportunities there. I wonder, again, given the experience in B.C. – and I understand that, you know, there may be some flaws there and some things that might be different in the Alberta context – why you are limiting this program to these companies, trying to pick winners and losers, and not helping all small Alberta businesses.

Mr. Bilous: The Alberta investor tax credit so far is modelled off of other jurisdictions where, again, the intention of it is to help promote diversification by incenting investors to invest in sectors that maybe they traditionally haven't but still building on our strengths, whether it's investing in agrifood processing or digital media. I mean, these are sectors that exist. This is not picking winners and losers. These aren't specific companies that we are picking. These are looking at Alberta's area of strength, a base that we already have.

Now, I will say, hon. member, that as we go out this summer and fall to look at consulting on the parameters and specifics of these

programs, we are open to hearing if industry and businesses say: "You know what? You should consider other sectors." We are open to having that conversation.

I do just want to point really quickly to the fact that on this investor tax credit it needs to be made clear that there were several chambers of commerce, including the Calgary Chamber of commerce, that were very, very supportive and very excited that we're implementing an investor tax credit. They had asked the previous government for years to implement that. That includes the Canadian Institute of Steel Construction, that supports our economic diversification and our budget and supported the capital investment tax credit when it was announced.

Mr. Gotfried: Thank you, Minister. You know, I agree with you, and I did read some coverage on that. I suspect that they would applaud you even more loudly if you extended it to other businesses as well.

A quick question for you. You mentioned earlier that for the job-creation program, that was shelved, there were no dollars spent and that the \$750,000 that was showing as a forecast for this year is going to be moved over to another program. Can you confirm to me now that no dollars were spent towards that program in that 10-month period between the election promises and the cancellation of that program on April 11? If not, where will we see those on the budget, or can you share those with us?

Mr. Bilous: The \$750,000 that was earmarked for the job creation incentive program: no dollars of that were spent. Staff, who have their tasks that they work on, did spend some time initially on the shaping of this program, but it was a task in addition to what they do, so there wasn't any of the \$750,000. There were no positions created for the purpose of the job creation incentive program. What we did was roll that \$750,000, that wasn't spent, into our existing programs just like the \$178 million that was earmarked, that was then increased to \$250 million over two years. I think earlier today I gave you a bit of a breakdown of the programs.

Mr. Gotfried: Yeah. Thank you, Minister. I think that if there were any specific dollars allocated, Albertans would be interested in hearing that, so I would look forward to any disclosure on that going forward.

You mentioned in your business plan, page 27, item 1.6, and page 28, 2.4, about investing in economic development partnerships, which I applaud you for. I've told you before that I think you did well in working with some of the larger organizations and going to China. You've mentioned that there's \$10 million earmarked for regional economic development. I'm not sure if that's part of those dollars. I just wanted to understand, having attended the EDA, where you spoke, seeing the talent and the knowledge and, certainly, the boots on the ground in there, whether you feel that the \$10 million is enough to leverage partnerships with those organizations?

Mr. Bilous: A great question, hon. member. You know, again, is \$10 million enough? I mean, I would love to have even a larger budget to help partner with the REDAs province-wide. Again, I think there are incredible opportunities to promote diversification and really build on the strengths of the different regions throughout the province. The \$10 million, I think, will go a long way. We currently fund REDAs to the tune of about a hundred thousand dollars a year. This money will look at – again, we'll be working with them to identify what projects will maximize economic development and give them, whether it's REDAs and regions of the province, the ability to continue to be competitive. For some of them it may be helping with different transportation needs. With

others it may be helping them to facilitate studies that will promote their region.

At the end of the day the challenge is, of course, that the budget, with our global drop in the price of oil, has meant that we have to make certain choices. We support regional economic development, and that's where that \$10 million is going to.

Mr. Gotfried: Thank you, Minister. Having worked two years myself with Calgary Economic Development I would encourage you to use those partnerships. There are some good people there and some great talent, that I'm sure your team already works very closely with.

In that same vein, trade and investment attraction, if you can look to your budget amounts of roughly \$24 million. This is an important area, I think, for all of us. Trade and investment attraction, again, relates also to the work that you're going to be doing with the regional economic development authorities. However, the budget in 2015-2016 was just over \$25 million, and I see a flat number here going forward in 2016-17; in fact, lower than your forecast for this current year, down to roughly about \$24 million for the next three years. Given the importance of this trade and investment attraction not only to diversification but to softening the blow of the downturn in oil and gas prices, with a flat budget, Minister, how are you going to actually increase your impact in working with your trade offices and working with regional economic development groups and doing what's actually going to create jobs, which is to increase the trade and investment attraction to this province?

11:40

Mr. Bilous: That's a good question, Member. I mean, you know, there are a number of things that we're doing. Again, the opening of the Guangzhou office was a repurposing or a redeployment of existing staff out of our Beijing office, which is not costing taxpayers any dollars, yet it is opening up a new market. I know that you're familiar with China. Many of China's economic drivers come from southern China. Other provinces and other countries have offices.

I do need to boast a little bit about the fact that our provincial Alberta office is the only office in Guangzhou that is co-located with the Canadian embassy, which provides a number of opportunities for us, for Alberta-based companies. One of the things that we're doing and the reason why so many of our offices are co-located in the Canadian embassy . . .

Mr. Gotfried: Minister, I'm going to stop you there. I've got about a minute left. I've got one more question for you. You know that I've spent lots of time in China, so I applaud your efforts there, but I'm questioning whether we have enough dollars allocated.

I have one last question for you, having spent some time in the housing industry, and that industry is hurting a lot right now. We may not get to an answer here. Can we use some housing innovation, like some prefab housing, in this province to use up some excess capacity in the industry for export opportunities in the U.S. market, for example, or in export markets where we've got greater opportunities there? You've got 30 seconds.

Mr. Bilous: Okay. I'm going to pass it to my deputy minister to comment.

Mr. Krips: Thank you, Minister. Thank you, Chair. A great question. We've been working very closely with Alberta Innovates as well as companies up in northern Alberta, Norbord as well as Tubao in China, and that was actually part of our mission, where we're actually looking at taking aspen and repurposing it through

OSB and creating some really unique products, that we saw first-hand. We see that there's huge benefit going forward.

The Chair: I apologize about interrupting. The time allotted has expired.

Because there is no independent member present, we will now proceed to the government caucus. Would you like to continue to go back and forth?

Mr. Carson: Yes.

The Chair: Please proceed.

Mr. Carson: Thank you, Mr. Chair. Thank you, once again, hon. minister. The total Economic Development and Trade budget for 2016-17 is \$399.9 million. This is a 7 per cent increase from the ministry budget from 2015-16. In these challenging economic times can the Minister of Economic Development and Trade explain why we are increasing the ministry's budget and what value Albertans will see from this increase? This is indicated on page 73 of the budget estimates.

Mr. Bilous: Great. Thank you, Member, for the question. Absolutely, right now our government's number one focus is on jobs and the economy in the budget, I will say, because quite frankly right now our government's number one focus is on the safety and well-being of the residents from Fort McMurray and province-wide that are suffering from this massive fire and natural disaster.

But within the context of budget our budget is called the Alberta Jobs Plan because we are focusing on the economy. We know and we've heard that this is the number one priority of every Albertan, those that have either lost their job or are concerned about losing their job, so we have put together a package that will help create or continue to create and employ a hundred thousand Albertans over three years.

Now is the time to not only invest in our economy but to diversify our economy. I mean, this is something that previous governments had failed to adequately do. Part of the reason why Alberta is feeling the low price of oil more severely than most other jurisdictions is because the previous government didn't do a good enough job diversifying the economy to provide those shock absorbers. Our government is focused on building on our strengths. When we talk about diversification, it's leveraging sectors like agriculture, agrifood, forestry, culture and tourism; and then, of course, through our climate leadership plan, it's looking at really investing in clean tech. I think Alberta can be a world leader when it comes to renewables, energy efficiency, and investing in clean technology. So that's the reason why we've increased our budget. We want to create the right conditions for the private sector to invest and create jobs.

I mean, the economy is very, very complex. Helping to turn the economy around or to get it on the right track, despite what some others in the House may say, you can't just flip a switch and suddenly, you know, put tens of thousands of people back to work. We are doing that through a concerted effort government of Alberta wide. Again, our capital investment plan is the most robust capital investment in the history of our province, which has already tens of thousands of Albertans working and will put more Albertans back to work. This is a significant investment that is absolutely critical, not only for delivering services Albertans depend on, but quite frankly our roads and bridges are transportation corridors that get our products to market. You know, our government has put forward a robust plan that will help move Alberta forward.

Mr. Carson: Thank you, Chair and Minister.

Alberta has always looked to the world for markets for technology and for partnerships. That is why we maintain international offices, seven of them through Asia – in China, Hong Kong, Japan, Korea, Singapore, and Taiwan – one in India; one in the United Kingdom; and two in the Americas, in Washington, DC, and in Mexico City. My question to you, hon. minister. Budget line 3.3 on page 68 of the budget estimates shows an increase in the budget for investment attraction and export development. How will this help to increase our presence in international markets?

Mr. Bilous: Thank you very much, hon. member. You know, first of all, investment attraction is absolutely critical. Again, I think there is lots of potential. This is part of the reason why we have 12 international offices. We also have a focus of our offices. The majority of them are in Asia, and that is no accident. Asia is growing at a very rapid rate. Our second-largest trading partner for not only the province of Alberta but also Canada is China. Korea is our fifth-largest trading partner.

So there are real opportunities to continue to increase our amount of trade. But one of the things we need to do is to help and work with Alberta-based companies to provide them with the supports they need to be able to enter into markets like China. International markets, again, are a great way for companies to diversify. As I mentioned before, it's not just diversifying products or having a number of products, but it's also markets.

Our government is focused on continuing to build on the partnership that we have with our largest trading partner, which is the United States, but at the same time we also want to increase our capacity to trade with other countries. A statistic that I've used a few times: in 2014-15 Alberta exported about \$120 billion worth of goods and services and \$109 billion of that went to the United States alone. So if you think about it, \$11 billion is shared with the rest of the world markets. That statistic we are working diligently to change. There is real opportunity to increase our trade and exports, not only with Asia but with other markets world-wide as well, so that's what we're focused on.

Mr. Carson: Thank you, Minister.

Mr. Chair, how long do I have left?

The Chair: You have four minutes left.

Mr. Carson: Four minutes. Wonderful. I'll take one more, and then I'll hand it off to my colleague here.

Minister, a recent article by the *Globe and Mail* stated that, "The Alberta government expects its new fiscal plan to create 100,000 private-sector jobs over three years" by making smart choices with tax cuts for small businesses and tax credits for investors. The article states that our government's job strategy "blends government intervention with free market principles by directing cash toward certain areas, such as clean technology." I can tell you that I am happy to see that our government is lowering the income tax rate on small businesses to 2 per cent from 3 per cent. This is tied to outcome 1 of our ministry's business plan on page 26.

My question to you is: how will this outcome affect growth capital, microfinancing, and change community economic development?

11:50

Mr. Bilous: Great question, hon. member. Yes, I'm very proud of our budget in that it strikes the right balance. Again, I think investing in those front-line services will keep Albertans employed. At the same time that the private sector is shedding jobs, other parties would rather make deep cuts to our public sector and front-

line workers. We made a choice to invest in those services and in those people while at the same time also making some very strategic investments that will help set the right economic conditions for the private sector to create jobs.

Again, I made it very clear that the government of Alberta does not create jobs. We set the conditions for the right jobs and for job creators to do business within our province. Alberta remains the lowest tax jurisdiction in Canada. We have the fastest growing and youngest workforce. We have some of the brightest and most educated citizens out of any province. You know, that combined with other factors I think makes Alberta the best place to invest in, to start and grow a business, and we're quite proud of that.

Mr. Carson: Thank you, Minister.

Chair, I'm going to pass my time, if he can fit a question in.

Mr. S. Anderson: Thank you, Mr. Chair. Thank you, Minister. I'll see if I can get this in. We talked a little bit before about access to capital. I was at an energy breakfast not long ago where there were a lot of people looking to reinvest in our province, but they weren't sure where to go. It was quite interesting. We had somebody from ATB there discussing it and another private firm. It was something that they never had to do before, so it was quite interesting for me, and a lot of eyes were opened. Along that vein – it was probably talked about a little bit before, but I think it bears discussing some more – what actions is the ministry taking to enhance this access to capital for Alberta entrepreneurs?

Mr. Bilous: Thank you, Member. I'll try to be quick. We've allocated \$50 million over the next two years for the Alberta Enterprise Corporation to support the development of venture capital markets as well as innovation entrepreneurship. In March of this year I signed a letter of intent to enhance collaboration with the Business Development Bank of Canada, which, of course, is a collaboration between the province and the federal body that provides support for small to medium-sized businesses. I want to emphasize that this is the first and only letter of intent between a province and the BDC, so here's another Alberta first. We've also improved access to capital for small to medium-sized businesses through increasing ATB's borrowing limits, which we increased by \$1.5 billion.

The Chair: I hesitate to interrupt, but the final seven minutes will be allocated to the Official Opposition caucus.

Mr. Panda: How many minutes?

The Chair: Seven minutes.

Mr. Panda: Okay. I have to race through here. I'm referring to page 25. Minister, your ministry has been created with the intent of diversifying as per your business plan. So what new revenue streams have been created so far other than taxes? We know that you're very efficient in adding new taxes, but what are the new revenue streams and when will the first new revenue stream be created that will help diversify the economy other than taxes?

Mr. Bilous: I appreciate the question, but I think the member is trying to oversimplify the economy. Again, our government creates the right conditions through a series of programs and tax breaks, including the small-business tax cut, which will help incent companies to invest and grow and hire new employees and workers, which provides revenue for the government of Alberta.

Mr. Panda: How much of it . . .

Mr. Bilous: Our focus is on setting the right conditions. It's not about a specific line item that will create X number of jobs. It is a whole . . .

Mr. Panda: Sorry, Minister. I have a limited time. My previous time I was very generous, and I let you say whatever.

Is there any specific target for the new revenues? I mean, we know you don't create jobs. We know you create economic conditions. So through the economic conditions, what are your targets for new revenue streams? We know that because of the low oil price we lost revenue. How are you creating those new revenue streams?

Mr. Bilous: Our government is focused on diversifying the economy, which I know we've disagreed on in the House on a few occasions. We believe in diversifying. Putting all of your eggs into one basket leaves you vulnerable to price shocks, especially when you deal with volatile commodities.

We are looking at supporting and enhancing our agriculture and agrifoods sector, our forestry sector, culture and tourism. Revenues generated from those sectors come in the form of personal taxes, corporate taxes. In tourism you have dollars that are coming in by attracting tourists. We just announced a direct flight from, I believe, Beijing to Calgary that is going to have a significant impact on the number of tourists that will be coming into Alberta. I'm working very closely with the Culture and Tourism minister to look at other opportunities to enhance our tourism sector.

Through diversification is how we are going to help support job creators, support entrepreneurs to go into business, who then grow companies and hire on more people. It is through our corporate, personal income tax that that supports government revenue.

Mr. Panda: Other than taxes.

Mr. Bilous: Well, we also have – you know, ATB is one of our Crown corporations. The Alberta Enterprise Corporation invests and has, I believe, a 4 to 1 or 5 to 1 return on investment, that is investing equity into companies who then, again, hire Albertans and grow but give us a return on investment . . .

Mr. Panda: Okay. Thank you, Minister.

Anyway, I want to compliment you for taking our recommendation to reduce the small-business tax from 3 to 2 per cent. That was on our actual shadow budget that we presented in 2012 and in May 2016. Thank you for doing that. But when I was talking to the Canadian Federation of Independent Business, they said that they surveyed their members repeatedly, and their business confidence is the lowest in the history of Alberta. It has nothing to do with the oil price. It has nothing to do with the big oil companies. It's the small businesses. Again, thanks for accepting our recommendation. On top of that, what else are you doing to gain the confidence of small businesses in Alberta?

Mr. Bilous: Just to clarify, the small-business tax cut was something that our party deliberated on before the existence of the Wildrose.

Second of all, as far as business confidence goes, actually, if you want to use that same organization that you were quoting, hon. member, they've just released another survey that shows that business confidence is on the rise.

I can tell you, you know, about the significant impact that the low price of oil has had on businesses. I'm also going to add, quite frankly, hon. member, that when opposition parties jump up and down and speak badly about our province and about how the sky is falling, that does not incent business confidence . . .

Mr. Panda: Okay. Because of the time limit, I have to interrupt, unfortunately.

Although you guys laughed, actually, before you guys got elected, our recommendation was voted down by your previous caucus. Just to put it on the record.

Mr. Chair, like you, I represent Calgary. Both of us are facing our constituents' concerns around jobs. I'm going to try one more time through you. This ministry has been created to help create jobs, and they have a \$400 million budget to spend. Every question we asked about giving us specific examples – at least they should have some targets, I mean, where these 100,000 jobs are going to come from. They won't be pulled out of thin air. They should have some concrete examples, and I didn't get them. Maybe I'll ask through you one last time to get that answer, or if there's no time for that, he can provide the answer to us.

Mr. Bilous: Hon. member, I've answered the question in the sense that what you're asking for is an oversimplification of the economy, in saying that one line item in a budget is going to create X number of jobs. What we are doing is creating the right conditions for entrepreneurs, for businesses to succeed, to thrive, to grow. They are the job creators. What you're asking for, hon. member, is for the government to be in the business of creating jobs, and I'll tell you quite frankly that we are not.

Mr. Panda: Your ministry is saying that it's province-wide 100,000 jobs, but no one is giving us specific answers.

Mr. Bilous: I've given you many specific examples, hon. member. We have our two investor tax credits. We have a tax cut. We have the entrepreneurship incubator program. We have the largest capital investment plan in the history of the province, one I may add . . .

Mr. Panda: But they're not tied to specific targets for the number of jobs created . . .

The Chair: I apologize for interrupting, but I must advise the committee that the time allotted for the consideration of these estimates has now concluded.

I would like to remind committee members that we are scheduled to meet on May 9, 2016, for the consideration of the estimates of the Ministry of Infrastructure.

Thank you, everyone. This meeting is now adjourned.

[The committee adjourned at 12 p.m.]

